

ANNUAL REPORT

Kelowna, B.C., Canada
For the year ended December 31, 2023

2023



BEYOND THE CURVE

A Year of Action, Collaboration,
and Innovation



▶▶ CITY OF KELOWNA 2023 ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2023

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

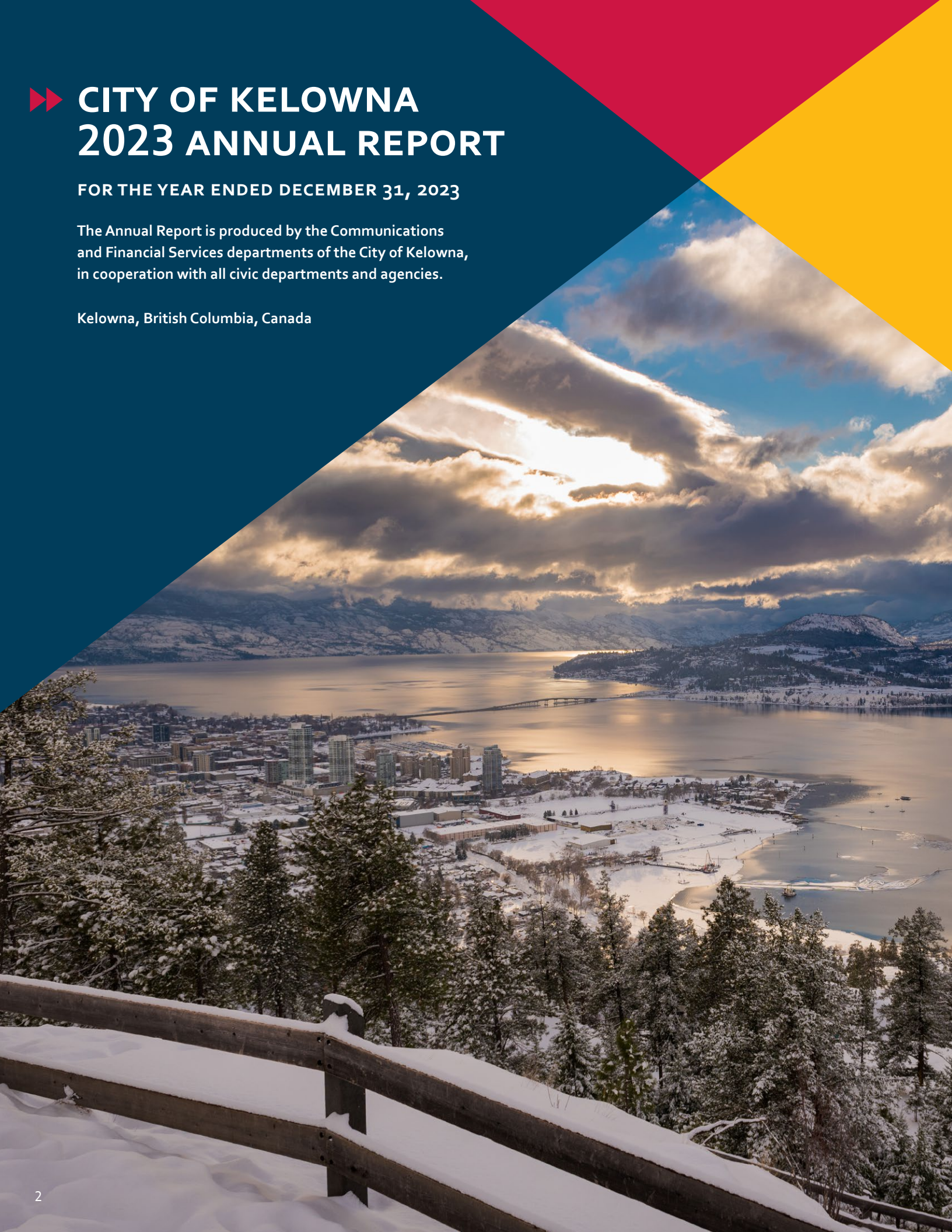


TABLE OF CONTENTS

INTRODUCTION

Message from the Mayor	4
Message from the City Manager	5
Our Community	7
Mayor & Council	10
Our Organization & Organizational Chart	11
Financial Strategy	12
Civic & Community Award Winners	14
Awards & Recognition	15
2023–2026 Council Priorities	16
2023: Beyond the Curve	17
Advocating for a Better Future	18
Building a Stronger Kelowna	19
Soaring to New Heights & An Eventful Year!	20
Communication by the Numbers	21
Building a Vibrant Community	22
Harnessing the Power of AI	23
Council Priorities	
Crime & Safety	25
Affordable Housing	28
Homelessness	30
Transportation & Mobility	32
Agriculture	34
Climate & Environment	36
Corporate Priorities	
Digital Transformation	39
Active Financial Management	40
Our People	41

