

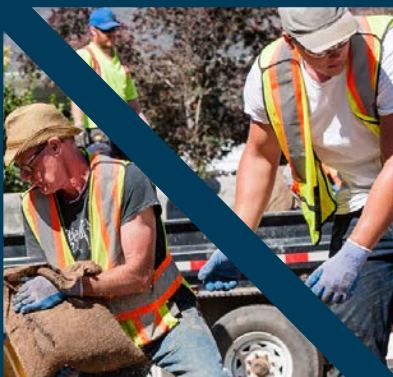


STRONGER TOGETHER

2017 Annual Report

For the year ended December 31, 2017

Kelowna
British Columbia
Canada



CITY OF KELOWNA 2017 ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



The Annual Report is produced by the Communications and Financial Services departments of the City of Kelowna, in cooperation with all civic departments and agencies.

Kelowna,
British Columbia, Canada

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MESSAGE FROM THE MAYOR



COLIN BASRAN

Kelowna was put to the test in 2017 with unprecedented emergencies, exponential population growth, and concerns about housing, homelessness and safety coming to the forefront. At the same time, it was a year that showed our community's collective strength in a crisis, the emergence of the Imagine Kelowna vision as a path forward, and featured investments in active transportation, technology, and infrastructure for a sustainable future.

It was devastating to witness our community threatened by flooding and wildfires for 131 consecutive days, affecting our environment, neighbourhoods, homes, businesses and infrastructure. In the midst of crisis though, I was proud to observe what makes this community truly remarkable: people lending a hand to neighbours, pitching in for the community's greater good and swift responses by emergency and civic personnel. More broadly, we felt the support of partners at all levels – local, regional, provincial and federal. We are particularly grateful to the Province of B.C. for contributing around \$7 million of the \$10 million needed to repair public property and infrastructure damaged by the flood.

**We are more than just a beautiful city,
together we are an inclusive, safe,
vibrant and resilient city.**

We once again reached out to residents in our Citizen Survey to pulse-check our successes and areas that need more attention. Citizens agree we have a great quality of life in Kelowna and 90 per cent of citizens are satisfied with the level and quality of services received by the City.

We are a desirable place to live and our growing population reflects that. The natural beauty of Kelowna makes it an attractive destination, but our city's growth is about more than just our good looks – it's about the decisions made by Council toward a vision to develop a community that is inclusive and where talent and innovation are valued.

It might begin with people attracted to Kelowna as a tourist destination. After all, YLW experienced a record year with 1.9 million passengers passing through its doors. But I think people decide to move to Kelowna for the lifestyle and employment opportunities available to them, and our job is to act as a catalyst and facilitator for those opportunities by listening to residents.

We heard from more than 4,000 residents who participated in the Imagine Kelowna conversation. What has emerged from that process is a vision for a city that is connected, smarter, responsible and collaborative. These principles will guide our decision making for years to come.

To help welcome newcomers, we took significant steps to increase housing density and variety with the implementation of infill housing zoning and the distribution of rental housing grants that will help see more than 1,000 additional rental units built in the next year.

As we strive to build a balanced transportation network, there are key road connections that are very important to our city. This includes a commitment to the Highway 33 extension, construction starting on John Hindle Drive, and the design work done for South Perimeter Road.

As we grow, it is fair to worry about more cars on the roads, but as outlined in our Official Community Plan, the solution isn't simply to continue expanding and building more roads. We have a responsibility, not just to our city and region, but to the planet, to make environmentally sustainable decisions. We will continue to push for transit service expansion, and we have prioritized building active transportation corridors, such as on Ethel Street which now stretches 1.3 km, to encourage residents to commute in ways other than in single-occupant vehicles.

Construction has begun on Kelowna's portion of the Okanagan Rail Corridor, offering residents and visitors new walking and cycling routes to connect us with nature and neighbouring communities. It offers tremendous prospects for future communal transportation and serves as an example of how decisions today can set the stage for wonderful things to come.

It was an honour to be named a Smart21 Community on the world-stage for our approach and investment in technologies to address community goals. Examples of what distinguishes us as a progressive City include our streetlight retrofitting project (saving millions of dollars in energy and maintenance costs by switching to LED fixtures), while the expansion of the City's fibre optic network reduces our operating costs, attracts tech companies looking for affordable high-speed communications and is a revenue source to help minimize overall tax impacts.

We also came together to celebrate our national pride during the year-long Canada 150 festivities and awarded \$150,000 in grants and events to support arts, culture, and strong neighbourhoods in our community.

Our residents care tremendously about where they live and are empathetic to the challenges some of our residents are experiencing. For the first time, social issues were identified in the Citizen Survey as the top priority for Council's attention. I want to emphasize our culture of inclusivity; Kelowna can and should be a place where everyone can find their home, access support services, and where we can be leaders in facilitating a socio-economic environment for success.

As homelessness continues to be a concern, I'm proud of our role as facilitators of the collective Journey Home strategy. When 50 community groups, businesses and other levels of government band together, I'm confident that reasonable, feasible, and reliable solutions that support our most vulnerable population are within reach. The work is only just beginning, but it has the full commitment of Council.

It takes time, but I am confident the decisions made and plans set in motion today will pave the path forward for our city to be recognized as the best mid-size City in North America. We are more than just a beautiful city, together we are an inclusive, safe, vibrant and resilient city. The following pages showcase the great work done by those who serve the City wholeheartedly, with skill, and with passion. I invite you to join us in celebrating our growing community and the City's 2017 accomplishments outlined in the Annual Report.

I'm proud of our role as facilitators of the collective Journey Home strategy.

MESSAGE FROM THE CITY MANAGER



.....

This year's Annual Report carries the theme of Stronger Together. I can proudly attribute our success to a team that has a vision for what Kelowna could be, and will be.

.....

RON MATTIUSSI

Kelowna once again proved its resiliency in 2017 and demonstrated our strengths as a well-run organization. We were well prepared to face numerous climate driven emergencies and our partnerships, systems, infrastructure and planning enabled us to come out stronger in the end.

Water was a defining force for the year. As lake and creek levels rose to historic heights in the spring, we came together to mitigate risk by activating quick responses and keeping the public informed to assure the safety of all residents.

While dedicated City staff were at the helm of the regional Emergency Operation Centre, navigating our response through the high water, equally dedicated staff ensured it was business as usual in Kelowna, delivering services and moving projects forward to meet Council priorities and maintain our well-run City.

Meanwhile, Council support for the 2017 Kelowna Integrated Water Supply Plan and its subsequent implementation was a turning point for our city. All residents should have access to clean and sustainable drinking water – a priority Council set at the start of its term. The plan sets a new path forward to deliver domestic and agricultural water in Kelowna. Receiving a \$43.9-million federal-provincial grant was instrumental in initiating the integration of the City's Water Utility with the South East Kelowna Irrigation District (SEKID). That's the first step, and now the work is gaining momentum.

Momentum also continued in revitalizing our downtown, with the opening of three significant buildings that grew business activity and beautified and modernized our city's core. The Okanagan Centre for Innovation is a hub for technology, research, and entrepreneurship. The new Interior Health Authority headquarters brought 800 workers into the centre of the city. The completion of the new, energy efficient, Kelowna Police Services building has now centralized RCMP operations.

As we work to limit urban sprawl, we are exploring ways to increase housing diversity and density so that people from all walks of life can find a home here. We are mindful of fostering development opportunities for varied and affordable housing options, including fee-simple row housing and house-plexes that will all help create vibrant neighbourhoods.

As our population grows, it is imperative that we maintain our infrastructure to enhance the quality of life we currently enjoy.

This year marked the start of developing the Healthy City Strategy in partnership with Interior Health – a comprehensive multi-faceted strategy that will look at how we can be a sustainable city. The completion of the Community For All Plan in 2017 – a review of City parks and buildings to assess accessibility for all our residents – was a first significant step in the strategy. The Housing Needs Assessment was also completed, providing a snapshot of housing today and identified gaps that will help us meet our housing needs forecasted to 2040.

As our population grows, it is imperative that we maintain our infrastructure to enhance the quality of life we currently enjoy. It's why we added an extra 700 parking spots downtown with the new Memorial Parkade and Library Parkade expansion. We also need to ensure we continue to deliver the quantity and quality of services our residents expect from us. That includes keeping our community safe.

While we provide the infrastructure needed to be a dynamic city, we also remain committed to maintaining and preserving what we cherish. We celebrated the arts by participating once again in the national artsVest program and facilitated 48 Culture Days events. We demonstrated our commitment to planning vibrant urban centres with design plans for the future Capri-Landmark urban centre after significant

public consultation. We protected and enhanced our beautiful natural environment by planting 5,300 trees and acquiring key park properties along the Mill Creek and Bellevue Creek corridors for residents to enjoy the great outdoors.

When I stepped into my role as City Manager in 2006, our population was just under 107,000. Today we are approaching 130,000 residents with no signs of slowing down. To have been involved in the emergence of a vibrant, progressive city was quite challenging and rewarding – but what is even more impressive is watching how the team of dedicated civil servants have come together to manage our city's growth in sustainable and innovative ways.

This year's Annual Report carries the theme of Stronger Together. I can proudly attribute our success to a team that has a vision for what Kelowna could be, and will be. I am pleased to present the City of Kelowna 2017 Annual Report and invite you to read about how we came together as a resilient community.





OUR COMMUNITY

▼ **LOCATED ALONG THE BEAUTIFUL SHORES OF OKANAGAN LAKE, IN THE HEART OF THE STUNNING OKANAGAN VALLEY, KELOWNA IS HOME TO NEARLY 129,500 RESIDENTS.**

The lake offers a myriad of opportunities for boating, swimming or fishing, while nearby mountains attract hikers, skiers and outdoor enthusiasts. Golfers tee-it-up at our 13 courses, and bustling urban centres offer restaurants with delectable food, award-winning wines, craft beers and ciders, local shopping, museums, live entertainment and cultural festivals.

Nearly all citizens (94 per cent) rate the quality of life in Kelowna as good or very good thanks to active/recreational opportunities, safety, its accessible location, job opportunities and the great weather.

As a desirable place to live, offering an active four-season lifestyle, Kelowna remains one of Canada's fastest growing cities.

**94% OF CITIZENS
RATE THEIR
QUALITY OF LIFE
AS GOOD OR
VERY GOOD**
★ ★ ★ ★ ★ ★ ★

OUR CITY

THE CITY OF KELOWNA IS OPEN TO OPPORTUNITIES, OPEN FOR BUSINESS AND OPEN TO NEW IDEAS FROM DIVERSE RESIDENTS.

The organization is led by an experienced City Manager and dedicated Mayor and Council. More than 900 employees deliver quality services to ensure our City is safe, vibrant and sustainable. A fiscally responsible municipality, the City provides core services, maintains existing infrastructure and builds new amenities when needed.

The public is kept informed of City projects and progress through an array of [publications](#) and the user-friendly and mobile responsive [kelowna.ca](#) website allows residents to place service requests online and stay informed.

2017 CITIZEN SURVEY

The 2017 City of Kelowna Citizen Survey gauged public satisfaction with municipal programs and services, providing insight into citizens' service priorities.

94%

Rated the quality of life as good or very good

90%

Say they are satisfied with the overall level and quality of City services

84%

Say they receive good value for their taxes

90%

Describe the community as being safe

TOP ISSUES

40% 
SOCIAL

39% 
TRANSPORTATION

15% 
GROWTH & DEVELOPMENT

TOP 5 PRIORITY INVESTMENTS

1. HOUSING SUPPLY

2. TRAFFIC FLOW

3. DRINKING WATER

4. POLICING

5. FIRE SERVICES



VISION

TO BE THE BEST MID-SIZED CITY
IN NORTH AMERICA



MISSION

LEADING THE DEVELOPMENT OF A
SAFE, VIBRANT AND SUSTAINABLE CITY

CITY OF KELOWNA



MAYOR & COUNCIL



THE CITY OF KELOWNA IS GOVERNED BY AN ELECTED MAYOR AND EIGHT COUNCILLORS FOR A FOUR-YEAR TERM (2014-2018)

Led by Mayor Colin Basran, Kelowna City Council is committed to building on the momentum of past Councils and being open for opportunity through community engagement and partnerships. It is consistent and transparent in decisions, creating a favourable environment for customer service, development and business in Kelowna.

kelowna.ca/council

COUNCIL WORKING PHILOSOPHY

- Open for opportunity
- Build on momentum
- Fair but firm
- Pragmatic leadership
- Transparency in decision making
- Balanced infrastructure investments
- Responsive customer service
- Planning excellence

COUNCIL PRIORITIES

- Clean drinking water
- Building vibrant urban centres
- Ensuring a healthy, safe, active & inclusive community
- Delivering a balanced transportation network
- Acting as a catalyst for business
- Providing strong financial management
- Housing diversity
- Homelessness
- Public safety
- Preserve agricultural land



MAYOR COLIN BASRAN



COUNCILLOR
MAXINE DEHART



COUNCILLOR
RYAN DONN



COUNCILLOR
GAIL GIVEN



COUNCILLOR
TRACY GRAY



COUNCILLOR
CHARLIE HODGE



COUNCILLOR
BRAD SIEBEN



COUNCILLOR
MOHINI SINGH



COUNCILLOR
LUKE STACK

CORPORATE FRAMEWORK

▼ THE CORPORATE FRAMEWORK CAPTURES WHAT THE CITY OF KELOWNA DOES, WITH THE CORPORATE PLAN (A WELL-RUN CITY) AT ITS CORE.

This ensures we have the right infrastructure, skills, services and processes in place to achieve the community goals.

STRONG FINANCIAL MANAGEMENT

Ensure the City is financially sound, accountable and transparent, and that long-term plans and policies protect the financial viability of services, programs and infrastructure.

PERFORMANCE EXCELLENCE

Ensure alignment of work to our highest priorities, focus on results, continuous improvement of services based on innovation and best practices

RESPONSIVE CUSTOMER SERVICE

Ensure services are accessible and focused on the needs of the customer.

PASSIONATE PUBLIC SERVICE

Build a resilient, adaptable workforce that shares a public service culture supported by career planning, learning opportunities, empowerment and employee accountability.

PIONEERING LEADERSHIP

Incubate new ideas and approaches, and seize opportunities to demonstrate leadership at any level to make significant improvements to key services.

ENGAGED COMMUNITIES

Ensure communication, outreach and engagement efforts reach all residents and stakeholders using multiple communication channels including new technologies and social media.



ORGANIZATIONAL STRUCTURE

CITY ADMINISTRATION

Eight City divisions, the Kelowna International Airport and the RCMP report to the City Manager. Divisional teams deliver civic services based on a plan, build and operate model, or corporate services that support the organization.

KELOWNA CITIZENS

CITY COUNCIL

CITY MANAGER
Ron Mattiussi

PLAN

BUILD

OPERATE

KELOWNA
INTERNATIONAL
AIRPORT
Sam Samaddar
Director

COMMUNITY PLANNING &
STRATEGIC INVESTMENT
Doug Gilchrist
Divisional Director

INFRASTRUCTURE
Alan Newcombe
Divisional Director

ACTIVE LIVING &
CULTURE
Jim Gabriel
Divisional Director

CIVIC OPERATIONS
Deputy City Manager
Joe Creron
Divisional Director


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graph TD; PS[Police Superintendent] --- CPS[CORPORATE & PROTECTIVE SERVICES]; PS --- HR[HUMAN RESOURCES]; PS --- CSS[CORPORATE STRATEGIC SERVICES]; PS --- FS[FINANCIAL SERVICES];
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POLICE
SUPERINTENDENT
Brent Mundle

SUPPORT

**CORPORATE &
PROTECTIVE SERVICES**
Rob Mayne
Divisional Director

HUMAN RESOURCES
Stu Leatherdale
Divisional Director

**CORPORATE
STRATEGIC SERVICES**
Carla Weaden
Divisional Director

FINANCIAL SERVICES
Genelle Davidson
Divisional Director



AWARDS AND RECOGNITION

THE CITY OF KELOWNA RECEIVED A NUMBER OF AWARDS AND RECOGNITION IN 2017, INCLUDING:

GOVERNMENT FINANCE OFFICERS ASSOCIATION CANADIAN AWARD FOR FINANCIAL REPORTING

*2016 Financial Statements
within the Annual Report*

This is the 15th consecutive year that the City has received this award recognizing excellence in governmental accounting and reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINGUISHED BUDGET PRESENTATION AWARD

2017 Financial Plan

This is the highest form of recognition for governmental budgeting and represents a significant achievement for the City over the last 16 years.

