



Measuring Financial Performance

City of Kelowna's Third Quarter Financial Activity

November 27, 2023



Introduction

The data presented here will offer an understanding of our financial performance, enabling you to make informed assessments of our municipality's third quarter financial activity.

We will examine revenue and expenditure trends and delve into investments and capital spending to provide insights into the factors driving our financial performance.



Financial Performance Measures

- ▶ Financial Health Indicators
- ▶ Financial Activity
- ▶ Performance Summary
- ▶ Looking to the future





Financial Health Categories

- **Financial Flexibility** – How much flexibility in the short term, without direct tax increases?
- **Financial Sustainability** – Do we have ability to maintain operations and services over the long term?
- **Competitiveness** – How do we fare financially on a per capita basis relative to similar municipalities and the region?

Financial Flexibility

How much room we have to move in the short term

KELOWNA

COMPARATORS

BENCHMARK

Pop > 100K

OKANAGAN

Debt Service Ratio



3%

<5%

1%

3%

Own Source Revenue



38%

>40%

30%

34%

Gov Transfers Ratio



9%




<10%

4%

12%




Financial Sustainability

The ability to maintain operations and services over the long term

	KELOWNA	COMPARATORS		
		BENCHMARK	Pop > 100K	OKANAGAN
Financial Assets/Liabilities	 2.23%	>1.75%	1.84%	1.39%
Net Financial Assets/Revenue	 110%	>70%	75%	27%
Accum. Surplus & Reserves/Expenses	 161%	>100%	137%	63%

Competitiveness

How do we fare financially on a per capita basis

	KELOWNA	BENCHMARK	COMPARATORS Pop > 100K	OKANAGAN
Tax Burden Per Capita	 \$2,681	TBD	\$2,902	\$2,340
Debt Per Capita	 \$474	TBD	\$669	\$630
Annual Surplus Per Capita	 \$606	TBD	\$836	\$478

Conclusion

Financial Flexibility

- Debt is low and decreasing relative to revenues.
- Own source revenues strong and improving over time (grants and partnerships).
- External sources of revenue forecasted to increase as strategic priority.



Financial Sustainability

- Financial Assets and Liquidity VERY strong on all measures.
- City showing incredible resilience coming out of Pandemic Emergency.
- Infrastructure deficit is future headwind. (Future Measure)



Competitiveness

- Kelowna is well positioned relative to similar sized cities.
- Fast growing population will improve per capita metrics quickly.
- Opportunity exists for maximization of annual revenues given surplus figures.





Performance Categories

- ▶ Activity Highlights of Council Priorities
- ▶ Year-to-Date Activity Trends
- ▶ Actual Activity to Budget by Division
- ▶ Investment Income Revenue & Capital Expenditure to Budget

COUNCIL PRIORITIES – Activity Highlights

Crime & Safety

- Increased funding up to \$106,000 and \$52,000 to the Downtown on Call and Downtown Clean Team, respectively.

Affordable Housing

- \$1,500,000 Surplus allocated to the City's Housing Opportunities Reserve Fund.
- \$272,000 Rental housing grant issue for Pleasantvale 2

Homelessness

- MOU signed with the Province that formalizes commitments to support unhoused individuals.
- PEER Navigator and IHRT programs continue to progress with 2023 funding of \$386k

Transportation

- \$600,000 Contribution was made for the Highway 33 multi-modal traffic corridor planning.

Agriculture

- Term Agriculture Planner position created for increase coordination with the Agricultural Land Commission enforcement

Climate & Environment

- Climate Action and Resiliency Strategy under development

Activity Trends - Income



**Corporate
Financial
Services**
\$309M (66%)

Infrastructure
\$80M (17%)

Airport
\$37M (8%)

**Property
Tax**
\$180M (39%)

**Fees &
Charges**
\$147M (32%)

**Grants &
Interest**
\$83M (18%)

LEADERS

Excludes Capital Projects, Government and Internal Transfers

Activity Trends - Spending

LEADERS

Materials & Supplies

\$110M (36%)

Salaries & Wages

\$90M (30%)

Contract Services

\$76M (25%)

Infrastructure

\$84M (28%)

Corporate & Protective Services

\$80M (27%)

Corporate Financial Services

\$75M (25%)



Excludes Capital Projects, Government and Internal Transfers

Actual Activity to Budget

As at September 30, 2023

Divisions on target:

- ▶ Active Living and Culture
- ▶ Airport
- ▶ City Clerk
- ▶ City Manager
- ▶ Corporate and Protective Services
- ▶ Corporate and Strategic Services
- ▶ Infrastructure
- ▶ Partnerships and Investments

Divisions above target:

- ▶ Financial Services
- ▶ Planning, Climate Sustainability & Development

Actual Activity to Budget

As at September 30, 2023

Capital Expenditure
Burn Rate
(annualized)



Investment Income



BUDGET ACTIVITY					
Expenses		Revenues		Prior Year Expenses	Prior Year Revenues
39%	↑	N/A		31%	N/A
N/A		125%	↑	N/A	86%

What does this mean?