FINANCIAL INFORMATION

Index to Financial Statements

Financial Services	43
Provision of Services & Support for Growth	43
City Reserves	44
Development Cost Charges	45
Financial Management Strategies	47
Top 10 Principal Corporate Taxpayers	48
Permissive Tax Exemptions	49
Revitalization Tax Exemptions	51
Heritage Building Tax Exemptions	52

Consolidated Financial Statements

Report from the Divisional Director, Financial Services	54
Independent Auditor's Report	56
Consolidated Statement of Financial Position	58
Consolidated Statement of Operations & Accumulated Surplus	59
Consolidated Statement of Remeasurement Gains & Losses	60
Consolidated Statement of Changes in Net Financial Assets (Debt)	61
Consolidated Statement of Cash Flows	62
Notes to the Consolidated Financial Statements	64
Schedule 1 – Tangible Capital Assets	84
Schedule 2 – Segmented Information	86
Schedule 3 – Long Term Debt	90
Schedule 4 – COVID-19 Safe Restart Grant for Local Governments	93
Schedule 5 – BC Growing Communities Fund Grant	94

STATISTICAL REVIEW

Statistical Review for the Years of 2019–2023	96
---	----

▶▶ MESSAGE FROM THE MAYOR

Kelowna is in a pivotal time in its evolution—one full of great opportunities and some pressing priorities. As I reflect on the past year, I am filled with gratitude and admiration for all that we have accomplished together.

As your Mayor, I have had the privilege of working with a Council that is committed to tackling the strategic shifts, improvements and changes that are important to the community. Over the past year, together with our community partners and other levels of government, we took bold and decisive actions to improve the quality of life and wellbeing of our residents and businesses.

Despite the devastating wildfire season that impacted our residents and community on many levels, we have shown resilience, collaboration, and innovation in our collective efforts to build a stronger, safer, and more sustainable city.

We invested in crime and safety, affordable housing, homelessness, transportation, agriculture, and climate and environment. We also leveraged our partnerships with the Province of BC and Government of Canada, community organizations, and the private sector to secure funding, resources, and support for important programs and projects to improve quality of life for our residents.

Kelowna stands at the cusp of an exciting era. Tackling our community's priorities head on, and making way for some of the most ambitious capital and infrastructure projects in the city's history, underscores our focus on action. And preserving what we already love about our city demonstrates a commitment to both tradition and progress.

Through our 2040 Official Community Plan, we are strategically managing our community's incredible growth, while seizing the opportunity to create a city like no other. As we move forward, our focus on action remains unwavering. We're not just addressing issues; we're leveraging opportunities to create a city that exemplifies resilience, progress, and inclusivity. Kelowna's future is a testament to the strength of unity, innovation, and a collective determination to turn challenges into triumphs.

Through a fiscally responsible manner, work is continually being done to ensure we deliver on more infrastructure projects that our community, growing at an exponential rate, not only deserves, but needs. This year we will invest \$95 million in infrastructure projects that improve quality of life for residents, including \$21 million toward creating and improving spaces where community gathers. We will invest approximately \$422 million in upgrades to airport infrastructure in the



Mayor Tom Dyas
City of Kelowna

next 10 years to better meet the needs of our growing region, and significant progress is being made in advancing key infrastructure projects across Kelowna through the Building a Stronger Kelowna initiative. We are making these investments because we believe that they are essential for the future of our city, our business community and quality of life. We want to create a city that is safe, livable, accessible, and prosperous—a city that is ready for growth, and ready for the future.