THOMPSON OKANAGAN KOOTENAY COMMERCIAL BUILDING AWARDS COMMUNITY INSTITUTIONAL PROJECT AND THE JUDGE'S CHOICE AWARD

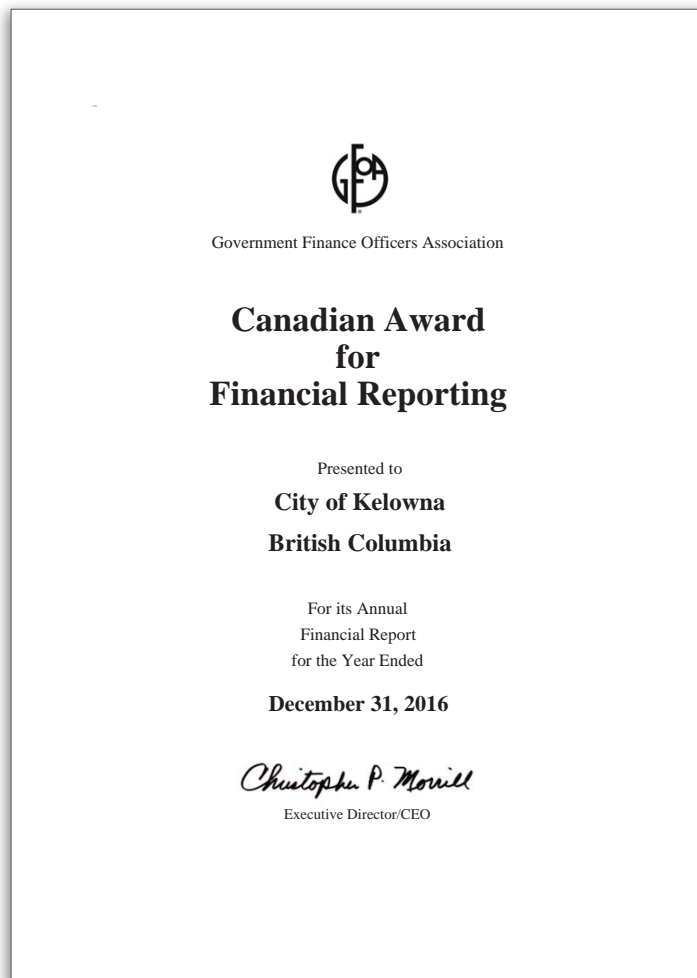
Kelowna Police Services building opened in 2017.

INTELLIGENT COMMUNITY FORUM'S SMART21 COMMUNITIES 2018 GLOBAL FINALIST

The City of Kelowna was named one of the 21 smartest cities for being a model of economic, social and cultural development in the digital age.

WORKSAFE BC CERTIFICATE OF RECOGNITION

Resulting in a \$190,000 premium rebate.





RESILIENT THROUGH UNPRECEDENTED FLOODING & REGIONAL WILDFIRES



▼ IN EARLY MAY, THE CITY OF KELOWNA DECLARED A STATE OF EMERGENCY.

Mill Creek, running through the heart of the city, was spilling over its banks after a powerful storm. This marked the start of what became a record-breaking emergency season. Soon after the initial storm, steady rain alongside an early and fast flowing spring thaw from snow and ice melt into Okanagan Lake saw our community damaged by the natural force. This three-month flood event was followed by three regional wildfires and a significant apartment fire that saw 176 units evacuated.

ECONOMIC IMPACT

The flood caused more than \$10 million in damaged public property in Kelowna, and many millions more to private property. The provincial government will cover approximately \$7 million for the replacement and repairs needed for public property. Through strong financial management, the City will pay for the remaining \$3 million from reserves.

As news spread of the emergency across the country, our tourism industry felt the ripple effects – hotel occupancy decreased seven per cent in July. Despite the challenges, visitors helped share the message that we remained open for business and highlighted multiple amenities and attractions beyond our lake activities. Despite these weather challenges, 2017's year-over-year hotel occupancy remained virtually on par with 2016, dropping just 0.3 per cent from the high recorded in the city in 2016 at 64.1 per cent. Through perseverance and adaptability, the emergency events did not stop the City from managing event logistics for more than 75 tournaments and camps and more than 150 outdoor events in 2017.

Despite the 131-day state of emergency, we continued to move projects forward to support the ongoing work of a well-run City. While dedicated staff quickly responded to emergency management, they also did double-duty to ensure City planning continued, infrastructure was built and decisions were made to keep Kelowna on track.

131 DAY
EMERGENCY OPERATION
CENTRE ACTIVATION



NEARLY 
2 MILLION
SANDBAGS
= **1500** 
TRUCKLOADS
 OF SAND

\$10+
MILLION
NEEDED IN
REPAIRS

COLLABORATION FOR SAFETY

Anticipatory planning and collaboration with partners enabled us to successfully navigate through emergencies to ensure our residents' and visitors' safety, as well as that of staff and first responders. The City of Kelowna takes a lead role in the Emergency Operation Centre preparedness and activations. Collaborating with our regional partners – the Regional District of Central Okanagan, City of West Kelowna, District of Lake Country, District of Peachland, Westbank First Nation, Kelowna Fire Department and RCMP – meant stronger resourcing and response for the safety of all our communities.

The strength of our city was bolstered by the helping hands extended from beyond our neighbouring communities; the BC Wildfire Services, FortisBC, BC Hydro, Interior Health Authority and Emergency Management BC all contributed to us being collectively stronger together in the face of emergencies.

INFORMED AND CONNECTED

Leveraging technology to broadcast emergency and safety updates proved instrumental to reassure our residents, making sure they knew what was happening, what to do and how to stay safe. The cordemergency.ca website, with GIS mapping integration, saw a record 1.2 million views in 2017. More than 200 news releases were issued for up-to-the minute updates to regional media outlets. Social media follows increased more than 75 per cent over 2016. We connected with our residents in multiple ways to provide the information to stay safe.

RECORD BREAKING LAKE LEVELS

343.25m
ABOVE SEA LEVEL



RESOURCING FOR THE NEEDS OF A GROWING CITY





WATER FOR ALL

2017 was the year that brought Kelowna one step closer to delivering clean, safe drinking water to all its residents. Council adopted the [2017 Kelowna Integrated Water Supply Plan](#), outlining a new path forward for the delivery of domestic and agricultural water in Kelowna. The City also successfully received a \$43.9 million federal and provincial government grant from the Clean Water and Wastewater Fund to initiate the plan.


The full implementation of this plan will ultimately see drinking water drawn from two main sources, Mission Creek and Okanagan Lake. Phase 1 of the plan has launched, which includes plans for separating agricultural and domestic systems in Southeast Kelowna and the delivery of a sustainable water supply to that area's water customers.

BOLSTERING OUR SERVICE OFFERING

The [City's Water Utility Service](#), one of five in Kelowna, brought utility billing and customer service back in house in the fall of 2017, a service previously contracted out to a third party supplier. There are approximately 18,000 City utility billing accounts. It is the first phase of a two-part project, with changes to taxation billing to follow in 2018.

The project uses a centralized software platform and will provide City customers with convenient access to their utility and tax billing information in a single online location. The City's customers can benefit from more direct, responsive and better informed customer service from a dedicated in-house customer care team accessible by phone, email, online and in person.


**\$43.9 MILLION
FEDERAL & PROVINCIAL
CLEAN WATER
& WASTEWATER
FUND GRANT**



**\$237,000
ICBC GRANTS
FOR 16
ROAD
SAFETY
PROJECTS**



**DARK FIBRE
10 CUSTOMERS
16KM
FIBRE OPTIC CABLE
\$97,600 REVENUE**



SAFER ROADS

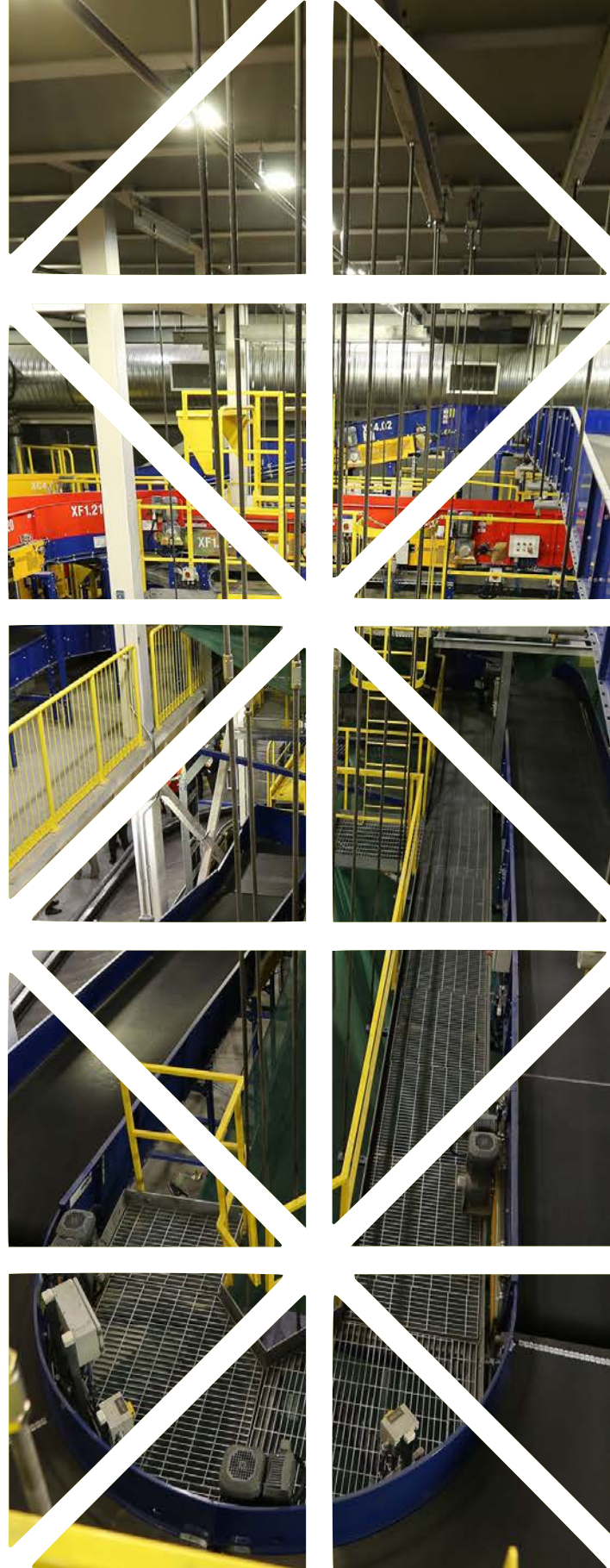
The Insurance Corporation of British Columbia (ICBC) granted the City more than \$237,000 for 16 road safety projects completed in 2017 — sidewalks, bike lanes, traffic lights, roundabouts — that will improve road safety and reduce collisions. The projects were submitted to ICBC's Road Safety Improvement Program and include: the Ethel Phase 3 Active Transportation Corridor, roundabouts at Lakeshore Road/ Collett Road and Doyle Avenue/Water Street, bike lanes along Springfield Road and in Glenmore and sidewalks along High Road and Graham Road.

AIRPORT EXPANSION TAKES FLIGHT

Upgrades to the *Kelowna International Airport* in 2017 will enable visitors and business travelers to enjoy an improved travel experience. The airport is fully self-funded through its own revenues and financing obtained from the Municipal Financing Authority.

In the fall of 2017, a *new outbound baggage facility opened*, boasting 700 metres of conveyor belt that can accommodate 900 bags per hour — a 200 per cent capacity increase. The record 1.9 million travelers passing through YLW also had more dining options with upgrades made to the Departure Lounge and Airport Plaza, including new vendors. Increased flight options for travelers were also added in 2017: notably the addition of shoulder season direct non-stop flights to Toronto resulting in year-round service and low-cost carrier Flair Airline launching service to Edmonton and Vancouver with connections to Toronto.

Growth remains on the horizon: 2017 was the first of a two-year plan to develop concepts for 17 projects within the new Airport Improvement Fee program. This collaborative approach with airline partners and tenants includes potential expansion projects for airfield, terminal and groundside infrastructure. In the meantime, as those plans are developed, BC Air Access provided a \$1 million grant for the airport's Apron 1 rehabilitation project. Two new gates were completed in 2017 and three are planned for 2018.



imagineKelowna

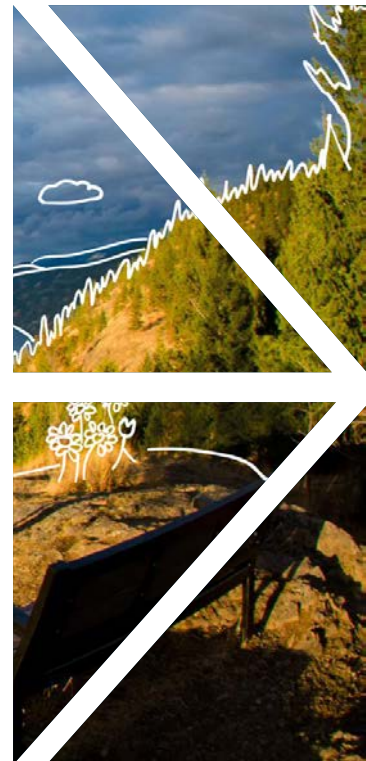

OUR COMMUNITY'S LONG-TERM VISION STARTED TAKING SHAPE IN 2017.

The result of an unprecedented level of citizen involvement, *Imagine Kelowna* will help inform plans to build a prosperous and sustainable city in the face of an uncertain future.

A draft vision was presented to City Council in December 2017.

In 2018, *Imagine Kelowna* will be refined through a final round of community engagement and presented to Council for endorsement. It will then help guide the City's priorities and provide a foundation for its strategies and projects. Because *Imagine Kelowna* is the community's vision, it will also need to be embraced by Kelowna's businesses, organizations and individuals so that, collectively, we can all help to ensure a vibrant future for our amazing city.

4,000+
CITIZEN INTERACTIONS





FACILITATING

CHANGE;

COLLABORATING

FOR

SOLUTIONS



JOURNEY HOME STRATEGY

For the first time, the City's [2017 Citizen Survey](#) identified social issues as a top priority for Council's attention. As the number of those experiencing homelessness is climbing, the City has taken action by facilitating 50 community and business partners to come together to coordinate a long-term strategy.

There is only so much we can do as a municipality to make headway on this complex issue; but by acting as the convener, the City can play the role of bringing the diverse players together to create a plan that will ensure anyone who is experiencing homelessness and looking for help, will easily find it.

2017 launched the strategy's development with 23 community leaders appointed to the Journey Home Task Force by Council to produce a long-term strategy to prevent homelessness when possible, and if it does occur ensure it's short-lived, and non-reoccurring.

National homelessness expert Dr. Alina Turner was engaged in late 2017 by the Journey Home Task Force. A leading researcher, her work on system planning is recognized as best practice and has been applied in communities across Canada to address homelessness. The Kelowna approach to building a plan includes embedding a Youth Strategy within the larger strategy, and as the first community in Canada to take this approach, has attracted National interest. As a result, the Canadian Observatory on Homelessness and A Way Home Canada have joined Turner Strategies to support the work of the Journey Home Task Force in the development of a local plan with the goal of sharing the local findings with the Nation.

The [Journey Home Strategy](#) development is set to be completed in the summer of 2018.



**COMMUNITY SAFETY
HOUSING FIRST
NO WRONG DOOR**

**50 COMMUNITY
& BUSINESS
PARTNERS
UNIFIED UNDER
ONE STRATEGY**



**PARTNERSHIPS
TO FUND 
3,000
HOUSING UNITS**

A row of seven blue house icons, each with a triangular roof and a square base.



EMERGENCY WINTER SHELTER

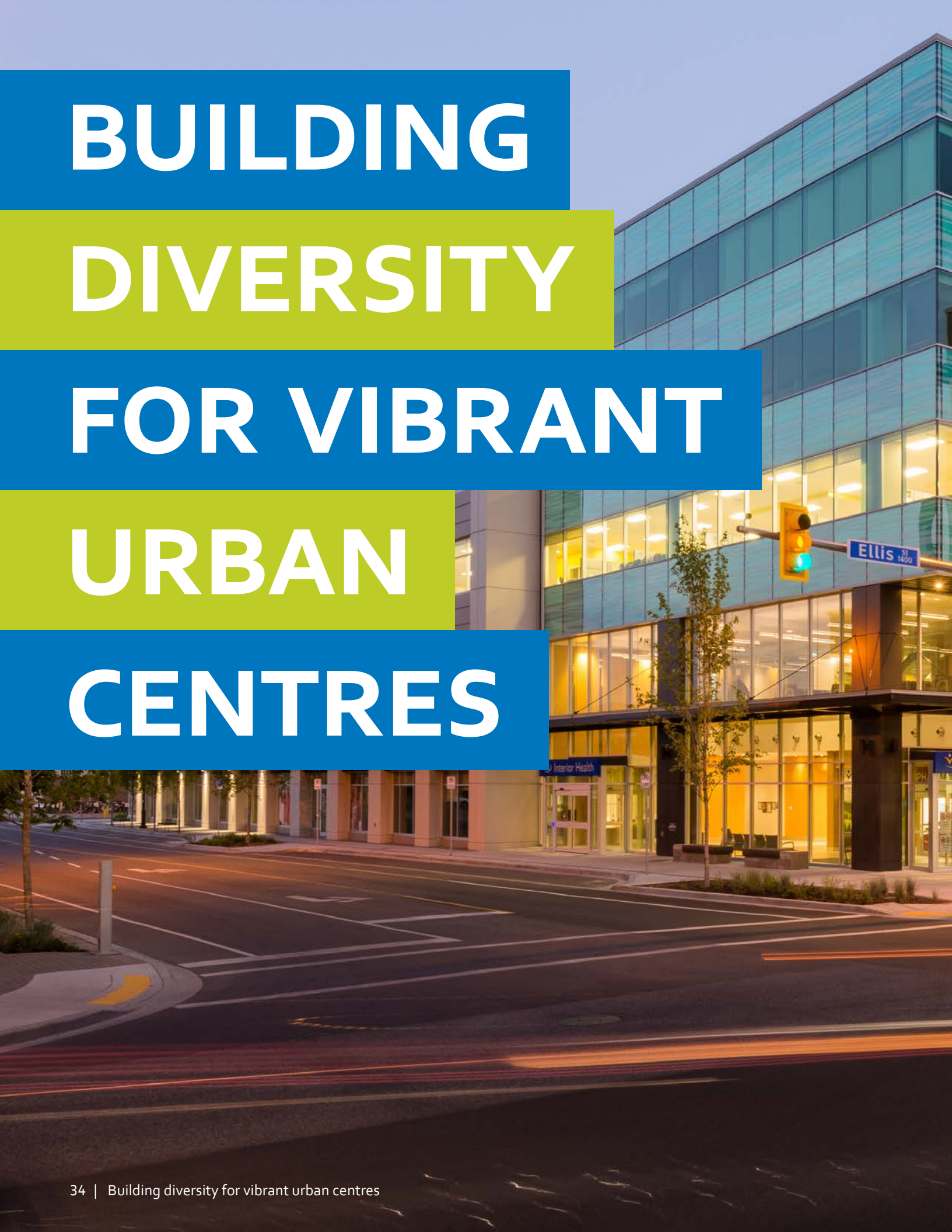
Volatile weather pattern variations are a symptom of climate change: flooding, heat waves in the summer and subzero temperatures and increased snowfalls in the winter are becoming the norm. The 94-year-old snowfall record broken on Dec. 28 is but one example. Finding an immediate relief solution to protect our city's most vulnerable population from the cold has been imperative.