Actual activity

- ▶ Income streams are diversified in support of our City's economic resilience
- ▶ Revenues and expenses are up over the prior year, as budgeted

Budget utilization

- ▶ Trending similar to the prior year
- ▶ Operational budget utilization is on target, excluding timing variances
- ▶ Capital projects are underspent and carry forwards are anticipated

Going Forward 2024

Year-end Reporting

Financial Performance and Health Check included as part of the Annual Financial Statement presentation to the Audit Committee.

MAY

Quarter 2 Review

Q2 Activity Performance results to date presented as part of a regular Council Meeting. Recommendation for reallocation of identified annual surplus.

NOV

Quarter 1 Review

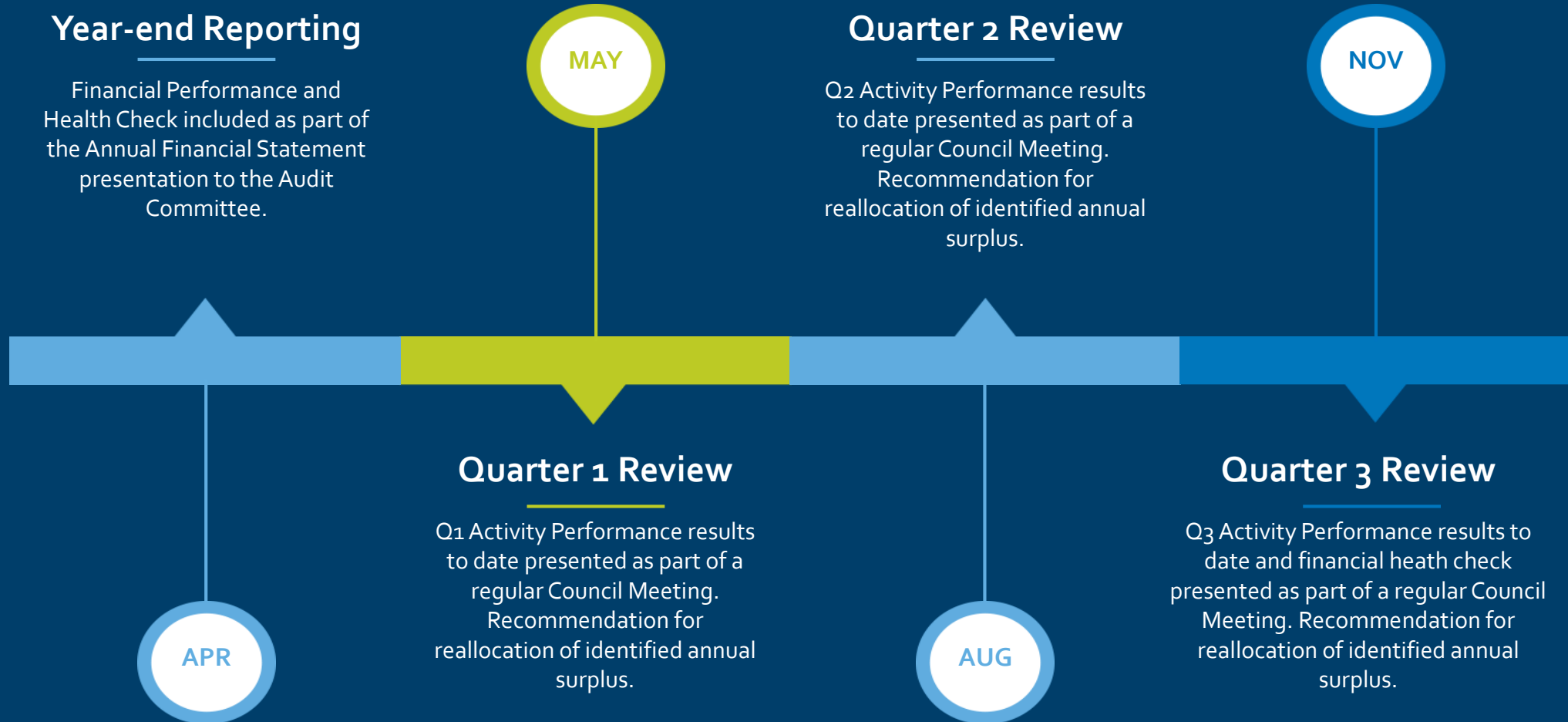
Q1 Activity Performance results to date presented as part of a regular Council Meeting. Recommendation for reallocation of identified annual surplus.

APR

Quarter 3 Review

Q3 Activity Performance results to date and financial health check presented as part of a regular Council Meeting. Recommendation for reallocation of identified annual surplus.

AUG



An aerial photograph of a suburban neighborhood at dusk. The houses have their lights on, and the city lights in the background are visible across a body of water. The sky is a mix of blue and orange. The foreground shows tall grass on a hillside.

Questions?