While there is much to celebrate from last year, we also recognize we have a lot of work to do. As we look ahead to 2024, we are committed to continuing our pace forward. We have an ambitious and strategic plan to continue investing in our city's future, and to deliver on the Imagine Kelowna vision. To achieve the best possible future for Kelowna, we must continue to collaborate to seize its potential and find innovative solutions that foster our collective progress. We have a bright future ahead of us, and the opportunity to shape it together.

▶▶ MESSAGE FROM THE CITY MANAGER

On behalf of the City of Kelowna Senior Leadership Team and Council, I am pleased to present the 2023 Annual Report, an important yearly snapshot of the activities undertaken throughout the year for the collective good of our community.

As public servants we are responsible for delivering essential services, programs and targeted, progressive initiatives that bring the community's vision to life. Our core values—innovate to make things better, act as one team, serve proudly and lead responsibly—establish the common expectations of how we show up each day and how we approach our work.

As City Manager for the past six years, I have witnessed our staff embodying these values consistently, but 2023 truly stood out as a year defined by our unwavering commitment to innovation, bold leadership, collaborative action, and unity. It marked a significant leap forward in our dedication to forward-thinking strategies, seizing opportunities, and embracing novel approaches to elevate the effectiveness of our city's operations and services.

January 1 to December 31, 2023, was a year of digital transformation and finding ways to enhance transparency and improve the lives of residents through access to online services, technological innovation, and collaborative problem-solving. Developing strong communities that lead, through creativity, innovation, and partnerships is the future.

Our grant work sped Kelowna light years ahead and positioned the City as a municipal leader in advocacy, partnerships and non-taxation revenue streams. The City received an investment of \$100 million through grants and direct awards from senior government that will advance key infrastructure, transportation, community safety, affordable housing, environmental and childcare projects in our community. Community partnerships with organizations like Okanagan College, University of British Columbia Okanagan and Okanagan Regional Library will continue to be the way forward in delivering valuable facilities, programs and services.

In terms of financial management, 2023 marked the transformative journey towards service-based budgeting. The impact of this transition is profound and far-reaching. By aligning our budget with service delivery, benchmarking ourselves against other local governments, and measuring our results publicly, we are not only maximizing efficiency but also enhancing transparency and accountability. Through meticulous data analysis and strategic planning, we are streamlining processes, optimizing resource allocation, and ensuring that every dollar invested yields tangible benefits



Doug Gilchrist
City Manager, Kelowna

for our community and contributes directly to the wellbeing of our residents.

In looking ahead, we remain committed to innovation and redefining the way local government is perceived in the eyes of the tax paying public. I couldn't be more excited about the future of our great city and proud of the effort and commitment of our staff to deliver the priorities of Council and our community.



▶▶ TERRITORY ACKNOWLEDGMENT

We acknowledge that our community is located on the traditional, ancestral, unceded territory of the syilx/Okanagan people.

▶ OUR COMMUNITY

Kelowna is a vibrant mid-sized city located in the southern interior of British Columbia, Canada. One of the fastest growing cities in the country, it is situated in the heart of the Okanagan Valley, surrounded by mountains, lakes and vineyards. With a population of more than 160,000 people, it is the largest city in the Central Okanagan.

Kelowna's diverse economy includes a mix of industries such as agriculture, manufacturing, retail trade, construction, technology, healthcare and tourism. The region is renowned for its wine industry and is home to a top-ranked college and university, a world-class teaching hospital, the second largest trade school in the province, and Kelowna International Airport, one of the largest economic drivers

in the Southern Interior. A growing hub for technology and aerospace-related companies, Kelowna is fast becoming an economic powerhouse and remains one of the area's most sought-after tourist destinations.

Kelowna's natural environment is a cornerstone of its identity, supporting the community's health, economy, and livability. The city offers numerous parks, trails, beaches and recreational facilities, which provide a range of activities for residents and visitors, including hiking, biking, golfing, swimming, and boating. This, coupled with a diverse economy and vibrant arts and culture scene featuring multiple festivals and events throughout the year, bolsters a strong sense of community and high quality of life.