The City of Kelowna established a new partnership with BC Housing and local service agencies to initiate a low-barrier, extreme weather shelter in late November. The 80-bed 24/7 Cornerstone shelter, located on Leon Street downtown, is operated by the John Howard

Society. The City facilitated an emergency shelter team roundtable with representatives from the John Howard Society, RCMP, Kelowna Fire Department, City of Kelowna Bylaw Services, Downtown Kelowna Association and BC Housing. Together, the team collaborated to ensure the safety of Cornerstone's staff, residents and neighbouring business.

With a housing-first approach to providing tangible solutions in addressing homelessness, the City and BC Housing initiated community conversations for a new rapid response housing development for those experiencing homelessness. The short-term housing project plans will be presented to Council in 2018.

BUILDING DIVERSITY FOR VIBRANT URBAN CENTRES





REVITALIZED DOWNTOWN

Great cities have great downtowns. 2017 saw the opening of three significant downtown buildings that centralized headquarters for policing, health services and technology business development. It also introduced hundreds of working people to the downtown during weekday work hours.

POLICE SERVICES BUILDING

In the spring, the RCMP relocated more than 380 members and support staff from three different facilities across the City to the newly constructed headquarter building at 1190 Richter Street. The City-owned 95,000 square-foot building boasts a forensics lab, 29 cells (up from the previous 22) and space to accommodate future growth. The move will see administrative and operation efficiencies.

The \$48-million project included upgrades to underground infrastructure, and road and intersection upgrades on Clement Avenue. Even though the new building is more than twice the size of the previous detachment, it still uses the same amount of energy and also earned a \$134,000 rebate from FortisBC for its energy efficiency. These features combined with modern architecture saw the building recognized with a Judge's Choice award and the Best Community Institutional Award at the 9th annual Thompson Okanagan Kootenay Commercial Building Awards hosted by the Southern Interior Construction Association.

BUILDING OUR CITY & ECONOMY

As a City, our role is to facilitate development that encourages economic growth. As the province's third-largest technology hub, the Okanagan Centre for Innovation opened its doors in Kelowna to foster entrepreneurship, innovation and collaboration in the tech sector. It is a joint venture with the Governments of Canada and British Columbia, BC Innovation Council, Kelowna Sustainable Innovation Group Limited Partnership and the City of Kelowna. The building, which generated about 500 construction jobs, is on City-owned land valued at more than \$2 million, and is under long-term lease from the City.

Across the street, the new Interior Health Authority headquarters accommodates 800 employees and provides an impressive Community Health and Services Centre for a coordinated, centralized location for patient care. It is also a new downtown location for the YMCA on the ground floor.

Beyond meeting work and business needs, employees and visitors to these three buildings visit neighbouring coffee shops, restaurants and shops, contributing to community vibrancy and fostering a strong local-business economy.

2672 
**RESIDENTIAL
BUILDING
PERMITS, A
30% ANNUAL
INCREASE**


**\$697
MILLION
CONSTRUCTION
VALUE**

INCREASING HOUSING DIVERSITY

Infill housing – the addition of new housing units to existing neighbourhoods – represents an important part of the City's overall strategy to combat the impacts of urban sprawl. Focusing growth in areas with existing infrastructure leads to resilient neighbourhoods.

Council implemented the [RU7 infill housing zoning](#) to remove barriers for residential suites in homes and to increase density. The new RU7 zone is meant to allow greater flexibility for infill housing that remains sensitive to surrounding neighbourhoods. Depending on lot size, the zone allows a range from two to four units per lot with lane access. During the year, 400 properties were rezoned. In addition, the City eliminated the need for development permits for carriage homes.

This year the City also completed the [Housing Needs Assessment](#) to provide a snapshot of housing today, identify gaps in the current housing stock and forecast housing needs to 2040. There were 11 housing gaps identified. This will guide the development of the Healthy Housing Strategy, the Journey Home Strategy and other master plan updates.

CAPRI-LANDMARK: EMERGING URBAN CENTRE

Significant community input and technical analysis conducted in 2017 resulted in a vision and plan for the [Capri-Landmark](#) neighbourhood to emerge. A hub for employment and entrepreneurship, the area is becoming an attractive location for urban living. The neighbourhood plan proposed increased residential densities to transform Capri-Landmark into an area where people can live and work close to key amenities including restaurants, shopping, alternative transportation, public parks and spaces. A final plan will be presented in the spring of 2018.



\$420,000
FOR ELEVEN
HOUSING
RENTAL GRANTS
WILL SEE THE
DEVELOPMENT
 **1,000+**
RENTAL UNITS



HEALTHIER

AND

SAFER

TOGETHER



PARTNERSHIPS FOR EFFECTIVE POLICING

In March, the City supported the launch of the Police and Crisis Team (PACT) in partnership with the Interior Health Authority to have an RCMP member and mental health nurse duo respond to calls when an individual undergoing a mental health crisis is suspected. The team has been involved in 19.4 per cent of mental health related calls. Individuals received more timely care, and, in turn, this helped reduce wait times at hospitals for the patient and officer.

During the summer months, City Bylaw officers teamed up with Kelowna RCMP officers once again to patrol the downtown, beaches, Lakeshore and Rutland areas. The highly visible uniformed patrols responded to street crime and nuisance behaviour and also proactively connected with residents and visitors to keep the community safe. Their efforts resulted in 621 bylaw notice tickets totaling \$72,000 in fines, 110 violation tickets, 114 warnings issued and 50 street checks conducted.

Overall, crime in Kelowna is down slightly: there were 12,521 criminal code offences in 2017 compared to 12,778 in 2016. Crimes causing physical harm to persons numbered at 1,240. These are the lowest they have ever been – a reduction of 32 per cent from 2012 when they were at their height.

A STRATEGY FOR A HEALTHY FUTURE

Kelowna strives to be a vibrant, healthy and sustainable city in the face of challenges such as climate change, a growing prevalence of chronic health conditions and an aging population. The City of Kelowna partnered with the Interior Health Authority to develop a Healthy City Strategy as a long-term integrative plan that focuses on healthy places and spaces, community health and quality of life for our residents.

The first of six theme areas was evaluated in 2017: *a Community for All* reviewed the suitability of 157 City parks and 76 City buildings to meet the needs of seniors, children and those with diverse abilities. Engagement with more than 500 community members informed the development of 31 recommended actions, 21 of which will be led by the City over the next two years. The remaining 10 items will require the combined effort of our extended community and partners.



ANSWERING THE CALL



11,000+
KELOWNA
FIRE DEPARTMENT



13,258
BYLAW SERVICES


57,400
KELOWNA
RCMP

POLICE AND CRISIS TEAM PARTNERSHIP


356
CALLS

65 INDIVIDUALS
DIVERTED FROM
HOSPITAL
 **100%**
SUCCESS RATE
JUNE TO DECEMBER



CELEBRATING ARTS AND CULTURE TOGETHER





NATIONAL PRIDE, LOCAL SPIRIT

Beginning and ending with New Year's celebrations at Stuart Park, our community came together in 2017 to celebrate Canada's 150th anniversary. The Sesquicentennial provided an opportunity to reflect on where we've come from, celebrate who we are today and plan for our future.

City events, such as the popular Park and Play, Dancing in the Park, Family Fun Day and the Cultural Walking Tours all promoted [Canada 150](#). In addition, the City supported and collaborated with Festivals Kelowna on a number of community celebrations. The stage at the Canada 150 Celebration Site at Stuart Park became a go-to place for free performances. A bigger and better Canada Day featured more performances, high profile acts, and celebrated diverse cultures in the community, including a Blanket Ceremony by the Ki-Low-Na Friendship Society.

The events fostered diversity and vibrancy around the city.

MILLION-DOLLAR ART COMMUNITY

The City launched the fourth annual artsVest™ program that saw 21 organizations pre-approved for \$50,000 of incentive grants. The total economic benefit to the local arts community over the past four years has exceeded \$1 million.

artsVest™ is a sponsorship training and matching incentive program that assists small- and medium-sized arts and culture organizations in securing sponsorships from businesses in the community. The program is delivered by Business for the Arts in communities across British Columbia with funding from Canadian Heritage, the Province of British Columbia and the City of Kelowna.

The City of Kelowna provides nearly \$2 million in support for the cultural community, including major cultural facilities and grants for organizations every year.

\$150,000 **150** 
FOR CANADA'S

\$55,000 
**COMMUNITY
CELEBRATIONS
+ENGAGEMENTS**

\$55,000 
**SEVEN
SESQUICENTENNIAL
GRANTS**

40 **INCENTIVE GRANTS
SUPPORTING OUR
COMMUNITY**


  
210,000 **COMMUNITY
VOLUNTEER HOURS** **{ IN 150
FOR 150
VOLUNTEER
CHALLENGE**



43RD ANNUAL CIVIC AND COMMUNITY AWARDS

▼ **HONOURING INDIVIDUALS
AND ORGANIZATIONS FOR
OUTSTANDING CONTRIBUTIONS
AND ACHIEVEMENTS IN 2017 THAT
DIRECTLY BENEFITED THE COMMUNITY,
MAKING KELOWNA A BETTER PLACE
TO LIVE, WORK AND PLAY.**



▼ **THE FOLLOWING RECIPIENTS WERE
RECOGNIZED AT THE AWARDS GALA
ON APRIL 26, 2018 AT THE KELOWNA
COMMUNITY THEATRE.**

Anita Tozer Memorial Award.....	Jimmy LeGuilloux
Bob Giordano Memorial Award.....	Linda McIntosh
Bryan Couling Memorial Award – Athletic Team of the Year	Kelowna Secondary School Owls Boys Curling Team
Female Athlete of the Year Award	Taryn O’Neill
Male Athlete of the Year Award	Grant Shephard
Female Augie Ciancone Memorial Award	Taryn O’Neill
Male Augie Ciancone Memorial Award	Clarke Larsen
Young Female Volunteer of the Year Award.....	Ashley Robinson
Young Male Volunteer of the Year Award.....	Finnegan Pihl
Teen Honour in the Arts Award.....	Madelyn Miyashita
Honour in the Arts Award	Simone Orlando
Central Okanagan Foundation – Volunteer Organization of the Year Award	Central Okanagan Search and Rescue
Fred Macklin Memorial Award - Man of the Year.....	Peter Boyd
Sarah Donalda Treadgold Memorial Award – Woman of the Year	Catherine Williams
Corporate Community of the Year Award	
<i>Small Business</i>	Scotia McLeod/Scotia Wealth Management
<i>Medium/Large Business</i>	Crowe MacKay LLP
Champion for the Environment Award	
<i>Individual</i>	Angela Nagy
<i>Business</i>	One Big Table





STRONG FINANCIAL MANAGEMENT

FINANCIAL INFORMATION

FINANCIAL SERVICES

The City of Kelowna is committed to financial strength and stability. The City defines this as the ability to acquire and manage a portfolio of financial and physical assets that meet the current and future needs of our community. This commitment to excellence was recognized again by the Government Finance Officers Association. In 2017 and for the fifteenth year in a row, the City was awarded the Canadian Award for Financial Reporting and, for the sixteenth year the Distinguished Budget Presentation Award.

CANADIAN AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Kelowna for its annual financial report for the fiscal year ended December 31, 2016. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

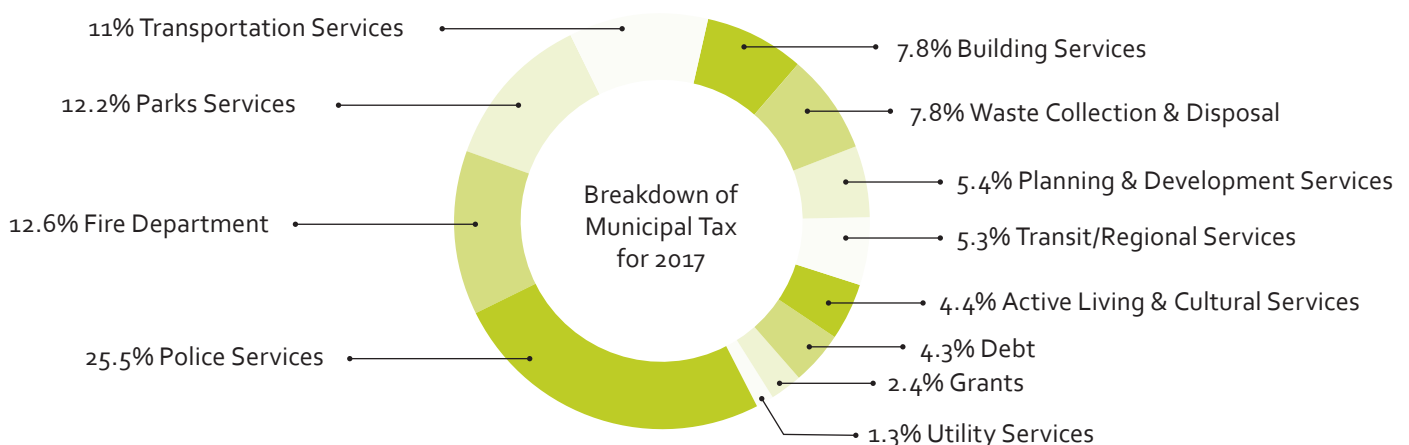
A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA.

PROVISION OF SERVICES & SUPPORT FOR GROWTH

The 2017 taxation increase averaged 3.84 per cent for all property classes. This increase reflected resources allocated for public safety, homelessness, and the implementation of processes to develop efficiencies and improve the services we provide, while maintaining the amenities the citizens of Kelowna are accustomed to. The use of tax revenue and development cost charges generated from new growth assist in providing a balanced approach to the expansion of services and infrastructure required to accommodate growth within the municipality.

The City budgeted to collect a total of \$228.3 million in taxation revenues, 56 per cent of which was retained for municipal purposes. The remaining 44 per cent is levied on behalf of other governments and agencies to provide funding for schools, the Regional District of Central Okanagan shared services, libraries, regional hospital, Kelowna business improvement areas, and for BC Assessment to cover the City's share of costs associated with providing assessment information.

The City has historically relied on pay-as-you-go rather than debt financing for major infrastructure needs wherever possible in achieving strategic servicing goals. In 2017, 5.6 cents of each municipal tax dollar collected was budgeted for tax-supported debt servicing programs. The 0.2 cent increase from 2016 is due to the debt repayment for the Police Services Facility. Pay-as-you-go capital project funding represented 9.6 per cent of the 2017 taxation requirement.



CONSOLIDATED RESERVES & SURPLUS

millions



CITY RESERVES

City reserves provide a financial mechanism for saving money to finance all or part of future infrastructure, equipment and other requirements. Reserve funds can also provide a degree of financial stability, by reducing reliance on indebtedness to finance capital projects and acquisitions, flexibility to leverage opportunities as they arise, or safeguards to extraordinary tax increases.

DEVELOPMENT COST CHARGES

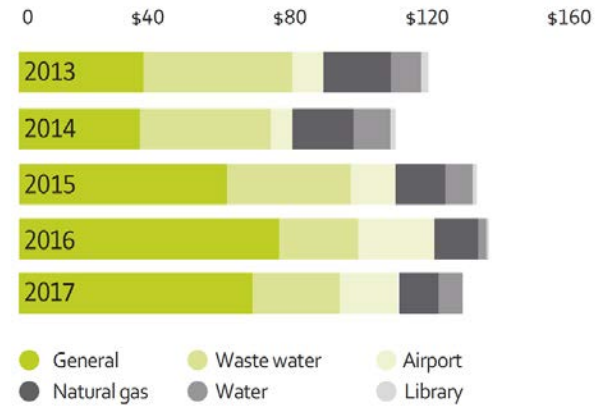
Development cost charges (DCCs) are fees that municipalities collect from new development to help pay the cost of infrastructure services that are needed for growth. Imposed by bylaw pursuant to the *Local Government Act*, the charges are intended to facilitate development by providing a method to finance capital projects related to roads, drainage, sewer, waterworks, and parkland.

The City's DCC program supports community development and integrates with longer-term plans. Infrastructure requirements are based on the Official Community Plan that estimates a resulting population of 161,701 by the end of 2030. The 20-Year Servicing Plan and Financing Strategy provides the infrastructure requirements to 2030 along with the cost sharing for various projects. Cost sharing methodologies reflect the level of benefit to existing taxpayers and new growth. Charges are based on the demand placed on services by different residential types, commercial, industrial, and institutional growth.

