



2017 Consolidated Financial Statements

For the year ended December 31, 2017

Kelowna, British Columbia, Canada



owna

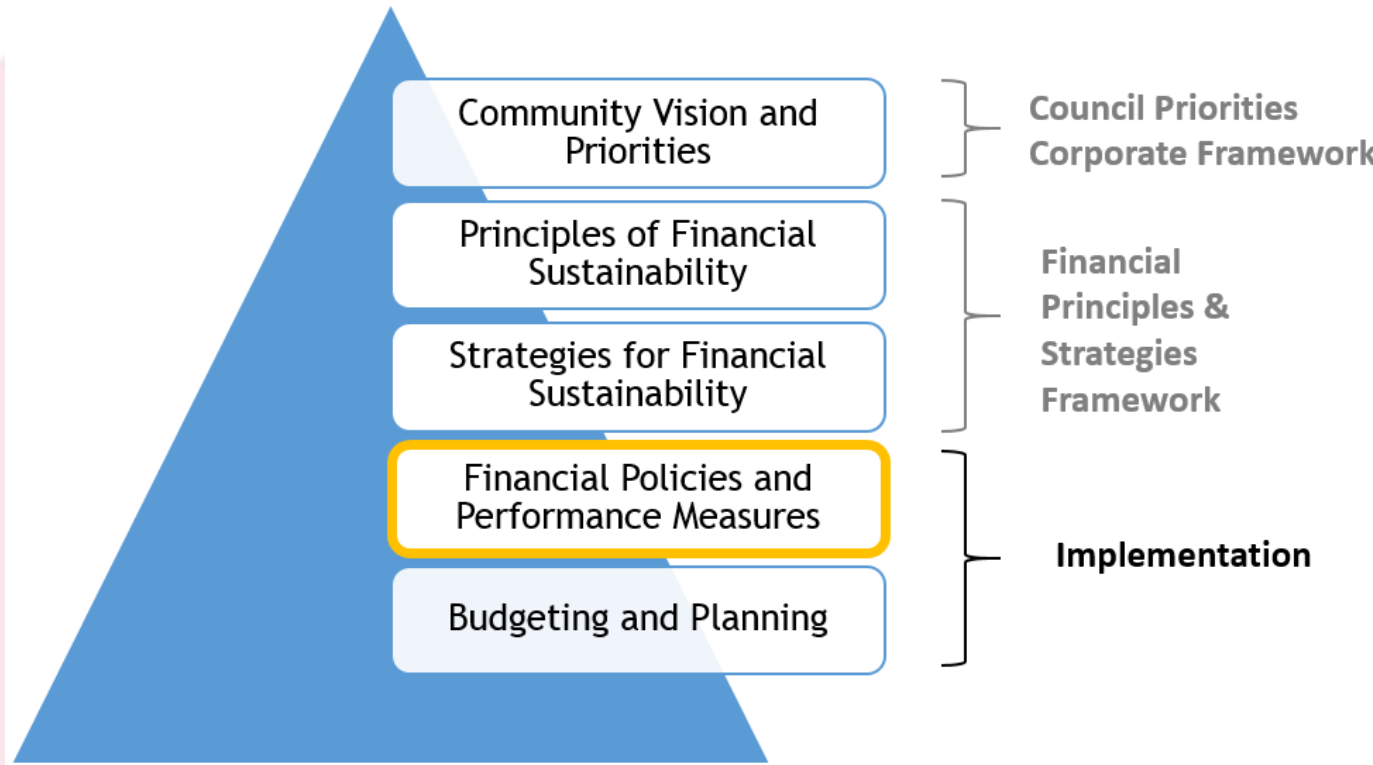
2017 Financial Statements

- Consolidated Statements:
 - Financial Position
 - Operations and Accumulated Surplus
 - Changes in Net Financial Assets
 - Cash Flows
- Auditors report
- Notes to the Financial Statements
- Financial Health Indicators
- City Reserves
- Surplus balances and appropriations