▶▶ 2022 CITIZEN SURVEY

2022 Citizen Survey



Top issues for citizens



21% say "rising cost of living" is the #1 reason why quality of life has worsened

80% agree the City is inclusive and accepting of all

75% Say they receive good value for their City taxes



Top contributors to quality of life:



Top 5 priorities for investment

1. Addressing social issues
2. Diverse housing options
3. Traffic flow management
4. Fire services
5. Drinking water

SOURCE: KELOWNA CITIZEN SURVEY, IPSOS. 2022



162,095

RESIDENTS CALL KELOWNA HOME

66.4% ARE 25-64 YEARS
29% ARE 65 YEARS +



+5.7%
INCREASE FROM 2022



66,427 HOUSEHOLDS

63.67% FAMILY HOUSEHOLDS
31.9% HAVE CHILDREN



63.6% HOMES OWNED
36.3% HOMES RENTED



\$111,543 AVERAGE
HOUSEHOLD INCOME

63.9% LABOUR FORCE PARTICIPATION

49.2% POST SECONDARY EDUCATED

SOURCE: 2023, ENVIRONICS ANALYTICS

KELOWNA'S TOP SECTORS



1 HEALTH CARE AND SOCIAL ASSISTANCE



2 RETAIL TRADE



3 CONSTRUCTION

FASTEST GROWING INDUSTRY BY SECTOR



1 PROFESSIONAL, SCIENTIFIC AND TECHNICAL SERVICES



2 HEALTHCARE AND SOCIAL ASSISTANCE



3 EDUCATION SERVICES

SOURCE: CENTRAL OKANAGAN ECONOMIC PROFILE 2023 EDITION

\$2.4 BILLION

TOURISM ECONOMIC OUTPUT

SOURCE: 2022-23 ECONOMIC IMPACT SUMMARY KELOWNA & CENTRAL OKANAGAN, TOURISM KELOWNA



2000 HOURS OF SUN EVERY YEAR

SOURCE: CENTRAL OKANAGAN ECONOMIC DEVELOPMENT COMMISSION ECONOMIC PROFILE (2023)

235 PARKS AND BEACHES



86 PLAYGROUNDS



RECORD BREAKING

\$1.8 BILLION

IN BUILDING PERMITS +46 PER CENT FROM 2022

SOURCE: CITY OF KELOWNA (2023)

2,598

NEW BUSINESS LICENCE APPLICATIONS

+5% FROM 2022

SOURCE: CITY OF KELOWNA (2023)

2.2 MILLION OVERNIGHT TRIPS

SOURCE: TOURISM KELOWNA (2023)



TRAVEL TO WORK BY AUTOMOBILE (AS DRIVER)



TRAVEL TO WORK BY AUTOMOBILE (AS PASSENGER)



TRAVEL TO WORK BY PUBLIC TRANSIT



TRAVEL TO WORK BY WALKING



TRAVEL TO WORK BY CYCLING



TRAVEL TO WORK BY OTHER MEANS

SOURCE: STATISTICS CANADA (2021 CENSUS)

▶▶ MAYOR AND COUNCIL

The City of Kelowna is guided by an elected mayor and eight councillors for a four-year term (2022–2026). Led by Mayor Tom Dyas, Kelowna City Council is committed to 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. Council meets regularly and the public is welcome to attend any open meeting or provide feedback in writing via mail or email. Learn more at kelowna.ca/council.