The latest update to the 20-Year Servicing Plan impacted DCC rates with the changes taking effect in July 2016. The DCC rates were updated to reflect current construction and land costs. This updated plan reflects a total program cost of \$785 million. The funding for the program is 66 per cent from Development, 28 per cent from City, and 6 per cent from senior levels of government. Arterial Roads maintain the largest share of the program at \$462 million; followed by Park Land acquisition at \$136 million, Wastewater Treatment at \$86 million, Water Distribution at \$60 million, and Wastewater

LONG TERM DEBT

millions



Trunks at \$41 million. In 2018, staff will be reviewing the current costs of development infrastructure and will be bringing forward rate updates in 2018 for Council approval.

Local governments are permitted to temporarily lend available money from one DCC reserve fund to another. The money, along with appropriate interest, must be returned to the original reserve fund. For 2017, a deficit in Water Sector B reserve fund was covered from Water Sector A, a deficit in Roads Sector D was covered from Roads Sector A, and a deficit in the Wastewater Treatment reserve was covered by Water Sector A and Roads Sector A reserve fund.

MUNICIPAL ASSIST FACTOR

The *Local Government Act* requires local governments to assist in the cost of new infrastructure. The municipal assist factor reflects Council and the community's support towards the financing costs of new infrastructure. The level of the assist, determined by City Council, reflects a benefit to the existing population while encouraging development and housing affordability.

City of Kelowna assist factor

Roads	15%
Parks	8%
Water and Wastewater	2%



MAJOR PROJECT EXPENDITURES IN 2017

Parks

\$525k – Parkland Acquisition at 572 Elliot Avenue and 4020 Lakeshore Road.

Roads

\$3.5 million – 4690 Highway 97 North Property Acquisition, Lakeshore 1 DCC, Ethel Street Active Transportation Corridor, and debt repayment.

Water

There were no major 2017 DCC project expenditures in the water sector.

Wastewater Trunks and Treatment

\$5.5 million – Airport Gravity Main Bypass, and debt repayment.

FUTURE PLANS

Total program expenditures are projected at \$21 million.

Parks

\$6 million – Dewdney Park expansion and planned parkland acquisition.

Roads

\$8 million – Stewart Road, McCulloch Road (KLO, Hall, Spiers) Improvements, debt repayment, John Hindle Drive, Ethel Street Active Transportation Corridor and Sector B Top Lift Paving.

Water

\$585k – South End Water Upgrades.

Wastewater Trunks and Treatment

\$6.4 million – Debt repayment and Airport Gravity Main Bypass.

Development Cost Charge reserve funds (thousands of dollars)

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance	Reductions/ Waivers*
Parks	\$2,098	\$8,612	\$113	\$524	\$10,299	\$111
Roads	21,541	11,361	633	3,499	30,036	104
Water	11,314	545	271	33	12,097	5
Wastewater	(9,578)	5,660	(270)	5,477	(9,665)	53
Total	\$25,375	\$26,178	\$747	\$9,533	\$42,767	\$273

*Waivers are for Affordable Rental Housing and are paid for through taxation.

The DCC program underwent a minor update in 2016 and was reviewed and approved by Council.

On April 18, 2016 Council approved the 2030 Infrastructure Plan, which identifies all the City's infrastructure investment needs for the next 15 years (2016 – 2030).



FINANCIAL MANAGEMENT STRATEGIES

Principles and Strategies for Financial Strength and Stability have been adopted by Council establishing guidelines for how the City will acquire and manage a portfolio of financial and physical assets that meets the current and future needs of our community.

The 10 financial management strategies are:

ASSETS – NEW

Expenditures for new assets will be prioritized based on social, economic and environmental factors and life cycle cost implications. Emergent opportunities will be evaluated against existing priorities. Investment in new assets should follow the long-term capital plan. The decision-making process for new asset investment will be documented, transparent and clearly communicated to Council, staff and the community.

ASSETS – RENEW

The City will invest in existing infrastructure renewal in accordance with the long-term capital plan. Funding for asset renewal will be balanced against service levels and risk tolerance. Life cycle costs should be managed through preventative maintenance and renewal strategies.

DEBT

General Fund debt servicing costs will be maintained at or below a targeted level of annual taxation demand. The City's debt capacity will be preserved by limiting the use of debt to fund only one-time major capital projects. If possible and when beneficial, debt will be paid down earlier. Financing for less than a five-year term will be completed through internal financing. Impacts on overall City debt levels from "self-funded" cost centres and Funds will be reviewed and understood.

DEVELOPMENT FINANCING

Developers will pay their fair share for growth-related infrastructure through DCCs and other tools. Where appropriate, other funding can be used to provide additional capacity over and above the current OCP horizon. Taxation-funded DCC's through grant programs may be used to encourage economic development and community projects.

GRANTS

Grants will only be pursued for the City's priority projects. Grant funding will not increase the scope of a project without Council endorsement. Annual project funding must be sufficient without conditional grants. Long-term financial planning will rely on unconditional grant opportunities only.

OPERATIONS

All services, including new services, must be aligned with the City's priorities and reviewed regularly. The full financial cost of service and staff requirements will be understood by Council and administration. Future changes in operating costs, including personnel resourcing requirements, will be considered in long-term capital and financial planning. Ongoing operating activities will only be funded through taxes, fees and charges.

PARTNERSHIPS AND ENTERPRISE

The City will pragmatically partner with other entities to deliver community services and amenities. The City will explore access to new sources of capital and revenue streams. The City will leverage existing assets to attract private sector involvement. The City will leverage the expertise of outside partners. Services from partnerships will be reviewed regularly to ensure the needs of the City continue to be met. The City supports organizations within the community that enhance the quality of life.

PROPERTY TAXATION

Property taxes will remain as stable as possible over time. Property taxes will be comparative with similar communities. Increases to property taxes will be balanced among assessment classes. Property tax information will be transparent and easy to understand. Property taxes will reflect the infrastructure, services and service levels that the community believes are important.

RESERVES AND SURPLUS FUNDS

The purpose of each reserve will be documented and reviewed regularly. Ongoing operating requests will not be funded from reserves. Accumulated surplus will only be used as an emergency funding source.

USER FEES AND CHARGES

Everyone will pay a fair amount for the services they receive. Services will be reasonably accessible by all citizens. User fees will be transparent and easy to understand.

TOP 10 PRINCIPAL CORPORATE TAXPAYERS

2017

Legal Name

- 1 Orchard Park Shopping Centre
- 2 FortisBC Inc
- 3 Delta Hotels No 48 Holdings Ltd
- 4 Inland Natural Gas Co Ltd
- 5 McIntosh Properties Ltd
- 6 Victor Projects Ltd
- 7 4231 Investments Ltd
- 8 Dilworth Shopping Centre Ltd
- 9 RG Properties Ltd
- 10 Wal-Mart Canada Corp

Type of Property

- Shopping Mall
- Electrical Utility
- Hotel & Convention Centre
- Gas Utility
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall

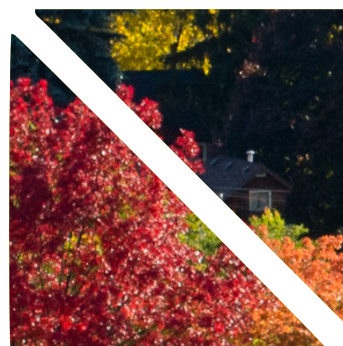
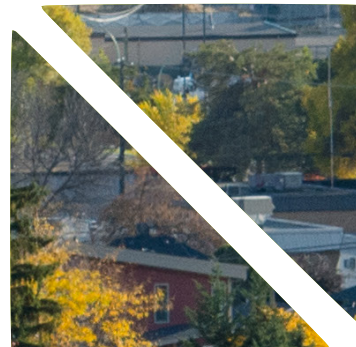
2016

Legal Name

- 1 Orchard Park Shopping Centre
- 2 FortisBC Inc
- 3 Delta Hotels No 48 Holdings Ltd
- 4 Inland Natural Gas Co Ltd
- 5 McIntosh Properties Ltd
- 6 Victor Projects Ltd
- 7 4231 Investments Ltd
- 8 Dilworth Shopping Centre Ltd
- 9 Wal-Mart Canada Corp
- 10 Al Stober Construction Ltd

Type of Property

- Shopping Mall
- Electrical Utility
- Hotel & Convention Centre
- Gas Utility
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Commercial Building





PERMISSIVE TAX EXEMPTIONS

ART GALLERY, MUSEUM, HERITAGE, CULTURAL PURPOSE

Central Okanagan Heritage Society	\$5,954
Centre Culturel Francais De L' Okanagan	\$2,642
City of Kelowna Library Society	\$83,583
German - Canadian Harmonie Club	\$4,552
Kelowna Art Gallery	\$60,535
Kelowna Museums Society - Kelowna Centennial Museum	\$29,742
Kelowna Museums Society - Okanagan Military Museum	\$19,523
Kelowna Museums Society (Laurel Packing House)	\$24,706
Kelowna Visual and Performing Arts Centre Society	\$74,349
Okanagan Symphony Society	\$10,778
Roman Catholic Bishop of Nelson Pandosy Mission	\$2,044
Westbank First Nation	\$6

ATHLETIC OR SERVICE CLUB

Central Okanagan Land Trust	\$6,498
Central Okanagan Small Boat Association	\$30,323
East Kelowna Community Hall Association	\$1,862
H2O Centre	\$216,033
Kelowna & District Fish & Game Club	\$4,392
Kelowna Badminton Club	\$7,508
Kelowna Cricket Club	\$419
Kelowna Curling Club	\$30,357
Kelowna Lawn Bowling Club	\$7,459
Kelowna Major Men's' Fastball Association	\$18,593
Kelowna Minor Fastball Society	\$1,282
Kelowna Outrigger Racing Canoe Club Society	\$21,767
Kelowna Riding Club	\$4,241
Kelowna United Football Club	\$352
Kelowna Yacht Club	\$8,601
Kelowna Yoga House Society	\$5,991
Nature Trust of BC	\$47,738
Okanagan Gymnastic Centre	\$12,380
Okanagan Mission Community Hall Association	\$5,107
Rutland Park Society	\$7,612
Scouts Canada	\$9,937

CHARITABLE OR PHILANTHROPIC

Adult Integrated Mental Health Services Society	\$1,715
BC Society for Prevention of Cruelty to Animals	\$10,524
BHF Building Healthy Families Society	\$1,781
Big Brothers Big Sisters of the Okanagan Society	\$3,527
Bridges to New Life Society	\$3,640
Canadian Mental Health Association	\$6,160
Central Okanagan Emergency Shelter Society	\$4,076
Columbus Holding Society	\$3,379
Father DeLestre Columbus Society	\$3,469
Kalano Club of Kelowna	\$5,271
Kelowna & District S.H.A.R.E. Society	\$9,355
Kelowna & District Safety Council Society	\$2,237
Kelowna Canadian Italian Club	\$3,084

Kelowna Centre for Positive Living Society	\$1,646
Kelowna Child Care Society	\$3,457
Kelowna Community Food Bank Society	\$8,957
Kelowna Community Music Society	\$3,635
Kelowna Gospel Mission Society	\$15,505
Kelowna Sr. Citizens Society of BC	\$6,050
Kelowna(#26) Royal Canadian Legion	\$2,074
KGH - Rutland Auxiliary Thrift Shop	\$7,940
Ki-Low-Na Friendship Society	\$15,116
MADAY Society for Seniors	\$3,076
National Society of Hope	\$4,636
New Opportunities for Women (NOW) Canada Society	\$2,511
Okanagan Boys & Girls Clubs	\$65,594
Okanagan Halfway House Society Inc	\$6,907
Okanagan Mental Health Services Society	\$1,646
Pathways Abilities Society	\$14,859
Reach Out Youth Counselling & Services Society	\$3,543
Resurrection Recovery Resource Society Inc.	\$7,460
Resurrection Recovery Resource Society Inc. d.b.a. Freedom's Door	\$1,677
Salvation Army Community Resource Centre	\$23,048
Society of St. Vincent De Paul of Central Okanagan	\$3,461
Starbright Children's Development Centre Assoc.	\$14,939
The Bridge Youth & Family Services Society	\$9,600
The Society of Housing Opportunities and Progressive Employment	\$1,695

HOSPITAL LICENSED UNDER COMMUNITY CARE FACILITY ACT

Canadian Cancer Society	\$16,159
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PARTNERING

Capital News Centre	\$72,011
Prospera Place	\$206,416

PRIVATE SCHOOLS

Aberdeen Hall Preparatory School Society	\$23,057
Immaculata Regional High School	\$41,224
Kelowna Christian Centre School	\$7,955
Kelowna Christian School	\$5,021
Kelowna Society for Christian Education	\$9,592
Lutheran Church - Private School	\$7,232
Okanagan Montessori Elementary	\$5,931
Seventh Day Adventist Church (Private School)	\$40,038
St. Joseph Elementary School	\$12,601
Studio9 Independent School of the Arts (Private School)	\$4,000
Waldorf School	\$12,924

PUBLIC WORSHIP

Assumption Of Blessed Virgin Mary's Parish	\$2,770
BC Assn of Seventh Day Adventist	\$1,418
C3 Church	\$2,255
Christ Evangelical Lutheran Church	\$3,338
Christian Science Society of Kelowna	\$2,697
Church of the Nazarene	\$2,391
Evangel Tabernacle Church	\$5,021
Evangelical Church	\$2,843
Faith Lutheran Church	\$3,573

First Baptist Church	\$3,991
First Lutheran Church of Kelowna	\$7,232
First Mennonite Church	\$2,890
First United Church	\$5,147
German Church of God Dominion of Canada	\$2,272
Glenmore Congregation of Jehovah's Witnesses	\$3,836
Grace Baptist Church	\$6,861
Guisachan Fellowship Baptist	\$1,839
Gurdwara Guru Amardas Darbar Sikh Society	\$1,982
Holy Spirit Parish	\$5,332
Immaculate Conception Parish	\$9,898
Kelowna Bible Chapel	\$4,056
Kelowna Buddhist Society	\$4,675
Kelowna Christian Centre Church (School)	\$7,955
Kelowna Christian Reformed Church	\$5,057
Kelowna Congregation of Jehovah's Witnesses	\$2,044
Kelowna Free Methodist Church	\$2,136
Kelowna Full Gospel Church	\$3,164
Kelowna Gospel Fellowship Church	\$4,242
Kelowna Tabernacle Congregation Church	\$967
Kelowna Trinity Baptist Church	\$30,832
KLO Baptist Church	\$7,116
Mennonite Brethren Churches (Willow Park Church)	\$6,946
Mission Creek Alliance Church	\$13,108
New Apostolic Church	\$1,897
New Life Vineyard Fellowship	\$23,168
Okanagan Chinese Baptist Church	\$1,862
Okanagan Jewish Community Association	\$2,112
Okanagan Sikh Temple & Cultural Society	\$4,879
Rutland United Church	\$3,973
Salvation Army Community Church	\$7,723
Serbian Orthodox Par-Holy Proph St Ilija (Parish)	\$789
Seventh Day Adventist Church	\$12,605
Spring Valley Congregation of Jehovah's Witnesses	\$4,357
St. Aidan's Anglican Church	\$2,148
St. Andrew's Church	\$4,949
St. Charles Garnier Parish	\$1,729
St. David's Presbyterian Church	\$5,238
St. Mary's Anglican Church	\$802
St. Michaels Anglican Church	\$4,810
St. Peter & Paul Ukrainian Greek Orthodox Church	\$4,033
St. Pius X Parish	\$4,559
St. Theresa's Parish	\$3,243
The BC Muslim Association	\$1,091
The Church of Jesus Christ of Latter-Day Saints	\$5,540
The Congregation of Bethel Church	\$3,417
The Embassy Church	\$2,402
The Union of Slavic Churches of Evangelical Christians	\$994
Truth Now Tabernacle United Pentecostal Church	\$1,155
Unitarian Fellowship of Kelowna Society	\$1,339
Total Municipal Portion of Permissive Tax Exemption	\$1,798,975



TAX EXEMPTIONS

▼ REVITALIZATION TAX EXEMPTIONS

Tax Incentive Area #1	269 Lawrence Ave	\$21,226
Tax Incentive Area #2	596 Leon Ave	\$4,847
	552 - 554 Leon Ave	\$24,667
Tax Incentive Area #4	110 Highway 33 W	\$46,943
Purpose-Built Rental Housing	598 Sutherland Ave	\$8,572
	1155 Brookside Ave	\$35,966
	1745 Chapman Pl	\$19,851
	678 Richter St	\$5,126
	1525 Dickson Ave	\$52,725
	2127 Ethel St	\$7,259
Total Revitalization Tax Exemptions		\$227,182

▼ HERITAGE BUILDING PROPERTY TAX EXEMPTIONS

Copeland House	784 Elliot Ave	\$3,873
Total Heritage Building Tax Exemptions		\$3,873
Total value of municipal taxes exempted		\$2,030,030



REPORT FROM THE DIVISIONAL DIRECTOR, FINANCIAL SERVICES

May 16, 2018

MAYOR BASRAN AND MEMBERS OF COUNCIL,

I am pleased to present the City of Kelowna's 2017 Annual Financial Report for the year ended December 31, 2017. The purpose of this report is to publish the City of Kelowna's consolidated Financial Statements, Auditor's Report and to provide an update on City services and projects, pursuant to Sections 98 and 167 of the Community Charter.

Preparation of the Consolidated Financial Statements is the responsibility of City Council and City of Kelowna management. These statements are prepared by City staff in accordance with Canadian public sector accounting standards. Management is also responsible for implementing and maintaining a system of internal controls for the safeguarding of assets and to provide reasonable assurance that reliable information is produced.

