

Report to Council

May 8, 2023



2022

Consolidated Financial Statements

Kelowna, British Columbia, Canada
For the year ended December 31, 2022



Topics

- ▶ 2022 Audit Committee Review
- ▶ Audit Results
- ▶ Consolidated Financial Statements

2022 Audit Committee Review

- ▶ Financial Health indicators
- ▶ Consolidated Financial Statements
- ▶ Notes to the Financial Statements
- ▶ Auditor's Report
- ▶ City Reserves and Surpluses
- ▶ Surplus Balances and Appropriations

Audit Result

The City receives a clean audit



Consolidated Financial Statements

- ▶ Financial Position
- ▶ Operations and Accumulated Surplus
- ▶ Cash Flow

Financial Position

CITY OF KELOWNA
Consolidated Statement of Financial Position
As at December 31, 2022
(in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 91,524	\$ 103,765
Accounts receivable (Note 3)	55,130	47,450
Accrued interest	2,997	2,424
Portfolio investments (Note 3)	676,316	580,710
Long term investments (Note 10)	6,000	6,000
Assets held for resale	12,467	13,271
	<u>844,434</u>	<u>753,620</u>
Liabilities		
Accounts payable	55,507	50,762
Performance deposits	43,382	31,448
Deferred revenue (Note 3)	57,597	53,745
Deferred development cost charges (Note 3)	148,141	124,585
Long term debt (Note 3)	70,920	81,617
	<u>375,547</u>	<u>342,157</u>
Net Financial Assets	<u>468,887</u>	<u>411,463</u>
Non-Financial Assets		
Prepaid expenses	6,528	9,744
Inventory	1,454	1,420
Work in progress (Note 4)	43,489	26,868
Tangible capital assets (Note 4)	1,841,745	1,822,168
	<u>1,893,216</u>	<u>1,860,200</u>
Accumulated Surplus (Note 5)	<u>\$ 2,362,103</u>	<u>\$ 2,271,663</u>

Operations and Accumulated Surplus

CITY OF KELOWNA
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2022
(in thousands of dollars)

	Budget 2022	Actual 2022	Actual 2021
Revenue			
Taxation (Note 6)	\$ 180,890	\$ 184,627	\$ 171,366
Fees and charges	151,556	161,823	142,185
Interest earned	8,124	16,308	11,540
DCC contributions	37,426	16,775	11,706
Government transfers (Note 7)	43,581	38,751	35,829
Other capital contributions	575	5,154	4,555
Gain on disposal of tangible capital assets	-	1,374	1,869
	<u>422,152</u>	<u>424,812</u>	<u>379,050</u>
Expenses			
General government	46,607	49,054	41,441
Protective services	88,825	77,477	73,909
Transportation	42,890	68,880	66,473
Recreation & cultural	40,763	46,824	44,101
Other services	26,743	25,919	25,379
Airport	20,050	26,466	21,997
Wastewater	12,955	23,598	21,420
Water	11,611	15,874	15,257
Loss on disposal of tangible capital assets	-	62	37
Write down of tangible capital assets	-	218	540
	<u>290,444</u>	<u>334,372</u>	<u>310,554</u>
Annual Surplus	<u>\$ 131,708</u>	<u>90,440</u>	68,496
Accumulated Surplus, beginning of year		<u>2,271,663</u>	2,203,167
Accumulated Surplus, end of year		<u>\$ 2,362,103</u>	<u>\$ 2,271,663</u>

Cash Flow

CITY OF KELOWNA
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2022
(in thousands of dollars)

	Actual 2022	Actual 2021
Net inflow (outflow) of cash and cash equivalents related to the following activities		
Operating		
Annual surplus	\$ 90,440	\$ 68,496
Adjustment for non-cash items		
Amortization of tangible capital assets	69,253	68,824
Gain on disposal of tangible capital assets	(1,312)	(1,832)
Write down of tangible capital assets	218	540
Actuarial adjustment on long term debt	(2,331)	(2,072)
Contributions of tangible capital assets	(1,718)	(1,854)
Decrease (increase) in		
Accounts receivable	(7,680)	(17,667)
Inventory and prepaid expenses	3,182	1,757
Other assets	231	(3,390)
Increase (decrease) in		
Accounts payable	4,745	(29,690)
Deferred development cost charges	23,556	40,831
Other liabilities	15,787	12,384
	<u>194,371</u>	<u>136,327</u>
Capital		
Acquisition of tangible capital assets	(104,913)	(69,219)
Proceeds from disposal of tangible capital assets	2,274	2,098
	<u>(102,639)</u>	<u>(67,121)</u>
Investing		
Change in investments	(95,606)	(32,911)
Financing		
Proceeds from issuance of long term debt	441	-
Repayment of long term debt	(8,808)	(8,964)
	<u>(8,367)</u>	<u>(8,964)</u>
Net increase (decrease) in cash and cash equivalents	(12,241)	27,331
Cash and cash equivalents, beginning of year	103,765	76,434
Cash and cash equivalents, end of year	\$ 91,524	\$ 103,765

In Summary

- ▶ Received clean audit opinion
- ▶ Strong Financial Results in 2022
- ▶ Positioned to take advantage of opportunities and overcome challenges



Questions?

For more information, visit kelowna.ca.