TOM DYAS
Mayor



RON CANNAN
Councillor



MAXINE DEHART
Councillor



CHARLIE HODGE
Councillor



GORD LOVEGROVE
Councillor



MOHINI SINGH
Councillor



LUKE STACK
Councillor



RICK WEBBER
Councillor



LOYAL WOOLDRIDGE
Councillor

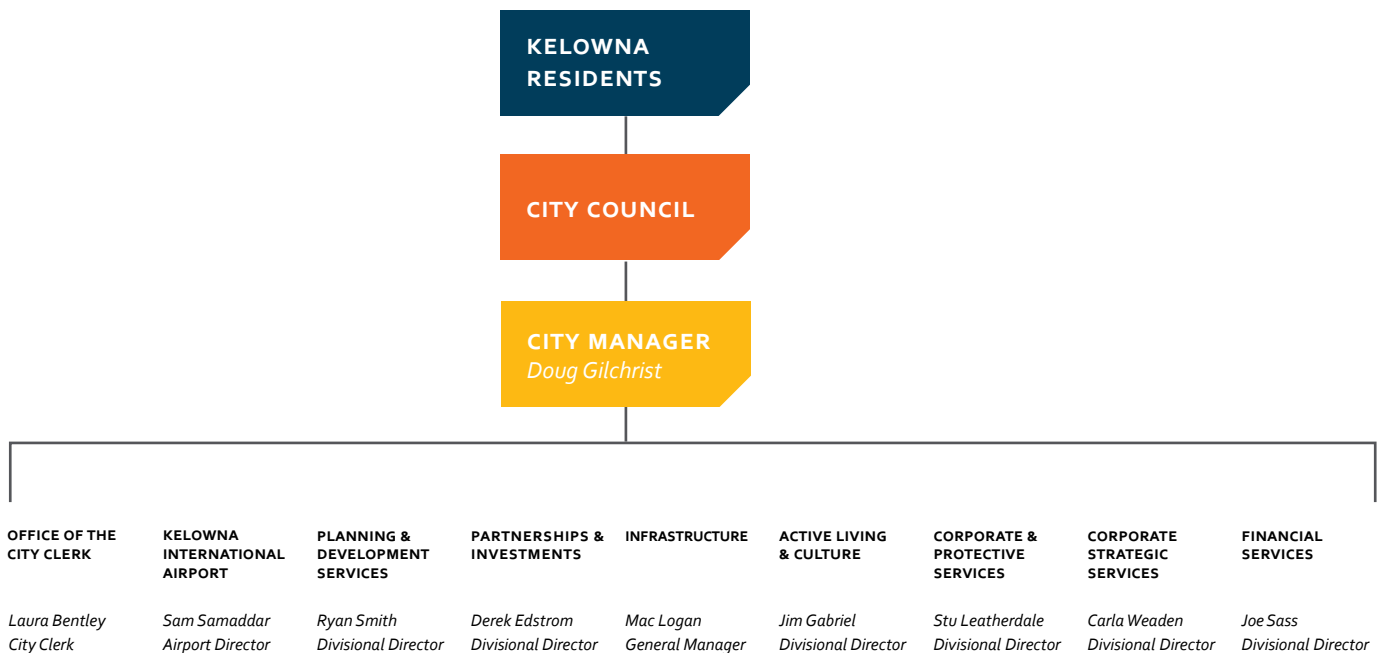
▶▶ OUR ORGANIZATION

The City of Kelowna is a municipality located in the southern interior of British Columbia. Governed by the Community Charter and Local Government Act, the 1000-employee-strong organization is responsible for providing essential services, including clean drinking water, wastewater systems, landfill and waste management, parks and recreation, fire protection, transportation, community planning and environmental stewardship. Taking into account operational costs and capital requirements for future growth and community needs, on average, it manages an annual budget of approximately \$637.4 million (2019–2023 five-year average). The City is committed to generating own source revenues and partnerships. On average, only approximately 25 per cent of the City’s budget is funded through annual taxation. Other revenue sources include reserves, grants, users fees and income from self-funding business units including Kelowna International Airport and the City’s water utility and solid waste operations. Through strong financial management, the organization’s goal is to maintain, grow and improve local infrastructure and community services, and ensure a high quality of life for citizens.

Council Priorities 2023–2026 identifies the strategic shifts, improvements and changes that are important to Council, the community and the organization. The public Progress Report at opendata.kelowna.ca is an interactive online report showing how the City is taking action and making progress, demonstrating Council’s commitment to transparency and accountability.

Working together with the Annual Report to keep the public informed of City projects and progress are the City’s website (kelowna.ca), email newsletters, and a variety of social media channels designed to spark conversation and connections with our community. Citizens can also provide input and be involved on key projects through the City’s online engagement platform getinvolved.kelowna.ca. Engaged citizens help build strong neighbourhoods and create a city that is welcoming and inclusive.

ORGANIZATIONAL CHART



▶▶ FINANCIAL STRATEGY: STRENGTH & STABILITY

Sound financial strategy is the ability to acquire and manage a portfolio of financial and physical assets that meet the current and future needs of our community. Read more about our financial management strategies on page 47.