External auditors, Grant Thornton LLP, conducted an independent examination in accordance with Canadian auditing standards to express their opinion on the Consolidated Financial Statements. The City's Audit Committee also reviewed the financial statements to ensure they are comprehensive, reliable and understandable.

The Council-adopted Principles & Strategies for Financial Strength & Stability continue to be utilized to establish guidelines for how the City will acquire and manage a portfolio of financial and physical assets that meets the current and future needs of our community. The City has also introduced financial health indicators as part of the annual financial reporting to the Audit Committee and Council.

The City ended the year with a \$51 million increase to accumulated surplus, which now sits at more than \$1.93 billion. Revenues increased over 2016 by \$29 million, mainly due to an increase in donations and developer contributions of property, a gain on the disposal of land and government grants. Expenses at \$272 million increased by \$12 million from 2016. The General Fund ended 2017 with a \$5.4 million unappropriated surplus from operations. \$3.2 million was appropriated to reserve with the remaining \$2.2 million added to accumulated surplus to offset the \$2.1 million that was approved by Council for flood recovery. The accumulated surplus balance of \$2.4M is to be used only for extraordinary events and for the 2017 year end this balance is 2 per cent of the 2017 taxation requirement.



In 2017 the City continued to balance the community's interest in maintaining levels and quality of services, while responding to unprecedented flood and wildfire emergencies. We also continued to plan for a connected, healthy, sustainable and resilient community with the development of Imagine Kelowna, Healthy City strategy and the Community for All Plan. The City invested in new and existing infrastructure with the completion of the new RCMP building and conversion to LED streetlights, while leveraging opportunities to diversify revenue sources with the introduction of the Sponsorship and Advertising Policy and Program.

The City of Kelowna is well positioned to continue delivering quality services to its current and future residents, businesses and visitors in support of a community that is stronger together, inclusive and resilient.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a final horizontal stroke.

Genelle Davidson, CPA, CMA
Divisional Director, Financial Services

INDEPENDENT AUDITORS' REPORT



Grant Thornton LLP
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To the members of Council of the City of Kelowna

We have audited the accompanying consolidated financial statements of the City of Kelowna (the "City"), which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Kelowna as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, Canada
April 24, 2018

Grant Thornton LLP
Chartered Professional Accountants

Audit • Tax • Advisory

Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2017
(in thousands of dollars)

	2017	2016
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 20,647	\$ 17,961
Accounts receivable (Note 3)	33,720	30,279
Accrued interest	1,425	1,255
Portfolio investments (Note 3)	417,264	366,507
Long term investments (Note 10)	6,000	6,000
Property held for resale	3,456	3,534
	482,512	425,536
Liabilities		
Accounts payable	43,946	46,579
Performance deposits	16,292	14,018
Deferred revenue (Note 3)	55,767	36,446
Deferred development cost charges (Note 3)	42,767	25,375
Long term debt (Note 3)	137,434	146,414
	296,206	268,832
Net Financial Assets	186,306	156,704
Non-Financial Assets		
Prepaid expenses	2,601	2,240
Inventory	1,218	1,140
Work in progress (Note 4)	23,096	114,295
Tangible capital assets (Note 4)	1,714,464	1,602,745
	1,741,379	1,720,420
Accumulated Surplus (Note 5)	\$ 1,927,685	\$ 1,877,124

Contingent liabilities and Commitments (Notes 8 and 9)



Genelle Davidson, CPA, CMA
Divisional Director, Financial Services



Colin Basran
Mayor, City of Kelowna

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2017
(in thousands of dollars)

	Budget 2017	Actual 2017	Actual 2016
Revenue			
Taxation (Note 6)	\$ 138,964	\$ 139,395	\$ 131,792
Fees and charges	112,354	125,623	118,428
Interest earned	3,699	10,325	9,851
DCC contributions	8,211	9,533	10,477
Government transfers (Note 7)	31,872	21,559	15,576
Other capital contributions	—	10,694	6,651
Gain on disposal of tangible capital assets	—	5,586	501
	<u>295,100</u>	<u>322,715</u>	<u>293,276</u>
Expenses			
General government services	29,865	27,198	26,505
Protective services	58,266	59,717	55,726
Transportation services	38,590	63,036	59,689
Recreational and cultural services	36,336	42,732	41,888
Other services	18,251	20,369	19,307
Airport operations	14,423	20,698	19,303
Natural Gas Legacy Services	2,275	3,856	4,088
Wastewater utility	13,444	22,896	22,833
Water utility	6,710	11,212	10,699
Write down of tangible capital assets	—	440	—
	<u>218,160</u>	<u>272,154</u>	<u>260,038</u>
Annual Surplus	<u>\$ 76,940</u>	<u>50,561</u>	<u>33,238</u>
Accumulated Surplus, beginning of year		1,877,124	1,843,886
Accumulated Surplus, end of year		<u>\$ 1,927,685</u>	<u>\$ 1,877,124</u>

See accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2017
(in thousands of dollars)

	Budget 2017	Actual 2017	Actual 2016
Annual Surplus	\$ 76,940	\$ 50,561	\$ 33,238
Amortization of tangible capital assets	—	64,888	63,343
Proceeds from disposal of tangible capital assets	—	8,566	1,249
(Gain) loss on disposal of tangible capital assets	—	(5,586)	(501)
Write down of tangible capital assets	—	440	—
Acquisition of tangible capital assets	(145,076)	(88,828)	(104,269)
Change in inventory and prepaid expenses	—	(439)	(289)
Increase (decrease) in Net Financial Assets	(68,136)	29,602	(7,229)
Net Financial Assets, beginning of year	156,704	156,704	163,933
Net Financial Assets, end of year	\$ 88,568	\$ 186,306	\$ 156,704

See accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017
(in thousands of dollars)

	Actual 2017	Actual 2016
Net inflow (outflow) of cash and cash equivalents related to the following activities		
Operating		
Annual Surplus	\$ 50,561	\$ 33,238
Adjustment for non-cash items		
Amortization of tangible capital assets	64,888	63,343
(Gain) loss on disposal of tangible capital assets	(5,586)	(501)
Write down of tangible capital assets	440	—
Actuarial adjustment on long term debt	(5,711)	(5,723)
Developer contributions of tangible capital assets	(4,433)	(412)
Decrease (increase) in		
Accounts receivable	(3,441)	(1,275)
Inventory and prepaid expenses	(439)	(289)
Other assets	(92)	(803)
Increase (decrease) in		
Accounts payable	(2,633)	4,271
Deferred development cost charges	17,392	14,391
Other liabilities	21,595	4,975
	132,541	111,215
Capital		
Acquisition of tangible capital assets	(84,395)	(103,857)
Proceeds from disposal of tangible capital assets	8,566	1,249
	(75,829)	(102,608)
Investing		
Change in investments	(50,757)	(14,109)
Financing		
Proceeds from issuance of long term debt	11,000	28,439
Repayment of long term debt	(14,269)	(12,485)
	(3,269)	15,954
Net increase in cash and cash equivalents	2,686	10,452
Cash and cash equivalents, beginning of year	17,961	7,509
Cash and cash equivalents, end of year	\$ 20,647	\$ 17,961
Non-cash capital activities		
Acquisition of tangible capital assets through developer contributions (Note 4)	\$ 4,433	\$ 412

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017

(all tabular amounts reported in 000's of dollars)

The notes to the consolidated financial statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the consolidated financial statements.

The consolidated financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards (PSAS). The preparation of these consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The City of Kelowna's resources and operations are segregated into General, Airport, Wastewater Utility, Water Utility, Natural Gas Legacy, Development Cost Charges and Statutory Reserve Funds for accounting and financial reporting purposes. The consolidated financial statements include all the accounts of these funds. All material interfund transactions and balances have been eliminated within the consolidated financial statements.

The City of Kelowna Library Society was controlled by the City of Kelowna through its appointment of the members of the Society. The Society discontinued operations on June 30, 2017 and was dissolved in October 2017. Accordingly, the consolidated financial statements include all the accounts of the Society up to June 30, 2017. Library-related activity occurring after June 30, 2017 is reflected in the General Fund.

Accrual accounting

The accrual method for reporting revenues and expenses has been used.

Property held for resale

Property held for sale are those expected to be sold within one year. They are valued at the lower of cost or expected net realizable value. Cost includes amounts for improvements to prepare the property for sale.

Inventory

Inventory is valued at the lower of cost, determined principally on a weighted average and specific item basis, or replacement cost.

Municipal pension plan

The City of Kelowna's pension plan follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan.

Work in progress

Work in progress represents capital projects under construction but not yet completed and are valued at cost.

Tangible capital assets

The City records tangible capital assets, including assets held as work in progress or capital lease, at cost in the period they were acquired or when the asset is put into use.

All tangible capital assets are valued at cost which includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset.

Assets owned by the City but not paid for by the City including contributions, dedications, gifts and donations, are valued at fair value at the date of contribution, dedication, gift or donation, where fair value is reasonably determinable.

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value.



Amortization

The cost less residual value of the tangible capital assets is amortized on a straight-line basis over the useful lives of the asset as follows:

Asset Type	Useful Life Years
Parks infrastructure	
Playground equipment	15 – 20
Artificial turf field	10 – 12
Washrooms, concessions, picnic shelters	40 – 50
Outdoor pools, spray pools	50 – 60
Building structure	40 – 75
Building improvements	
Exterior envelope	30 – 40
HVAC systems	10 – 12
Roofs	15 – 20
Electrical, plumbing and fire	15 – 20
Site works – asphalt, water and sewer lines, etc	10 – 100
Machinery & equipment	
General equipment	7 – 10
Grounds equipment and machinery	10 – 15
Heavy construction equipment	5 – 10
Vehicles	
Cars and light trucks	5 – 10
Fire trucks	15 – 20
IT infrastructure	
Hardware	4 – 5
Software	5 – 10
Telephone system	7 – 10
Infrastructure	
(dependent upon component and material)	
Electrical	20 – 25
Water	10 – 100
Wastewater	10 – 100
Drainage	10 – 100
Transportation	10 – 100

Land and Work in Progress are not amortized.

Intangible assets

Intangible assets include works of art and historic assets located throughout the City. They are not reflected in these consolidated financial statements.

Interest capitalization

The City of Kelowna only capitalizes interest on projects being financed internally which will require debenture borrowing upon completion. Interest is calculated on monthly expenditures at the bank prime rate less 2%.

Municipal Finance Authority cash deposits and demand notes

The City issues the majority of its debt instruments through

the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature. The Debt Reserve and Demand Note balances are as follows:

	2017	2016
Cash Deposits held by MFA	\$ 3,566	\$ 3,390
Demand Notes held by MFA	9,658	9,206
	<u>\$ 13,224</u>	<u>\$ 12,596</u>

Reserves for future expenditures

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures include funds to finance incomplete projects and accumulations for specific purposes.

Statutory reserve funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and portfolio investments.

Revenue recognition

Taxation revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Through the BC Assessment appeal process taxes may be adjusted by way of supplementary roll adjustments. The effect of these adjustments on taxes are recognized at the time they are awarded.

Fees and charges revenue

Charges for transportation, environmental health, building permits, water, wastewater, natural gas and airport are included in this category. These revenues are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

DCC contributions

DCCs are recognized as revenue during the period in which the related costs are incurred.

Government transfers

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, has been met by the City, and a reasonable estimate of the amount to be received can be made.

Investment income

The City's investments are disclosed in Note 3.

Investment income is recorded on the accrual basis and recognized when earned.

A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognizes only its share of the realized earnings of the pool. This revenue is recorded as investment income and the amount is added to the cost base of the investment.

To the extent that investments have no stated rate of return, investment income is recognized as it is received.

Expenses

Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible; or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2017 and 2016.

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Actual results could differ from the estimates. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets estimated useful life and related amortization, allowance for doubtful accounts, landfill post closure costs and settlement costs associated with outstanding legal actions.

2. FUTURE ACCOUNTING CHANGES

PS 2200 – Related party transactions

This new Section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 3420 – Inter-entity transactions

This section establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 3210 – Assets

This new section provides guidance for applying the definition of an asset as set out in Section PS 1000 *Financial statement concepts* and establishes general disclosure standards for assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 3320 – Contingent assets

This new section defines and establishes disclosure standards for contingent assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 3380 – Contractual rights

This new section defines and establishes disclosure standards on contractual rights. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 2601 – Foreign currency translation

This section revises and replaces the existing Section PS 2600 *Foreign currency translation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 1201 – Financial statement presentation

This section revises and replaces the existing Section PS 1200 *Financial statement presentation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 3450 – Financial instruments

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

PS 3041 – Portfolio investments

This section revises and replaces the existing Section PS 3040 *Portfolio investments*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

3. FINANCIAL ASSETS AND LIABILITIES

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturities of 90 days or less from the date of acquisition.

Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

Type of receivable	2017	2016
Property Tax	\$ 4,257	\$ 4,863
Trade Receivables	12,981	11,642
Due from Federal Government	3,016	2,310
Due from Provincial Government	3,990	1,255
Due from Regional Government	4	31
Utilities	3,953	4,474
Deferred Development Cost Charges	5,519	5,704
	<u>\$ 33,720</u>	<u>\$ 30,279</u>

Portfolio investments

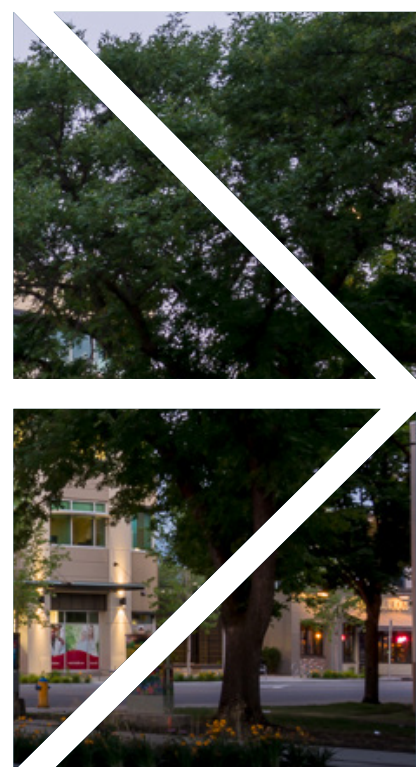
Portfolio investments are recorded at cost and are comprised of the following:

Type of investment	2017	2016
Municipal Finance Authority Bond/Intermediate Funds	\$ 103,646	\$ 101,595
Provincial and Bank Issued Bonds	98,446	103,629
Publicly traded shares	60,654	58,875
Guaranteed Investment Certificates and Deposit Notes	154,518	102,408
Total Portfolio investments	<u>\$ 417,264</u>	<u>\$ 366,507</u>

The quoted market value of the publicly traded shares at December 31, 2017 was \$85.09 million (2016 – \$75.18 million).

Operating line of credit

The City has an operating line of credit with the Royal Bank of Canada for an authorized amount of \$5.0 million, bearing interest at bank prime rate. At December 31, 2017 the balance outstanding was \$nil (2016 – \$nil).



Deferred revenue

The City records deferred revenue for funds received in advance on services not yet rendered and is recognized into revenue during the period in which the service is provided. The City also records deferred revenue when a contract specifies how the resources are to be used and therefore funds received in advance are deferred until the period in which the requirements are met. Because these funds are restricted in nature they are shown as a liability.

Deferred Revenue by Type	2016	Receipts	Interest	Transfers Out	2017
Tax Prepayments	\$ 18,101	\$ 18,843	\$ 76	\$ 18,101	\$ 18,919
Construction	11,329	1,063	32	534	11,890
Grants	61	28,327	145	14,085	14,448
Other	2,915	7,014	4	3,567	6,366
Local Area Service	4,040	298	—	194	4,144
Total	\$ 36,446	\$ 55,545	\$ 257	\$ 36,481	\$ 55,767

Deferred development cost charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act, these funds must be deposited into a separate reserve fund. Because these funds are externally restricted in nature they are shown as a liability.

DCC	2016	Receipts	Interest	Transfers Out	2017
Parks	\$ 2,098	\$ 8,612	\$ 113	\$ 524	\$ 10,299
Roads	21,541	11,361	633	3,499	30,036
Water	11,314	545	271	33	12,097
Wastewater	(9,578)	5,660	(270)	5,477	(9,665)
Total Deferred DCC	\$ 25,375	\$ 26,178	\$ 747	\$ 9,533	\$ 42,767

Long term debt

Sinking fund installments and mortgage payments on net outstanding debt and loans payable over the next five years and thereafter are as follows:

2018	\$ 24,721
2019	14,537
2020	10,162
2021	9,265
2022	8,625
2023 and thereafter	70,124
Total	\$ 137,434



Total debt issued was \$275,437 and total debt payable at December 31, 2017 was \$137,434 (2016 – \$146,414).

Schedule 3 provides a breakdown of long term debt.

4. TANGIBLE CAPITAL ASSETS (TCA) AND WORK IN PROGRESS

	2017 Work in progress	2017 Tangible capital assets (NBV)	2016 Work in progress	2016 Tangible capital assets (NBV)
Land	\$ —	\$ 280,235	\$ —	\$ 255,228
Land improvements	910	32,136	2,101	33,611
Buildings	2,935	197,056	39,666	154,987
Infrastructure	16,362	1,104,034	47,224	1,094,778
Machinery and Equipment	2,889	71,404	25,304	32,942
Natural Gas System (Capital Lease)	—	29,599	—	31,199
	\$ 23,096	\$ 1,714,464	\$ 114,295	\$ 1,602,745

Contributions received in 2017 include:

Type of contribution	2017	2016
Land	\$ 4,433	\$ 302
Buildings	—	110
Total Contributed Tangible Capital Assets	\$ 4,433	\$ 412

Schedule 1 provides a break down of tangible capital assets and work in progress.

