



## COUNCIL REPORT

To: Paul Gipps, CAO

Date: June 22, 2021

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

Subject: **2020 DRAFT Statement of Financial Information (SOFI)**

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### RECOMMENDATION

**THAT** Council approve the 2020 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.

The City of West Kelowna along with other BC municipalities are advocating with the Union Of British Columbia Municipalities (UBCM) to have the SOFI reporting criteria reflect present-day values. For decades, BC municipalities have been reporting remuneration and expenses for those who met the threshold of \$75,000. As the cost of living has risen considerably over the decades in which the SOFI \$75,000 criteria was established, and now many employees across BC are well above the threshold, a review of the threshold has been recommended.

### BACKGROUND

The Statements of Financial Information (SOFI) report ensures municipal compliance with provincial reporting requirements. The purpose of the SOFI is to report on the financial statements, provide disbursements schedules for employee and Council remuneration and as well as goods and services acquired by the City. 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 three years once released. The schedules regarding remuneration include all amounts paid to the Mayor and Council, and amounts paid to municipal employees who have remuneration over the threshold amount of \$75,000.

It is important to note that the SOFI report includes both remuneration **and** expenses for Council and staff, not just salary.

Also, the Schedule for Compensation table on the next page reflects a total of 10 new employees (firefighters from 2019) only. No other new employees were added to the City that met the \$75,000 threshold. Additionally, overtime for all firefighters decreased in 2020 due to hiring the additional staff. The remaining 10 (not new) employees who have now met the \$75,000 remuneration and expenses threshold are also included in this year's report (three in management and seven in the union).

The report for amounts paid to suppliers of goods and/or services details which vendors were paid a total 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 A - Schedule of Council Remuneration and Expenses**

This schedule lists all Council remuneration and expenses. Expenses for 2020 were less than previous years due to restrictions caused by the COVID-19 pandemic.

### **Schedule B - Schedule of Employee Remuneration and Expenses**

#### **Employee Remuneration**

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, emergency operations, retro and onetime payments, and the timing of when positions are vacated and filled within the year.

The remuneration amounts disclosed in the SOFI report incorporate a number of inclusions as required in *Financial Information Act*. Remuneration is defined as “any form of salary, wages, bonuses, gratuities, taxable benefits, payment into 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 but does not include anything payable under a severance agreement.”

## Employee Expenses

The figures under expenses include employee costs such as travel expenses, memberships, tuition, relocation, vehicle leases, extraordinary hiring expenses, 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.

## Schedule C - Schedule 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 exceed \$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 and contracted services. If applicable, the report also summarizes payments made as cash grants to not-for-profit organizations (grant-in-aid) in excess of \$25,000.

## Recoveries

It is important to note that the report does not include any recoveries. For example, if an employee or contracted service provider were paid any amount, and any portion of that amount was then recovered by the City by way of a contribution from another municipality/government, etc., the recovered amount is not reflected in the report and does not reduce the amount reported as remuneration.

## **SUMMARY**

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 2020 is \$12,701,910, which is a \$1,060,212 or a 9.1% increase from 2019.

Schedule for Compensation >\$75,000

<b>Total Number of Employees &gt;\$75K</b>				<b>Remuneration and Expenses</b>		
	<b>2020</b>	<b>2019</b>	<b>&gt;\$75K Change</b>	<b>2020</b>	<b>2019</b>	<b>Change</b>
<b>Management</b>	37	34	3	\$4,540,411	\$4,237,070	\$303,341
<b>ALGEU</b>	38	31	7	3,248,053	2,713,449	\$534,604
<b>IAFF (new positions)</b>	43	33	10	4,913,447	4,691,179	\$222,268
<b>Total</b>	<b>118</b>	<b>98</b>	<b>20</b>	<b>\$12,701,911</b>	<b>\$11,641,698</b>	<b>\$1,060,213</b>

The schedule shows an increase of seven ALGEU employees which represents staff that have met the \$75,000 threshold in 2020, they are not new FTE positions.

Employees who joined the City part way through 2019, and approved with the 2020 Financial Plan, are now included in the 2020 full year reporting of their salary and expenses.

It is important to note the increase in IAFF employees were brought on by 10 FTE positions approved in the 2019 budget. When looking at IAFF overtime figures only, we saw an overall decrease of approximately \$523,362 from the 2019 SOFI report.

	Number of Employees			Overtime amounts		
	2020	2019	Change	2020	2019	Change
IAFF	43	33	10	\$412,470	\$935,832	-\$523,362

## 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 to provide 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 2020 DRAFT Statement of Financial Information report for the City of West Kelowna

## REVIEWED BY

Warren Everton, Director of Finance/CFO

Shelley Schnitzler, Legislative Services Manager/Corporate Officer

## APPROVED FOR THE AGENDA BY

Paul Gipps, CAO

PowerPoint: Yes  No

### Attachments:

2020 DRAFT Statement of Financial Information