FINANCIAL STRATEGY

- Assets – New
- Assets – Renew
- Debt
- Development Financing
- Grants
- Operations
- Partnerships and Enterprise
- Property Taxation
- Reserves and Surplus Funds
- User Fees and Charges

FINANCIAL PRINCIPLES

- Sufficient
- Pragmatic
- Flexible
- Transparent
- Balanced

PLANS THAT INFLUENCE FINANCIAL DECISIONS

- Council Priorities
- Official Community Plan
- *Imagine Kelowna* vision
- 10-year Capital Plan
- 2030 Infrastructure Plan
- 20-year Servicing Plan
- Community Trends Report

PERFORMANCE MEASUREMENT

Knowing the Difference We're Making

City of Kelowna's corporate-wide performance measurement program is an integral part of how we work and key to achieving our desired results. Publicly measuring our corporate performance allows us to evaluate our programs, services and processes to ensure our investments of time and resources best serve our citizens and community priorities. The performance measures are tied directly to operational goals and council priorities, and tell the story of results to improve effectiveness, visibility, transparency and accountability.

 **1 EXPANDED VALUE FOR MONEY ASSURANCE PROGRAM**

1 NEW CODE OF CONDUCT FOR COUNCIL 

 **1 NEW LOBBYIST REGISTRY**

2023–2026 COUNCIL PRIORITY PROGRESS RESULTS

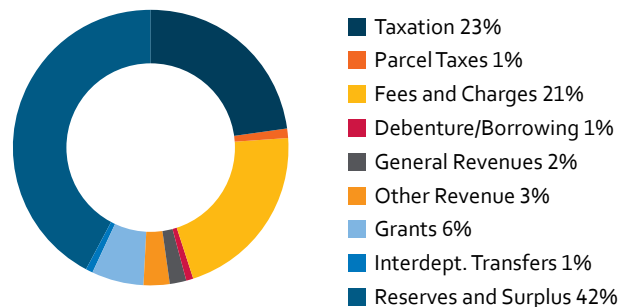
10
ON TRACK, TRENDING IN THE DESIRED DIRECTION

8
NO SIGNIFICANT CHANGE (OR NO CURRENT DATA)

4
NEEDS IMPROVEMENT, NOT TRENDING IN RIGHT DIRECTION

Learn more at opendata.kelowna.ca.

2023 REVENUES BY SOURCE (%)



SOURCE: 2023 FINANCIAL PLAN FINAL BUDGET VOLUME 3



DID YOU KNOW?

The City of Kelowna has a diverse portfolio of operations, some of which are run as self-funded business units that have no impact on property taxes. The City provides corporate services to these business units and uses internal allocations to recover these costs. This prevents these costs from being included in the annual property tax levy and allows the fees charged by the self-funded business units to encompass the full cost to deliver their service.

▶ CIVIC & COMMUNITY AWARD WINNERS



49TH ANNUAL CIVIC & COMMUNITY AWARD RECIPIENTS

Honouring individuals and organizations for outstanding contributions and achievements in 2023 that directly benefited the community, making Kelowna a great place to live, work and play.

BARRY LAPOINTE

Anita Tozer Memorial Award

MILT STEVENSON

Fred Macklin & Sarah Donald-Treadgold Memorial Award
Citizen of the Year

FARMING KARMA FRUIT COMPANY

Champion for the Environment Award

MNP

Corporate Community of the Year Award

STEPHEN JEFFERYS

Honour in the Arts Award

BEN ANDERSON

Teen Honour in the Arts Award

TOR BROUGHTON

Young Citizen of the Year Award

OKANAGAN FOREST TASK FORCE

Central Okanagan Foundation Volunteer Organization
of the Year Award

CHERYL BROWNE

Bob Giordano Memorial Award
Coach/Sport Administrator of the Year

EMMA PINKERTON

Augie Ciancone Memorial Award / Young Female Athlete

NASH SEMENIUK

Augie Ciancone Memorial Award / Young Male Athlete

MALINDI ELMORE

Female Athlete of the Year Award

JUSTIN TOWILL

Male Athlete of the Year Award

KSS OWLS AAA BOYS VOLLEYBALL TEAM

Bryan Couling Memorial Award / Athletic Team of the Year



▶▶ AWARDS & RECOGNITION

**GOVERNMENT FINANCE OFFICERS ASSOCIATION
CANADIAN AWARD FOR FINANCIAL REPORTING
2022 Annual Report**

This is the 21st consecutive year the City has received the award recognizing excellence in governmental accounting and reporting.