During the year, tangible capital assets with a cost of \$440,000 were written off due to impairment.



5. ACCUMULATED SURPLUS

	Reserves for Future Expenditures	Equity in FortisBC Inc.	Statutory Reserves	Fund Surpluses	Investment in Tangible Capital Assets	Total 2017	Total 2016
Accumulated surplus, beginning of year	\$ 125,038	\$ 58,875	\$ 62,251	\$ 49,071	\$ 1,581,889	\$1,877,124	\$ 1,843,866
Annual surplus (deficit)	753	3,418	1,980	94,928	(50,518)	50,561	33,238
Transfers	13,397	(1,601)	6,747	(18,543)	—	—	—
Acquisition of tangible capital assets	—	—	—	(57,461)	57,461	—	—
Repayment of long term debt	—	—	—	(14,269)	14,269	—	—
Accumulated surplus, end of year	\$ 139,188	\$ 60,692	\$ 70,978	\$ 53,726	\$ 1,603,101	\$ 1,927,685	\$ 1,877,124

Accumulated Surplus detail as follows:

Description	Balances, Beginning of Year	Transfer From	Transfer To	Annual Surplus	Balances, End of Year
Non-Statutory Reserves					
General Fund Reserve	\$ 74,024	\$ 12,551	\$ 18,518	\$ 318	\$ 80,309
Airport Fund Reserve	25,603	17,769	19,300	286	27,420
Waste Water Fund Reserve	9,348	782	4,446	21	13,033
Water Fund Reserve	16,063	1,738	3,973	128	18,426
	<u>125,038</u>	<u>32,840</u>	<u>46,237</u>	<u>753</u>	<u>139,188</u>
Statutory Reserves					
Parking Reserve	993	2,132	3,531	51	2,443
Land Reserve	10,143	7,503	9,296	337	12,273
Capital Works, Machinery & Equip Reserve	51,115	16,344	19,899	1,592	56,262
	<u>62,251</u>	<u>25,979</u>	<u>32,726</u>	<u>1,980</u>	<u>70,978</u>
Surplus by Fund					
General Fund Surplus	2,402	62,515	9,311	55,453	4,651
Airport Fund Surplus	596	20,811	3,432	17,379	596
Waste Water Fund Surplus	28,462	16,291	6,350	12,001	30,522
Water Fund Surplus	13,075	8,572	741	8,239	13,483
Natural Gas Legacy Surplus	4,371	3,578	1,840	1,841	4,474
Library Surplus	165	360	180	15	—
Accumulated Surplus	<u>49,071</u>	<u>112,127</u>	<u>21,854</u>	<u>94,928</u>	<u>53,726</u>
Equity Investment					
Equity in FortisBC Inc.	<u>58,875</u>	<u>1,601</u>	<u>—</u>	<u>3,418</u>	<u>60,692</u>
Investment in Non Financial Assets					
Investment in Tangible Capital Assets	<u>1,581,889</u>	<u>64,404</u>	<u>136,134</u>	<u>(50,518)</u>	<u>1,603,101</u>
Accumulated Surplus	<u>\$ 1,877,124</u>	<u>\$ 236,951</u>	<u>\$ 236,951</u>	<u>\$ 50,561</u>	<u>\$ 1,927,685</u>

6. TAXATION

Taxation revenue comprises the following amounts raised less transfers to other governments.

	2017	2016
Taxes collected		
Property taxes	\$ 219,875	\$ 214,229
Local improvement levies	156	166
Frontage tax – water	1,457	1,436
Specified sewer area recoveries	1,398	1,399
Grants in lieu of taxes	514	480
Levies	7,010	6,783
	<u>230,410</u>	<u>224,493</u>
Less transfers to other governments		
Province of BC (school taxes)	66,049	67,601
BC Assessment Authority	1,854	2,006
Regional Hospital District	11,507	11,429
Regional District of Central Okanagan	11,605	11,665
	<u>91,015</u>	<u>92,701</u>
Net taxes available for municipal purposes	<u>\$ 139,395</u>	<u>\$ 131,792</u>

7. GOVERNMENT TRANSFERS

Government transfers are the major source of transfers to the City. Government transfers received are for completed projects that meet the required criteria as set out by the Government body providing the funding. Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments. Estimated government transfers were accrued as revenue in previous years however in 2016 the City was notified that the amounts accrued were paid directly to the project suppliers. During the year \$14.0 million was received and recorded as deferred revenue for future capital expenditures. In 2017 the City received and recorded as revenue the following transfers:

	2017	2016
Operating transfers		
Federal	\$ 148	\$ 141
Provincial	17,772	16,664
	<u>17,920</u>	<u>16,805</u>
Capital transfers		
Federal	2,695	(15)
Provincial	944	(1,214)
	<u>3,639</u>	<u>(1,229)</u>
Total transfers	<u>\$ 21,559</u>	<u>\$ 15,576</u>



8. CONTINGENT LIABILITIES

Regional District of Central Okanagan

Regional District debt is, under the provisions of the Local Government Act, a direct, joint and several liability of the District and each member municipality within the District including the City of Kelowna.

The loan agreements with the Regional District of Central Okanagan and the Municipal Finance Authority provide that if at any time the scheduled payments provided for in the agreements are not sufficient to meet the Authority's obligation with respect to such borrowing, the resulting deficiency becomes a liability of the member municipalities.

Pension liability

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Kelowna paid \$6.9 million (2016 – \$6.7 million) for employer contributions while employees contributed \$5.5 million (2016 – \$5.4 million) to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Post employment benefits

The City of Kelowna does not accrue expenses for post employment benefits such as retirement allowances or compensated absences (sick leave). City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits do not accrue and are not vested. The City recognizes the expense for sick time when the event obligates the City to pay.

Legal actions

The City of Kelowna is currently engaged in certain legal actions, the outcome of which is not determinable at this time. Accordingly, no provision has been made in the accounts for these actions.

The amount of loss, if any, arising from these contingent liabilities will be recorded in the accounts in the period in which the loss is realized. The City of Kelowna has insurance policies and financial reserves to offset associated risks.



9. COMMITMENTS

Agreements, contracts and purchase orders

The City has entered into various agreements and contracts for services and construction with periods ranging from one to five years.

The City has purchase orders open as at December 31, 2017 which have not been recorded in the accounts. The balance of these open purchase orders are not determinable at this time. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the accounts in the period the goods and services, to which they relate, are received.

Landfill closure and post closure costs

As required by PSAS and regulated by the Ministry of Water, Land and Air Protection, the City has agreed to obligations regarding the operation of the landfill site. These obligations include recognition of closure and post-closure liability. The City's estimated liability for these expenditures is recognized as the landfill site's capacity is used. The reported liability of \$3.8 million (2016 – \$3.8 million) represents the portion of the estimated total expenditure recognized as at December 31, 2017. The liability and annual expenditure is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 14.5 million tonnes, which is 79% of the site's total capacity. The future cash flows for closure and post-closure cost is estimated at \$11.9 million as at December 31, 2017. The landfill site is expected to reach its capacity in 2090.

YMCA of Okanagan Association loan guarantee agreement

The City has, under the terms of the partnering agreement between the City of Kelowna and YMCA of Okanagan Association, guaranteed repayment in the event that the YMCA of Okanagan Association defaults on a \$1.8 million, 20-year loan issued in 2001. Under the agreement the City shall resume operation of the facility and assume responsibility for the repayment of the debt incurred by the YMCA of Okanagan Association. During 2010 an amendment was made to the agreement for additional financing of \$700,000 for a 20-year term. As at December 31, 2017 the outstanding loan balance was \$879,437 (2016 – \$978,170). The City does not expect to make any payments on the guarantee and no amounts have been accrued in the financial statements.

Multi-Purpose Facility Public/Private Partnership

The City has, under the terms of the Preferred Share Agreement between the City of Kelowna and RG Properties Ltd., purchased \$6.0 million of preferred shares in RG Arenas (Kelowna) Ltd. at a cost of \$1 per share. The terms and conditions of the purchase are subject to the terms of a Tripartite Agreement between the City of Kelowna, Royal Bank of Canada and RG Arenas (Kelowna) Ltd., RG Properties Ltd., Prospero Canadian Land Investment Fund Ltd. group of companies.

The City has, under the terms of the above noted Tripartite Agreement, committed to the annual purchase of community use time at the Multi-Purpose facility, commencing with substantial completion, on November 10, 1999 under the following terms:

- (i) \$1.3 million per annum for Years 1 to 3 comprised of a payment of \$1.1 million, which for Years 2 and 3 is subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum, plus an annual payment of \$150,000 without any adjustment for CPI;
- (ii) \$1.2 million per annum for Years 4 to 7, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum;
- (iii) \$1.2 million per annum for Years 8 to 10, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum, minus \$150,000 per annum;
- (iv) \$1.0 million per annum for Years 11 to 20, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum; and
- (v) \$0.5 million per annum for Years 21 to 30, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum.

The year 2017 represented year 18 of the agreement.

Should the City not exercise, in its sole discretion, its option to renew any future term for community use time in the Multi-Purpose facility, under the above terms it shall be required to make a lump sum payment to RG Arenas (Kelowna) Ltd. on or before the 15th day of one of year 6, 11, 16, 21 or 26 commencing with the year of substantial completion in the following amounts:

2005	Year 6	\$ 13.2 million
2010	Year 11	\$ 11.9 million
2015	Year 16	\$ 10.4 million
2020	Year 21	\$ 6.7 million
2025	Year 26	\$ 4.5 million

Upon such payment, no further amounts will be payable to RG Arenas (Kelowna) Ltd. and the City will have the right to the community use time for the period from the beginning of the year in which the payment was made until November 9, 2029 without any additional payment.

The City did exercise its option to renew the purchase of community use time under the above annual payments terms and accordingly did not make any of the lump sum payment of \$13.2 or \$11.9 or \$10.4 million otherwise due to RG Arenas (Kelowna) Ltd. in years 6 or 11 or 16.

Royal Canadian Mounted Police Services

The Province of British Columbia and the Federal Government have an agreement with the Royal Canadian Mounted Police to provide police services for various municipalities in the Province, including the City of Kelowna. This agreement has a 20 year term expiring on March 31, 2032.

10. LONG TERM INVESTMENTS

Kelowna Developments Ltd.

The investment in Kelowna Developments Ltd., a wholly owned subsidiary, is carried at its cost of \$2. The company is inactive with no assets or liabilities and is being retained for potential future use.

RG Arenas (Kelowna) Ltd.

The investment in preferred shares in RG Arenas (Kelowna) Ltd. is carried at its cost of \$6.0 million. The shares were purchased under the terms of the Preferred Share Agreement between the City of Kelowna and RG Properties Ltd. and are to be retained until 2028 per the terms of that agreement described in Note 9.

11. LETTERS OF CREDIT

In addition to the performance deposits reflected in cash balances, the City is holding irrevocable Letters of Credit in the amount of \$36.4 million (2016 – \$30.7 million) which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the financial statements but are available to satisfy any liabilities arising from non-performance by the depositors. Included in the \$36.4 million, the City is holding irrevocable Letters of Credit in the amount of \$5.7 million (2016 – \$5.1 million) which are received from developers to ensure payment of development cost charges in future years.

12. CAPITAL LEASE PAYABLE

The City has entered into an agreement with FortisBC Energy Inc. ("FortisBC") that has resulted in the creation of the Natural Gas Legacy Fund.

Capital lease

Under the terms of the agreement the City entered into a 35 year capital lease with FortisBC on November 1, 2001 for the natural gas distribution system within the City's municipal boundary. The City has prepaid \$47.5 million of the capital lease obligation and has financed the prepayment through debenture debt. The remaining obligation of \$2.2 million, which is included in long term debt, will be paid with annual

lease payments of \$260,870 including interest based on FortisBC approved pre-tax weighted average cost of capital of 10.072%.

Operating lease

The City also entered into a 17-year operating lease with FortisBC on November 1, 2001 whereby the City leases back to FortisBC the operations of the gas distribution system. Under the operating lease FortisBC is required to make annual lease payments to the City calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. At the end of the 17-year term, being in 2018, FortisBC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$47.5 million prepayment under the capital lease, which is estimated to be \$27.0 million, or negotiate a new 18 year operating lease with a continuation of the annual lease payments which existed under the previous 17 year operating lease. The City is in discussions with Fortis as to the continuation or cancellation of the lease.

Annual lease revenues for the past five years are:

2013	\$ 4.4 million
2014	\$ 4.3 million
2015	\$ 4.2 million
2016	\$ 4.1 million
2017	\$ 4.0 million

13. CITY OF KELOWNA LIBRARY SOCIETY

The City of Kelowna Library Society was a non-profit society instituted and controlled by the City of Kelowna. The Society was incorporated for the purpose of establishing, operating, and maintaining libraries and library services for the benefit of the City of Kelowna and its citizens, and the Society discontinued operations on June 30, 2017 and was dissolved in October 2017. Accordingly, the consolidated financial statements include all the accounts of the Society up to June 30, 2017. Library-related activity occurring after June 30, 2017 is reflected in the General Fund. The assets of the Society were transferred to the City prior to December 31, 2017.

14. TRUST FUNDS

In accordance with PSAS, trust funds are not included in the City's consolidated financial statements. The City administers a Cemetery Maintenance Fund for the perpetual care and maintenance of the City owned and operated cemetery. As at December 31, 2017 the Trust Fund balance is \$2.8 million (2016 – \$2.6 million).

15. SEGMENTED INFORMATION

The City of Kelowna is connecting communities and providing a multitude of services to the citizens of Kelowna. The City's operations and activities are organized and reported by funds and departments. The General Fund reports on operations, funded primarily by property taxes, which include services provided by the City such as general government, protective services, transportation services, recreation and cultural services, as well as public health, and environmental and development services. The City also operates its own airport and City utilities comprised of the wastewater and water systems that are self-sustaining operations. Operating results reported by the following segments are included in Schedule 2.

General government

General Government operations are primarily funded by property taxation and business tax revenues. The expenses within the department are for executive and legislative costs, general administration, and other general government areas such as community service grants and rental property operating costs within the municipality. The general revenue reported under the department includes revenues associated with taxation, business tax revenues and senior government payments in lieu of taxes. These revenues have not been apportioned to other departments supported by the General Fund.

Protective services

Protective services are comprised of police services provided by the Royal Canadian Mounted Police, fire protection services, building inspection services and bylaw enforcement as well as the Provincial Emergency Program.

Police services include administration, crime investigation and prevention, traffic, prisoner custody and court liaison expenses.

The fire department is responsible for effective fire protection and public safety services to the City. This includes fire suppression and rescue, prevention and investigation, specialty rescue/first medical responses and fire safety inspections.

Costs for maintenance and repair of police and fire buildings are included in this section.

Transportation services

Transportation services are responsible for the delivery of municipal public works services related to the planning, development and maintenance of streets and roads, bridges, drainage systems, street lights, traffic lights and signals, parking lots and on-street parking, and public transit as well as maintenance of workshops, yards and other buildings. The mandate is to provide a safe, efficient, environmentally-sensitive and cost-effective transportation network.

Recreation and cultural services

Recreation and cultural services provide services related to recreation, leisure and culture including administration and program costs as well as grounds and building maintenance. Facilities managed within this area include parks and playgrounds, arenas, swimming pools, beaches, boat launches, stadiums as well as community and seniors centers. The H2O Adventure & Fitness Centre, Parkinson Recreation Centre, Kelowna Community Theatre, Kelowna Museum, Kelowna Library, Kelowna Art Gallery and the Rotary Centre for the Arts are some of the larger facilities included.

Other services (Public Health/Environmental/Development services)

Public health services are comprised of cemetery operations and maintenance, environmental and development services including community planning and zoning as well as landfill operations.

Airport services

The Airport, owned and operated by the City of Kelowna, provides quality airport services in a safe and cost effective manner in compliance with Federal regulations. The Airport is accounted for in its own fund.

Wastewater services

Kelowna's sanitary sewer system collects, conveys, treats and disposes of domestic wastewater (derived from the home) and industrial wastewater (resulting from business use, manufacturing and processing). The system currently services approximately 70% of Kelowna's population and continues to be extended to unserved areas. Kelowna's wastewater system has a treatment capacity of 72 million liters per day. Wastewater Utility is accounted for in its own fund.

Water services

The Water Utility is responsible for planning, designing, building, operating and maintaining the City's Water Utility and is one of five water suppliers operating within Kelowna's boundaries. The Water Utility is accounted for in its own fund.

Natural Gas legacy services

Natural Gas Legacy Fund was created from an agreement with FortisBC for a 35 year capital lease for the natural gas distribution system within the City's municipal boundary and a 17 year operating lease, expiring in 2018, whereby the City leases back to FortisBC the operations of the gas distribution system. The Natural Gas Legacy Fund is accounted for in its own fund.

Statutory reserves

Statutory Reserves include funds for parking, land and capital works, machinery and equipment.

16. EXPENSES BY OBJECT

Total consolidated expenses by object are itemized in Schedule 2 – Segmented information.

17. BUDGET DATA

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15th of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law. Amortization of tangible capital assets was not included in the budget. The table below shows the reconciliation between the approved budget and the budget presented in these consolidated financial statements.