Council adopted Financial principles & strategies

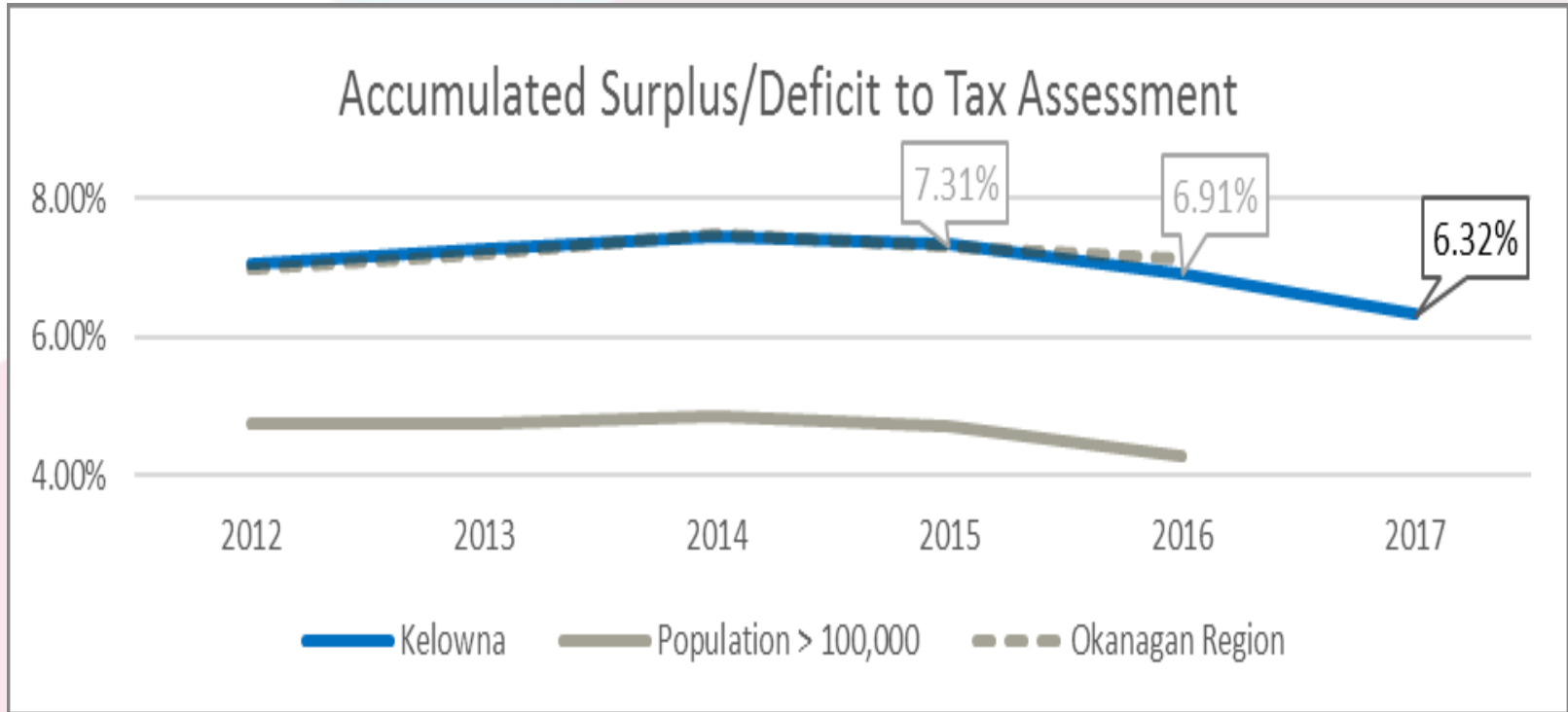
Decision Making Framework



Financial Health Indicators

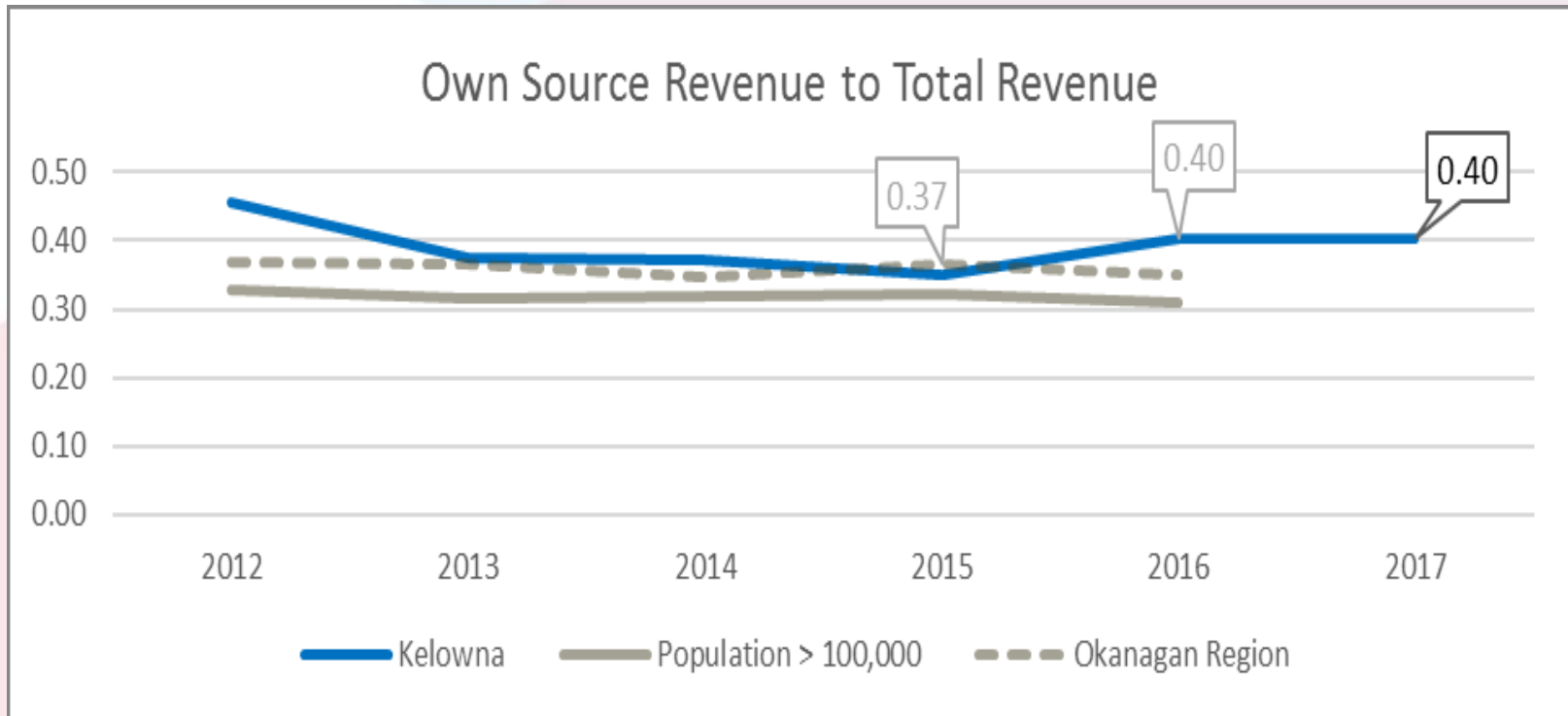
- Measures chosen based on recommended practice through Public Sector Accounting Board & have become the model for Municipalities to use
- Performance is measured against Municipalities of similar size and those that are within the region
- The Financial Health Indicators measure performance in relation to sustainability, flexibility and vulnerability

Sustainability Ratio

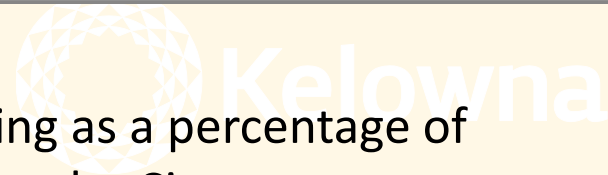


- Decline in ratio is due to increasing property value assessments whereas surplus growth is constrained by need to limit tax increases.
- The declining trend is consistent with other larger BC municipalities.