**GOVERNMENT FINANCE OFFICERS ASSOCIATION
DISTINGUISHED BUDGET PRESENTATION AWARD
2023 Financial Plan**

This is the 22nd consecutive year the City has received the highest form of recognition for governmental budgeting.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Kelowna
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

DOUG GILCHRIST, CITY MANAGER, CITY OF KELOWNA
RI Medal of Excellence in Ingenuity
Real Estate Institute of British Columbia (REIBC) Awards

**SAM SAMADDAR, CHIEF EXECUTIVE OFFICER,
KELOWNA INTERNATIONAL AIRPORT**
Business Leader of the Year
Kelowna Chamber Business Excellence Awards

**RYAN SMITH, DIVISIONAL DIRECTOR, PLANNING AND
DEVELOPMENT SERVICES, CITY OF KELOWNA**
President's Award
Local Government Management Association (LGMA) Awards

**FACE HOMELESSNESS PUBLIC AWARENESS CAMPAIGN
FUNDED BY THE PROVINCIAL STRENGTHENING
COMMUNITIES' SERVICES GRANT**
Gold Quill Award of Merit – Diversity, Equity & Inclusion

FIRESMART COMMUNITY CHIPPING PROGRAM
Community Energy Association Climate & Energy Action
Award – Community Planning & Development

AI CHATBOTS
Municipal Information Systems Association of
British Columbia Spirit of Innovation Award

▶▶ COUNCIL PRIORITIES

Council Priorities are the strategic shifts, improvements and changes Council wants to see during their term of office. They are in addition to the essential services the City provides every day from first responders and clean drinking water to safe roads and recreation. Council Priorities work alongside other pivotal City strategies, such as the Official Community Plan, 10-Year Capital Plan, 20-Year Servicing Plan, and *Imagine Kelowna*.

		Crime & Safety	Affordable Housing	Homelessness	Transportation	Agriculture	Climate & Environment
		Imagine Kelowna: vision into action	Council Priorities and Results We Want to See	Business break and enters and thefts are decreasing.	Improved access to affordable housing.	A decrease in the number of people living on our streets.	Capacity and traffic flow is enhanced on major road corridors.
Residents sense of safety is increasing.	Improved housing supply.				More trips by alternative transportation modes.	Increased engagement and support for the agricultural industry.	More protected and restored natural areas.
Public safety resources are keeping pace with community growth.	Increased supply of affordable housing options.			A reduction in social issues stemming from lack of support.	Traffic safety management is increasing.		A climate lens is applied to City decision making. Enhanced climate emergency planning and response programs.
Imagine Kelowna: vision into action	Corporate Priorities and Results We Want to See	Our People					
		Increased opportunities for all employees to learn and grow their leadership.					
		Active Financial Management					
		Priority-aligned budgeting.					
		Increased non-tax revenue.					
		Digital Transformation					
Improved online service experience.							
Data is used to inform decision making.							

▶▶ 2023: BEYOND THE CURVE

A YEAR OF ACTION, PROGRESS, AND INNOVATION

While key to livability and quality of life, creating a city of the future isn't just about building smart architecture and sustainable infrastructure—it's about daring to be bold in vision, taking decisive action, and not being afraid to make tough decisions and push through obstacles.

Cities that stand out are those that continually push boundaries, embrace change, and strive for excellence in every aspect of life. Whether it's pioneering sustainable transportation solutions, implementing cutting-edge technologies, creating vibrant cultural hubs, or addressing community priorities, innovative thinking is what drives progress.

Embracing new ideas and nurturing a culture of creativity allows cities to stay ahead of the curve and unlock their full potential to create vibrant, sustainable communities that put people first and deliver a high quality of life—now and in the future. However, innovation alone is not sufficient. Action is the catalyst that transforms innovative ideas into reality. It's about rolling up sleeves, demonstrating a willingness to take bold steps forward, and working collaboratively to make things happen. This was the driving spirit behind 2023, marking a year of transformative change and propelling our community into a new era of progress.