	Budget Amount
Revenues:	
Operating budget	\$ 272,034
Capital budget	23,066
	<u>295,100</u>
Expenses:	
Operating budget	218,160
Capital budget	145,076
	<u>363,236</u>
Annual deficit per approved budget	(68,136)
Add: tangible capital asset purchases	<u>145,076</u>
Annual surplus per statement of operations	<u><u>\$ 76,940</u></u>

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation format adopted in the current year.

SCHEDULE 1 – TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2017 (in thousands of dollars)

	MACHINERY & EQUIPMENT				
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment
Cost					
Balance, beginning of year	\$ 255,228	\$ 67,374	\$ 291,748	\$ 30,294	\$ 53,817
Add: additions during the year	27,633	263	928	2,080	2,869
Add: transfers to tangible capital assets	–	674	50,258	–	36,632
Less: capital held for resale	78	–	–	–	–
Less: disposals during the year	(2,704)	–	(26)	(964)	(1,216)
Balance, end of year	<u>280,235</u>	<u>68,311</u>	<u>342,908</u>	<u>31,410</u>	<u>92,102</u>
Accumulated Amortization					
Balance, beginning of year	–	33,763	136,761	18,147	35,877
Add: amortization	–	2,412	9,091	2,028	3,499
Less: accumulated amortization on disposals	–	–	–	(908)	(869)
Less: amortization on buildings held for resale	–	–	–	–	–
Balance, end of year	<u>–</u>	<u>36,175</u>	<u>145,852</u>	<u>19,267</u>	<u>38,507</u>
Net Book Value of Tangible Capital Assets	<u>\$ 280,235</u>	<u>\$ 32,136</u>	<u>\$ 197,056</u>	<u>\$ 12,143</u>	<u>\$ 53,595</u>

INFRASTRUCTURE

	Plant & Facilities	Roads, Lanes, Sidewalks & Bike Paths	Bridges, Tunnels & Overpasses	Underground, Overhead & Other Networks	Airport Infrastructure
Cost					
Balance, beginning of year	\$ 196,632	\$ 516,095	\$ 33,836	\$ 1,040,982	\$ 56,474
Add: additions during the year	247	2,781	36	3,102	253
Add: transfers to tangible capital assets	2,615	11,240	–	30,326	4,368
Less: capital held for resale	–	–	–	–	–
Less: disposals during the year	–	(51)	–	(227)	–
Balance, end of year	<u>199,494</u>	<u>530,065</u>	<u>33,872</u>	<u>1,074,183</u>	<u>61,095</u>
Accumulated Amortization					
Balance, beginning of year	68,143	272,408	8,118	374,833	25,739
Add: amortization	6,948	19,778	515	15,842	2,351
Less: accumulated amortization on disposals	–	–	–	–	–
Less: amortization on buildings held for resale	–	–	–	–	–
Balance, end of year	<u>75,091</u>	<u>292,186</u>	<u>8,633</u>	<u>390,675</u>	<u>28,090</u>
Net Book Value of Tangible Capital Assets	<u>\$ 124,403</u>	<u>\$ 237,879</u>	<u>\$ 25,239</u>	<u>\$ 683,508</u>	<u>\$ 33,005</u>

Computer	Subtotal Machinery & Equipment	Natural Gas Capital Lease
\$ 9,537 774	\$ 93,648 5,723	\$ 55,609 —
2,861	39,493	—
—	—	—
—	(2,180)	—
<u>13,172</u>	<u>136,684</u>	<u>55,609</u>
6,682	60,706	24,410
824	6,351	1,600
—	(1,777)	—
—	—	—
<u>7,506</u>	<u>65,280</u>	<u>26,010</u>
<u>\$ 5,666</u>	<u>\$ 71,404</u>	<u>\$ 29,599</u>

Subtotal Infrastructure	Work in Progress	Total 2017	Total 2016
\$ 1,844,019 6,419	\$ 114,295 47,784	\$ 2,721,921 88,750	\$ 2,620,464 104,864
48,549	(138,974)	—	203
—	—	78	(1,122)
(278)	(9)	(5,197)	(2,291)
<u>1,898,709</u>	<u>23,096</u>	<u>2,805,552</u>	<u>2,722,118</u>
749,241	—	1,004,881	943,602
45,434	—	64,888	63,343
—	—	(1,777)	(1,339)
—	—	—	(528)
<u>794,675</u>	<u>—</u>	<u>1,067,992</u>	<u>1,005,078</u>
<u>\$ 1,104,034</u>	<u>\$ 23,096</u>	<u>\$ 1,737,560</u>	<u>\$ 1,717,040</u>



SCHEDULE 2 – SEGMENTED INFORMATION

For the Year Ended December 31, 2017 (in thousands of dollars)

	General Government	Protective Services	Transportation Services	Recreation & Cultural Services	Other Services
Revenue					
Taxation	\$ 136,357	\$ –	\$ 156	\$ –	\$ –
Fees and charges	24,753	1,981	13,086	4,477	16,534
Interest earned	7,199	–	–	–	–
DCC contributions	–	–	3,498	525	–
Contribution from other governments	1,700	4,192	9,294	311	2,520
Other capital contributions	5,697	–	–	–	–
Gain on tangible capital asset disposal	5,586	–	–	–	–
	<u>181,292</u>	<u>6,173</u>	<u>26,034</u>	<u>5,313</u>	<u>19,054</u>
Expenses					
Salaries and benefits	16,215	27,849	9,416	11,281	5,578
Contract and professional services	4,045	2,311	24,431	7,772	7,422
RCMP contract	–	28,553	–	–	–
Materials and supplies	5,351	2,060	5,316	10,822	1,315
Equipment	244	713	3,104	1,566	2,193
Allocations	(5,309)	(51)	(80)	(183)	115
Cost recoveries	(505)	(3,580)	(8,825)	(270)	(1,464)
Grants and external transfers	417	115	6	1,218	2,918
Utilities	180	297	2,264	2,064	220
Write down of tangible capital assets	101	–	83	20	–
Amortization of tangible capital assets	2,803	1,450	27,404	8,462	1,772
Total before Debt	<u>23,542</u>	<u>59,717</u>	<u>63,119</u>	<u>42,752</u>	<u>20,069</u>
Debt interest and fiscal services	3,757	–	–	–	–
Total operating expenses	<u>27,299</u>	<u>59,717</u>	<u>63,119</u>	<u>42,752</u>	<u>20,069</u>
Annual Surplus (Deficit)	<u>\$ 153,993</u>	<u>\$ (53,544)</u>	<u>\$ (37,085)</u>	<u>\$ (37,439)</u>	<u>\$ (1,015)</u>



Airport Services	Wastewater Services	Water Services	Natural Gas Legacy Services	Library Services	Statutory Reserves	2017
\$ —	\$ 1,398	\$ 1,484	\$ —	\$ —	\$ —	\$ 139,395
31,905	16,291	11,772	3,990	408	426	125,623
303	716	446	107	—	1,554	10,325
—	5,477	33	—	—	—	9,533
2,054	246	1,242	—	—	—	21,559
514	1,441	483	2,559	—	—	10,694
—	—	—	—	—	—	5,586
34,776	25,569	15,460	6,656	408	1,980	322,715
4,406	3,312	2,432	—	16	—	80,505
1,155	502	812	—	143	—	48,593
—	—	—	—	—	—	28,553
6,187	1,239	990	—	19	—	33,299
28	619	485	—	2	—	8,954
1,437	3,232	897	20	—	—	78
(534)	(181)	(543)	—	—	—	(15,902)
—	—	—	—	—	—	4,674
670	1,211	1,062	—	46	—	8,014
—	227	9	—	—	—	440
6,081	10,639	4,605	1,600	72	—	64,888
19,430	20,800	10,749	1,620	298	—	262,096
1,268	2,323	472	2,236	2	—	10,058
20,698	23,123	11,221	3,856	300	—	272,154
\$ 14,078	\$ 2,446	\$ 4,239	\$ 2,800	\$ 108	\$ 1,980	\$ 50,561



SCHEDULE 2 – SEGMENTED INFORMATION

For the Year Ended December 31, 2016 (in thousands of dollars)

	General Government	Protective Services	Transportation Services	Recreation & Cultural Services	Other Services
Revenue					
Taxation	\$ 128,764	\$ –	\$ 166	\$ –	\$ –
Fees and charges	22,860	1,881	11,915	4,423	15,757
Interest earned	7,181	–	–	–	–
DCC contributions	–	–	3,273	1,507	–
Contribution from other governments	1,774	3,963	6,996	392	1,993
Other capital contributions	2,381	–	–	–	–
Gain on disposal of tangible capital assets	476	–	–	–	–
	<u>163,436</u>	<u>5,844</u>	<u>22,350</u>	<u>6,322</u>	<u>17,750</u>
Expenses					
Salaries and benefits	15,654	26,219	9,037	11,132	5,390
Contract and professional services	3,822	1,842	22,618	7,851	7,200
RCMP contract	–	26,473	–	–	–
Materials and supplies	4,788	1,613	5,128	10,009	1,408
Equipment	214	307	2,753	1,604	2,025
Allocations	(4,883)	(51)	(178)	(187)	185
Cost recoveries	(800)	(2,087)	(8,285)	(338)	(1,555)
Grants and external transfers	405	86	20	1,168	2,340
Utilities	170	203	2,117	2,032	187
Amortization of tangible capital assets	3,254	1,121	26,479	8,617	1,694
Total before Debt	<u>22,624</u>	<u>55,726</u>	<u>59,689</u>	<u>41,888</u>	<u>18,874</u>
Debt interest and fiscal services	3,881	–	–	–	–
Total operating expenses	<u>26,505</u>	<u>55,726</u>	<u>59,689</u>	<u>41,888</u>	<u>18,874</u>
Annual Surplus (Deficit)	<u>\$ 136,931</u>	<u>\$ (49,882)</u>	<u>\$ (37,339)</u>	<u>\$ (35,566)</u>	<u>\$ (1,124)</u>

Airport Services	Wastewater Services	Water Services	Natural Gas Legacy Services	Library Services	Statutory Reserves	2016
—	\$ 1,399	\$ 1,463	\$ —	\$ —	\$ —	\$ 131,792
28,781	16,104	11,505	4,200	780	222	118,428
255	607	337	—	—	1,471	9,851
—	5,671	26	—	—	—	10,477
116	342	—	—	—	—	15,576
421	1,265	278	2,306	—	—	6,651
25	—	—	—	—	—	501
29,598	25,388	13,609	6,506	780	1,693	293,276
4,310	3,267	2,296	—	17	—	77,322
1,416	734	804	—	125	—	46,412
—	—	—	—	—	—	26,473
5,752	1,220	854	—	18	—	30,790
42	655	454	—	2	—	8,056
1,390	2,973	791	20	—	—	60
(503)	—	(558)	—	—	—	(14,126)
—	(139)	—	—	—	—	3,880
634	1,210	984	—	80	—	7,617
5,233	10,590	4,602	1,600	153	—	63,343
18,274	20,510	10,227	1,620	395	—	249,827
1,029	2,323	472	2,468	38	—	10,211
19,303	22,833	10,699	4,088	433	—	260,038
10,295	\$ 2,555	\$ 2,910	\$ 2,418	\$ 347	\$ 1,693	\$ 33,238



SCHEDULE 3 – LONG TERM DEBT

As at December 31, 2017 (in thousands of dollars)

Long term debt – General Fund

Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Amount of Issue	Debt Balance Dec. 31/17	Sinking Fund Balance Dec. 31/17	Current Interest Rate
Public Works						%
2019	South Pandosy Spec Area 1	\$ 50	\$ 234	\$ 34	\$ 200	2.10
2019	South Pandosy Spec Area 2	88	410	60	350	2.10
2019	Automated Curb Side Carts	1,646	4,810	1,119	3,691	4.13
2022	Chapman Parkade	1,658	4,071	1,414	2,657	2.10
2028	DCC Roads	2,418	10,400	1,233	9,167	5.15
Local Improvements						
2017	Local Improvements	4	–	–	–	4.82
2019	Local Improvements	15	69	10	59	2.10
2035	Lawrence Ave LAS	321	345	309	36	3.00
Recreation and Cultural						
2021	Kokanee Gym Facility	174	500	142	358	1.75
2027	H2O Centre	17,727	27,500	16,412	11,088	4.82
2027	Kokanee Gymnastic	516	800	478	322	4.82
2028	H2O Centre	1,381	2,000	1,289	711	5.15
2035	Police Facilities	19,293	20,000	18,561	1,439	2.75
2035	Library Parkade Ext & Memorial Parkade	14,470	15,000	13,921	1,079	2.75
2036	Police Facilities	17,000	17,000	16,399	601	2.60
2037	Police Facilities	–	3,000	3,000	–	3.15
Total Debt – General Fund		\$ 76,761	\$ 106,139	\$ 74,381	\$ 31,758	



SCHEDULE 3 – LONG TERM DEBT *CONTINUED*

As at December 31, 2017 (in thousands of dollars)

Long term debt – Wastewater Fund

Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31,16	Amount of Issue	Debt Balance Dec. 31,17	Sinking Fund Balance Dec. 31,17	Current Interest Rate
Specified Area Programs						%
2018	Spec. Area 18 - Caramillo	\$ 20	\$ 135	\$ 10	\$ 125	4.65
2018	Spec. Area 19 - Poplar Point	12	77	6	71	4.65
2022	Spec. Area 22A - Gerstmar	16	40	14	26	1.75
2024	Spec. Area 21A - McKenzie Bench	700	1,350	627	723	2.00
2024	Spec. Area 22B - Vista Rd	41	80	37	43	2.00
2024	Spec. Area 22C - Hein Rd	138	266	124	142	2.00
2024	Spec. Area 22D - Elwyn Rd	77	149	69	80	2.00
2024	Spec. Area 22E - Dease Rd	50	96	45	51	2.00
2024	Spec. Area 22F - Mills Rd	178	342	159	183	2.00
2024	Spec. Area 29 - Campion Cambro	453	874	406	468	2.00
2024	Spec. Area 30 - Acland	189	364	169	195	2.00
2025	Spec. Area 20 - North Rutland	3,724	6,822	3,365	3,457	1.80
2025	Spec. Area 28A - Okaview	349	638	315	323	1.80
2028	Spec Area 26 - Fisher Rd	1,396	2,021	1,303	718	5.15
2028	Spec Area 34 - Country Rhodes	300	435	280	155	5.15
2028	Spec Area 36 - Clifton	184	267	172	95	5.15
Sewer Improvement Programs						
2019	Byrns Baron Main	1,014	3,866	693	3,173	2.00
Sewage Treatment Plant						
2019	Waste Water Treatment Expansion	6,843	20,000	4,651	15,349	4.90
2019	Waste Water Treatment Expansion	3,422	10,000	2,325	7,675	4.13
2020	Waste Water Treatment Expansion	4,475	10,000	3,421	6,579	3.73
2031	Brandt's Creek Tradewaste Treatment	2,772	3,800	2,541	1,259	3.25
Total Debt – Wastewater Fund		\$ 26,353	\$ 61,622	\$ 20,732	\$ 40,890	



SCHEDULE 3 – LONG TERM DEBT *CONTINUED*

As at December 31, 2017 (in thousands of dollars)

Long term debt – Water Fund

Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Amount of Issue	Debt Balance Dec. 31/17	Sinking Fund Balance Dec. 31/17	Current Interest Rate
	Specified Area Programs					%
2023	Spec Area 16 - Byrns	\$ 18	\$ 39	\$ 16	\$ 23	2.40
2024	Spec Area 18 - Lakeshore	12	24	11	13	2.00
2028	Spec Area 26 - Fisher Rd	205	297	192	105	5.15
	Water Improvement Programs					
2028	Cedar Creek Pump Station	5,233	7,577	4,884	2,693	5.15
2031	Poplar Point Pump Station Upgrade	1,636	2,000	1,555	445	3.25
Total Debt – Water Fund		\$ 7,104	\$ 9,937	\$ 6,658	\$ 3,279	

Long term debt – Airport Fund

Debenture Debt

2018	Airport Expansion	\$ 3,720	\$ 16,000	\$ 1,897	\$ 14,103	4.65
2025	Airport Expansion	6,861	7,500	6,199	1,301	2.75
2026	Airport Expansion	3,500	3,500	3,202	298	2.60
2026	Airport Expansion	3,000	3,000	2,738	262	2.10
2027	Airport Expansion	–	8,000	8,000	–	2.80
Total Debt – Airport Fund		\$ 17,081	\$ 38,000	\$ 22,036	\$ 15,964	

Long term debt – Natural Gas Legacy Fund

Debenture Debt

2018	Leased Capital Assets	\$ 5,311	\$ 29,800	\$ 2,737	\$ 27,063	6.01
2018	Leased Capital Assets	3,475	19,500	1,791	17,709	1.15
		8,786	49,300	4,528	\$ 44,772	

Capital Lease Payable	2,210	2,500	2,171		10.072
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Total Debt – Natural Gas Legacy Fund	\$ 10,996	\$ 51,800	\$ 6,699		
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Long term debt – Library

2017	Mortgage-Building	\$ 180	\$ 5,100	\$ –		8.94
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Long term debt – Other

2018	CN Rail	\$ 3,000	\$ 3,000	\$ 3,000		nil
2021	Land – Airport	4,500	4,500	3,600		nil
2020	Land – Wastewater	439	439	329		nil

