



COUNCIL REPORT

To: Paul Gipps, CAO

Date: August 25, 2020

From: Lisa Siavashi, Financial Services Manager
Andrea Mandau, Senior Accountant

Subject: **2019 DRAFT Statement of Financial Information (SOFI)**

RECOMMENDATION

THAT Council approve the 2019 DRAFT Statement of Financial Information report for the City of West Kelowna.

LEGISLATIVE REQUIREMENTS

The Statements of Financial Information (SOFI) report is a regulatory requirement for all British Columbian municipalities. It is submitted by June 30 each year to the Ministry of Municipal Affairs and Housing. The Financial Information Act (S.2) requires that the Statement of Financial Information be approved by Council. Due to COVID-19, Ministerial Order 0159/2020 has moved the required submission date for the 2019 SOFI report to August 31, 2020

BACKGROUND

The Statements of Financial Information (SOFI) report ensures municipal compliance with provincial reporting requirements. The purpose of the SOFI is to report the financial statements and report disbursements for employee remuneration and for goods and services. It is a regulatory requirement for all British Columbian municipalities that the SOFI report be submitted by June 30 each year and is available for public examination for 3 years once released. The schedules regarding remuneration include amounts paid to the Mayor and Council, and amounts paid to municipal employees who have remuneration over the threshold amount of \$75,000. The report for amounts paid to suppliers of goods and/or services details which vendors were paid a total of exceeding \$25,000 including GST and any other taxes during the year, as well as any grants awarded by the municipality to not-for-profit organizations for the reporting year over \$25,000.

The schedules are prepared for the provincial government, and are prepared according to the FIA (Financial Information Act) regulations. It should be noted that SOFI schedules are based on when payments were made rather than the accrual basis normally used for financial statement presentation.

A few key points regarding the attached statements and schedules:

Schedule of Employee Remuneration and Expenses

Employee Remuneration

The remuneration amounts disclosed in the SOFI report incorporate a number of inclusions: any form of:

- salary,
- wages,
- gratuities,
- taxable benefits, and
- payment into a trust or any form of income deferral paid by the City to the employee or on behalf of the employee during the fiscal year being reported upon. It also includes monies that the employee may not receive such as employee portion of Canada Pension Plan premiums and Employment insurance.

Depending on the year, in addition to regular pay, total remuneration may include:

- overtime pay (IAFF and ALGEU),
- overtime payments related to declared emergency situations,
- statutory holiday pay,
- payments of accrued vacation,
- sick time and banked overtime and
- retroactive pay rate changes but does not include anything payable under a severance agreement. With each of these variables changing year to year, the remuneration amounts will fluctuate annually.

Employee Expenses

The figures under expenses include employee costs such as:

- travel expenses,
- memberships,
- tuition,
- relocation,
- vehicle leases,
- extraordinary hiring expenses, and
- registration fees and similar amounts paid directly to an employee, or to a third party on behalf of the employee, and which has not been included in "remuneration". The FIA specifically states that expenses "... are not limited to expenses that are generally perceived as perquisites or bestowing personal benefit, and may include expenditures required for employees to perform their job functions"; but excludes benefits of a general nature applicable to all employees pursuant to an agreement such as medical, dental, counseling, insurance and similar plans.

Supplier of Payments to Suppliers of Goods and Services

For goods and services purchased by the City, the SOFI report includes a summary of payments made to outside organizations that total more than \$25,000 for the reporting year and is reported on a cash basis. In the case of the City of West Kelowna, this may include payments to such organizations as BC Hydro, the Receiver General of Canada and various other companies for goods and services. If applicable, the report also summarizes payments made as cash grants to not-for-profit organizations (grant-in-aid).

Recoveries/reimbursements

It is important to note that the report does not include any recoveries. For example, if a staff member or contracted service provider were paid any amount, and any portion of that amount was then reimbursed to the City, the reimbursed amount is not reflected in the report and does not reduce the amount reported as remuneration.

Schedule of FTE, Remuneration and Expense Changes

An employee and their equivalent FTE are reported on the SOFI if their earnings are \$75,000 or greater. In any particular year, the list of employees fluctuates based on many variables such as salary and reclassification changes, overtime, retro and onetime payments, and the timing of when positions are vacated and filled within the year.

The schedule below summarizes the changes by employee group for the Schedule of Employee Remuneration and Expenses. Total remuneration and expenses reported for City staff in 2019 is \$11,641,699, which is a \$1,485,683 or a 12.76% increase from 2018.

The schedule below reports FTE for 2019 at 98. This is a net increase of nine positions from 2018. Amongst the compensation, changes are the annualized salaries for some of the new positions that were added to the FTE compliment from the approved 2019 Financial Plan.

Compensation >\$75,000

Number of Employees				Remuneration and Expenses		
	2019	2018	Change	2019	2018	Change
Management	34	30	4	\$4,237,070	\$3,633,462	\$603,608
IAFF	33	34	-1	4,691,179	4,391,998	299,181
ALGEU	31	25	6	2,713,449	2,130,376	583,073
Total	98	89	9	\$11,641,699	\$10,155,836	\$1,485,863

CONCLUSION

The Statements of Financial Information report is based on information that is all contained within the audited Annual Financial Statements, but provides more in depth details for payments made from the municipality. This is another method of provided

transparency to the public and for comparative and analytical measures. The report also provides information that the Province then uses for statistics.

Alternate Motion:

THAT Council **not** approve the 2019 DRAFT Statement of Financial Information report for the City of West Kelowna

REVIEWED BY

Warren Everton, Director of Finance/CFO

Tracey Batten, Deputy CAO/Corporate Officer

APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

Powerpoint: Yes ☐ No ☒

Attachments: 2019 DRAFT Statement of Financial Information