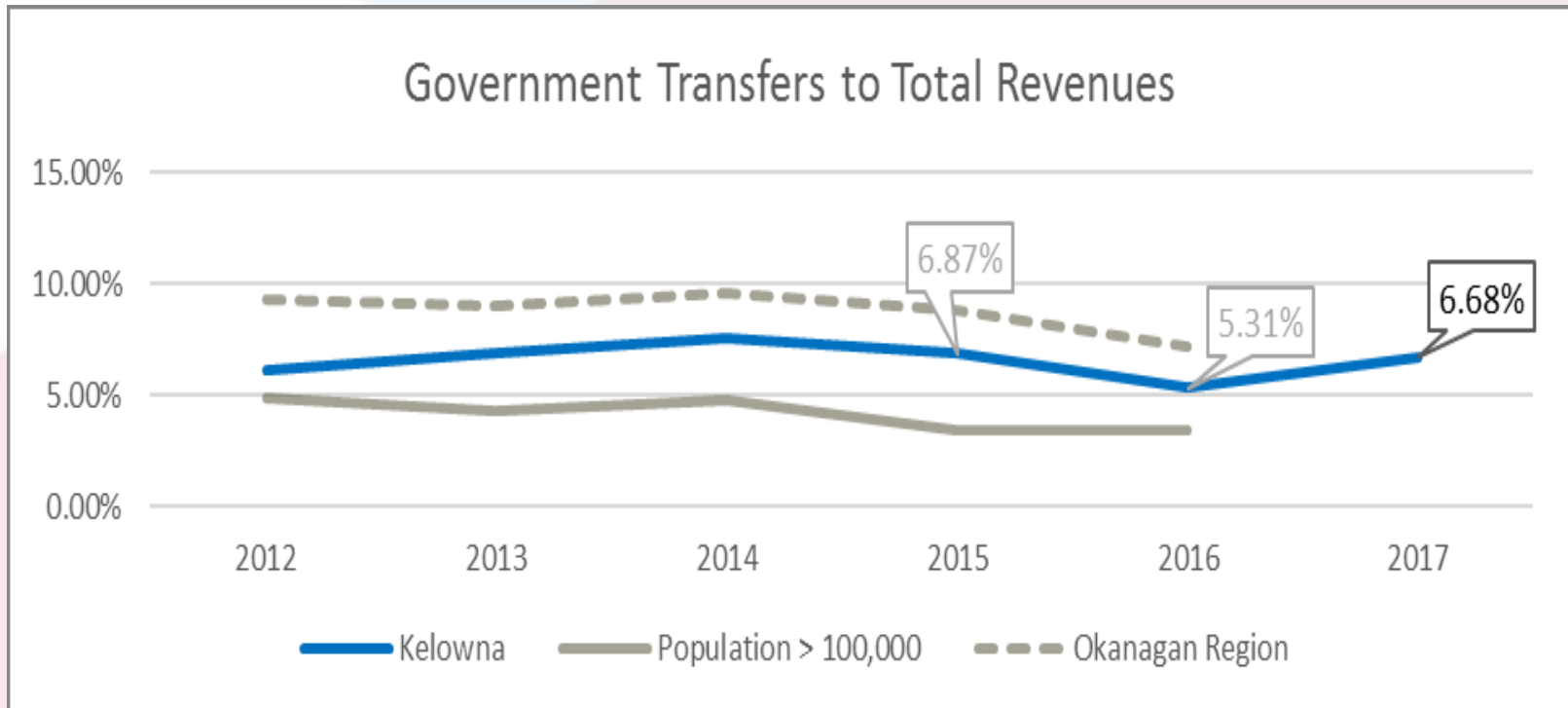
Flexibility Ratio



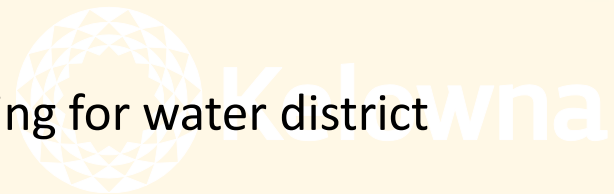
- The City's Own Source revenue is increasing as a percentage of overall revenue which creates flexibility for the City.



Vulnerability Ratio



- Increase in 2017 is due to one-time funding for water district integration.



Summary of financial health review

- The City is well positioned to meet current financial obligations and take on new opportunities without increasing the debt or tax burden.
- It is important to recognize that while comparing financial information with other Municipalities can provide good information we are not comparing apples to apples
- The overall financial health of the City is strong.



2017 General Fund Financial Results

General Fund surplus is \$5.4M

- 2.5% of operating budget \$222M
- Appropriate \$3.2M to reserves to support upcoming projects

General Fund accumulated surplus \$2.4M

- Represents 2% of taxation demand
- Emergency funding only



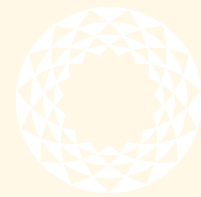
Appropriation to Reserve for future use

Snow Removal	\$ 800,000
Civic Facilities	1,200,000
Land	600,000
Parks Purchase & Development	<u>600,000</u>
	<u>\$3,200,000</u>

Utility Fund & Airport Financial Results

- Water and Waste Water utility funds surplus \$1.9M and \$2.1M
 - Infrastructure replacement
 - Mitigate fluctuations in utility rates
 - Ensure healthy, safe, service delivery
- Airport surplus \$14.4M
 - Enable ongoing infrastructure and improvements to service the region

*Thank you
Audit Committee
City staff
Grant Thornton*



Kelowna