Total Debt – Other	\$ 7,939	\$ 7,939	\$ 6,929		
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Total City Long Term Debt	\$ 146,414	\$ 275,437	\$ 137,434		
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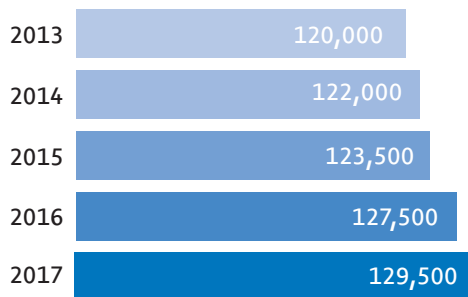


STATISTICAL REVIEW

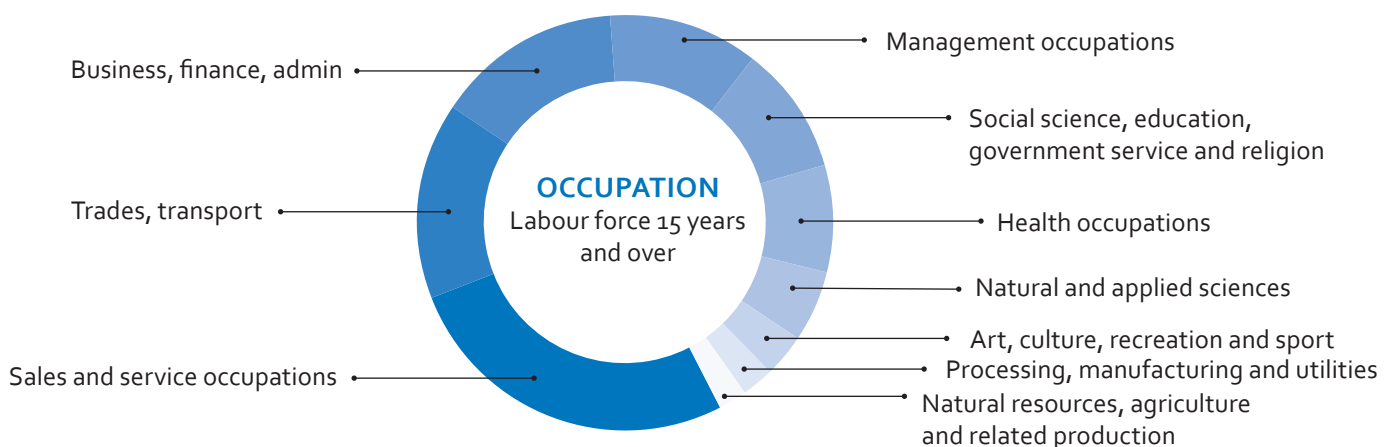
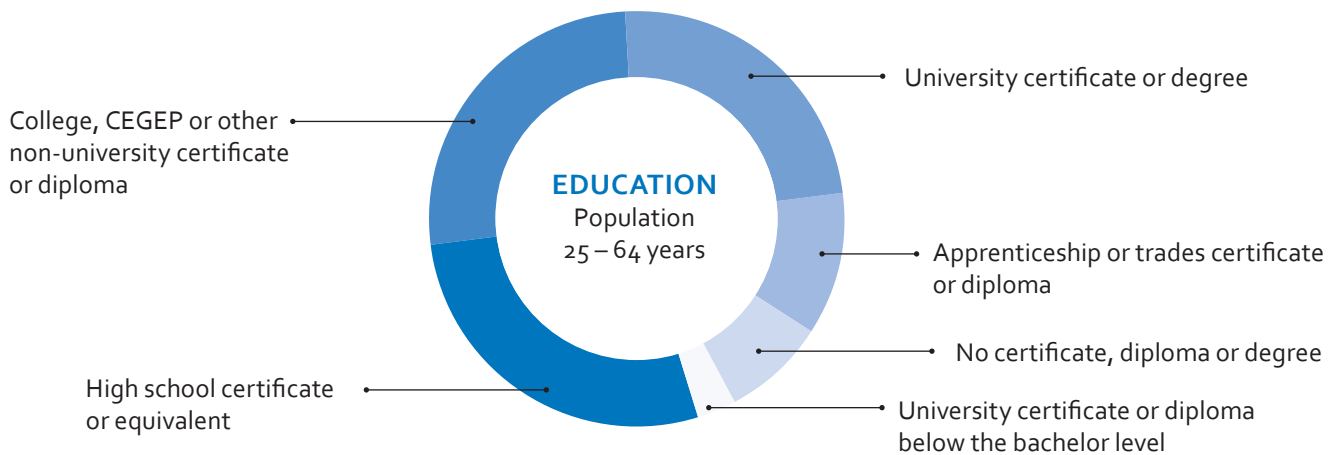
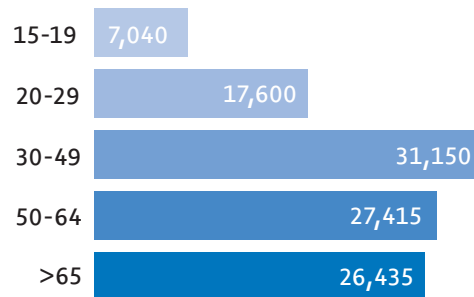
2013 - 2017

STATISTICAL REVIEW 2013-2017

POPULATION



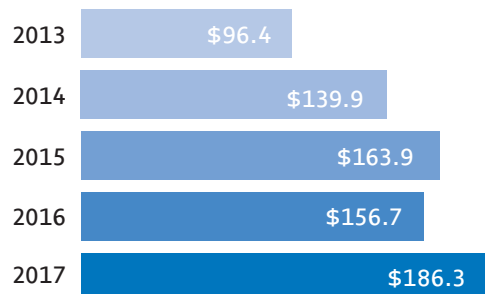
AGE OF POPULATION



Note: Numbers and graphs on this page are updated from Census information available every 5 years. Except for the population graph which has the numbers updated each year from the figures available in kelowna.ca, "About Kelowna."

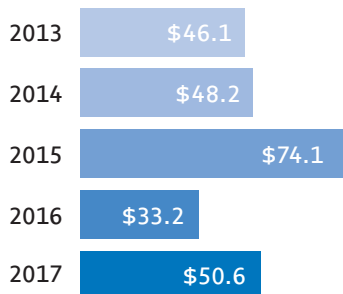
NET FINANCIAL ASSETS (LIABILITIES)

millions



ANNUAL SURPLUS

millions



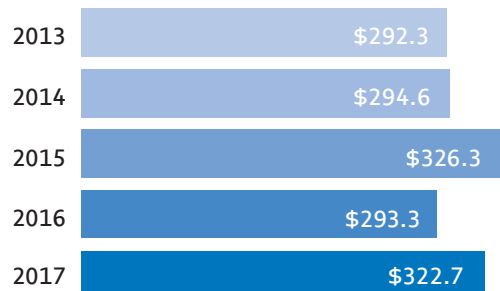
ACCUMULATED SURPLUS

billions



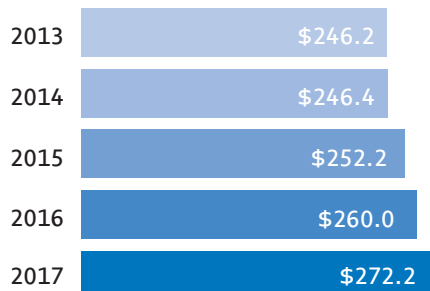
CONSOLIDATED REVENUES

thousands



CONSOLIDATED EXPENSES

thousands



CONSOLIDATED REVENUES BY TYPE

millions

	2013	2014	2015	2016	2017
Taxation	\$ 114.84	\$ 119.27	\$ 125.19	\$ 131.79	\$ 139.40
Fees & Charges	111.87	107.38	113.02	118.43	125.62
Interest Earned	6.82	8.44	8.98	9.85	10.33
DCC Contributions	11.52	18.00	22.58	10.48	9.53
Contributions from other Governments	20.24	22.39	22.42	15.58	21.56
Other	3.76	14.65	34.10	6.65	10.69
Gain on Disposal of Tangible Capital Assets	23.28	4.46	—	0.50	5.59
Total	\$ 292.34	\$ 294.58	\$ 326.29	\$ 293.28	\$ 322.72

Source: City of Kelowna Financial Services Department.

CONSOLIDATED EXPENSES BY FUNCTION

millions

	2013	2014	2015	2016	2017
General Government Services	\$ 19.47	\$ 22.79	\$ 22.97	\$ 26.51	\$ 27.20
Protective Services	49.89	49.81	53.70	55.73	59.72
Transportation Services	56.92	58.56	60.88	59.69	63.04
Recreational & Cultural Services	39.82	42.58	41.32	41.89	42.73
Other Services (Incl Natural Gas Legacy Fund)	23.67	22.66	22.69	23.40	24.22
Airport Operations	15.95	16.82	17.44	19.30	20.70
Electrical Utility	8.64	—	—	—	—
Wastewater Utility	22.08	23.06	22.83	22.83	22.89
Water Utility	9.76	10.15	10.34	10.70	11.21
Write Down of Tangible Capital Assets	—	—	—	—	0.44
Total	\$ 246.19	\$ 246.43	\$ 252.17	\$ 260.04	\$ 272.15

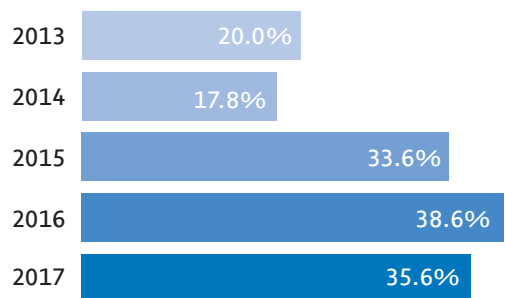
CONSOLIDATED EXPENSES BY OBJECT

millions

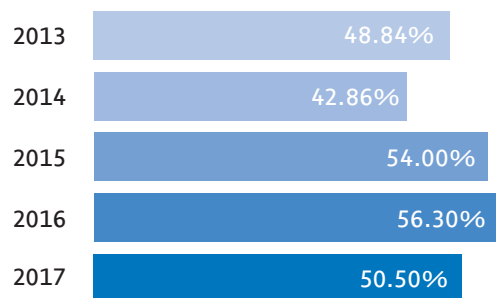
	2013	2014	2015	2016	2017
Salaries & Benefits	\$ 71.22	\$ 70.01	\$ 75.50	\$ 77.32	\$ 80.51
Amortization of Tangible Capital Assets	60.09	61.41	61.89	63.34	64.89
Materials & Supplies	30.44	29.71	29.88	30.79	33.30
Contract & Professional Services	44.21	46.10	45.89	46.41	48.59
RCMP Contract	22.40	23.89	24.79	26.47	28.55
Debt Interest & Fiscal Services	9.87	9.75	9.49	10.21	10.06
Equipment	6.87	6.78	7.39	8.06	8.95
Utilities	6.51	7.13	7.24	7.62	8.01
Grants and External Transfers	3.62	3.59	3.70	3.88	4.67
Allocations	0.02	0.02	0.05	0.06	0.08
Loss on Disposal of Tangible Capital Assets	—	—	0.03	—	—
Write Down of Tangible Capital Assets	—	—	—	—	0.44
Cost Recoveries	(9.04)	(11.96)	(13.66)	(14.13)	(15.90)
Total	\$ 246.19	\$ 246.43	\$ 252.17	\$ 260.04	\$ 272.15

Source: City of Kelowna Financial Services Department.

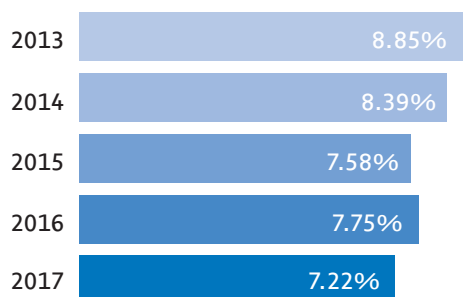
GENERAL DEBENTURE DEBT CHARGES AS A PERCENTAGE OF TOTAL GENERAL EXPENDITURES



CONSOLIDATED DEBT AS A PERCENTAGE OF TOTAL GENERAL EXPENDITURES



CONSOLIDATED DEBT CHARGES AS A PERCENTAGE OF TAXATION

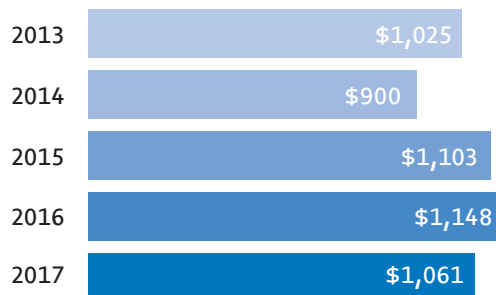


LONG TERM DEBT

thousands

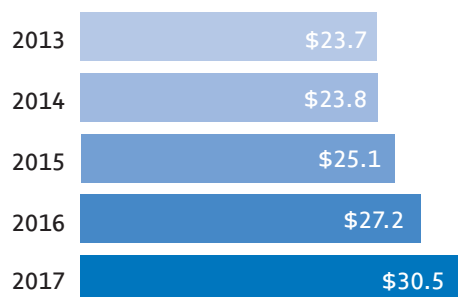
	Amount of Issue	Debt Balance at End of Year
2013	\$206,217	\$120,241
2014	\$206,562	\$105,611
2015	\$244,014	\$136,183
2016	\$269,591	\$146,414
2017	\$275,437	\$137,434

CONSOLIDATED LONG TERM DEBT PER CAPITA



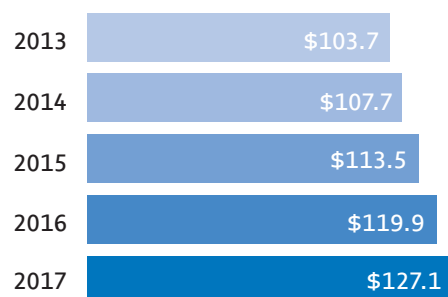
ASSESSMENT FOR GENERAL TAXATION

billions



TAXATION DEMAND

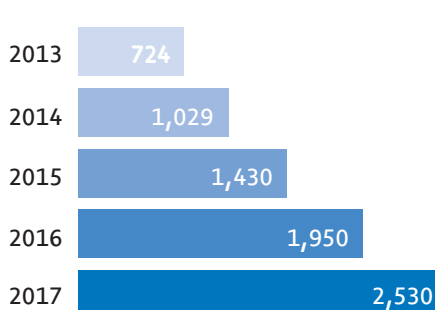
millions



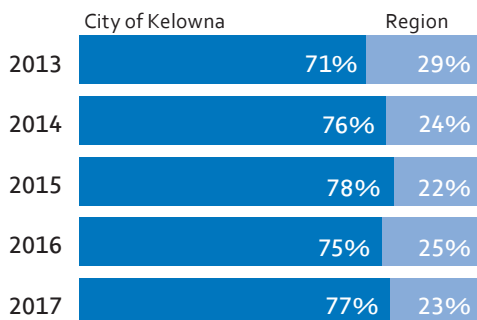
TOTAL PROPERTY TAX LEVIES

thousands	2013	2014	2015	2016	2017
City of Kelowna	\$108,974	\$113,119	\$119,132	\$125,622	\$133,024
School Tax	67,759	66,174	67,131	67,638	66,086
Regional Hospital	10,869	10,901	11,331	11,451	11,527
Regional District	9,866	10,686	11,153	11,383	11,329
BC Assessment	2,001	2,003	2,021	2,010	1,857
Total Property Tax Levies	\$199,469	\$202,883	\$210,768	\$218,104	\$223,823
Total Property Taxes Collected	\$195,700	\$199,059	\$207,413	\$214,995	\$220,930

HOUSING STARTS



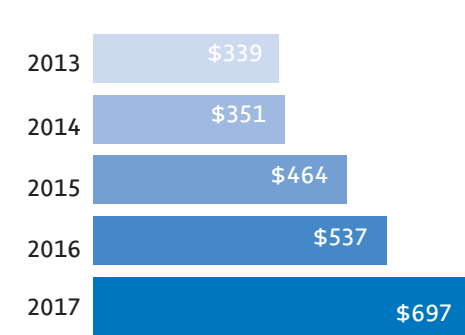
REGIONAL HOUSING STARTS



Note: the Regional District of the Central Okanagan includes City of West Kelowna, District of Peachland, District of Lake Country, and the Central Okanagan east and west electoral areas.

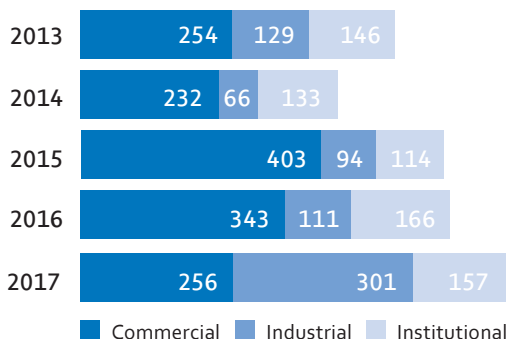
VALUE OF NEW DEVELOPMENT

millions

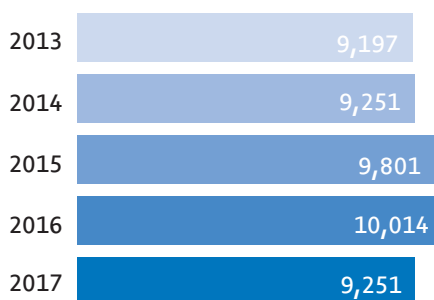


DEVELOPMENT FLOOR SPACE

square footage (thousands)



NUMBER OF BUSINESS LICENCES



Source: City of Kelowna Development Services, City of Kelowna Business Licences system, Regional District of Central Okanagan

Source: City of Kelowna Development, Corporate Services





City of
Kelowna

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