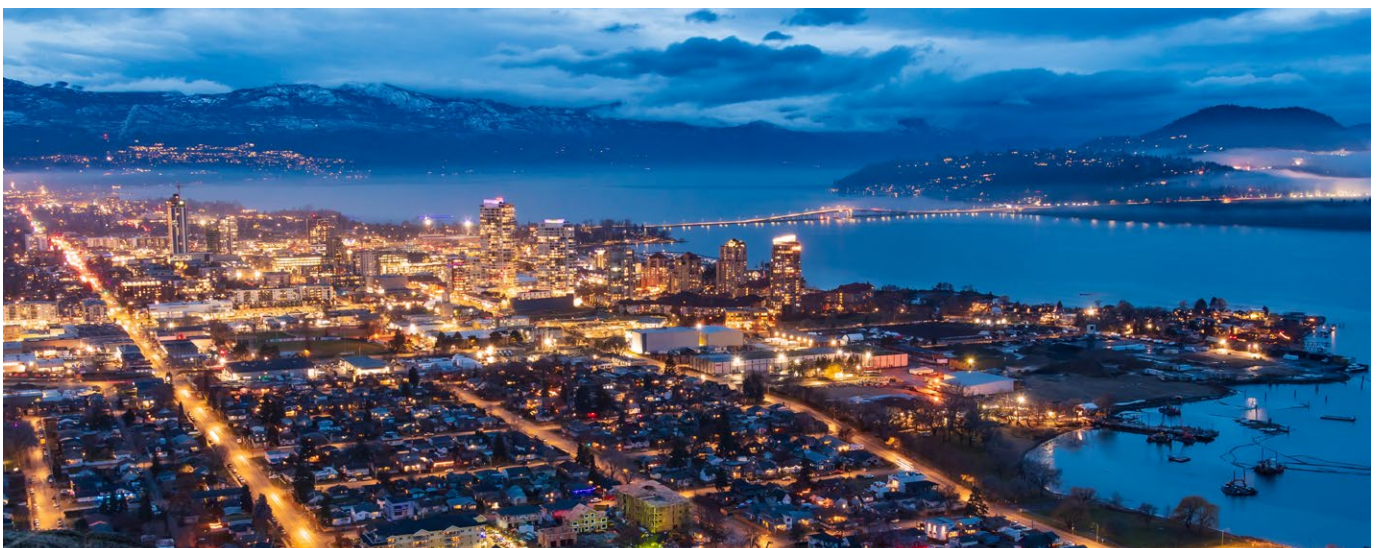
The compass guiding the City's business planning and investment decisions to take immediate action on what truly matters to our residents and the organization are the 2023–2026 Council and corporate priorities. While there is significant work ahead to achieve our shared vision, over the course of the 2023, together we took major steps forward for the collective

good of the community. The results achieved illustrate that when leadership is driven by empathy, innovation, and a genuine desire to make good, transformative change is not just possible, but inevitable.

However, at the core of our work, comes a responsibility to ensure sustainable growth and protecting what we already love about our city. Through our 2040 Official Community Plan, we are strategically managing our community's incredible growth, while seizing the opportunity to create a city like no other. In the coming years, there will be a big push to deliver more infrastructure, more quickly, to keep pace with growth pressures. From roads and parks bundles to expanded recreation facilities, we will commence some of the City's most ambitious capital and infrastructure projects to date. In fact, our 10-year capital plan includes over 330 infrastructure projects to support Kelowna's future and growth.

The 2023 Annual Report is one measure of accountability. Regular public progress reporting on Council and corporate priorities can be found at opendata.kelowna.ca. You can find ways to share your feedback and get involved at kelowna.ca/getinvolved.

Holding your leaders accountable for the strategic shifts, improvements, and changes you want to see is an important part of local government. It is about fostering a sense of pride and ownership within our community, where each resident feels not just represented but actively involved in shaping the future of our city. Because, together, we are not just ahead of the curve—we are pioneers charting a course towards a future where strong communities lead, not just through words, but through real, meaningful action.



▶▶ ADVOCATING FOR A BETTER FUTURE

In 2023, the City took decisive action to strengthen its collaboration and partnerships with the provincial and federal governments, resulting in the acquisition of \$100 million in senior government funding (including \$68 million from grant-based applications) for our community and to advance Council's advocacy priorities.

Led by the City's Partnerships Office, the collective grants and intergovernmental relations work resulted in the following support to help advance vital projects and initiatives in the areas of infrastructure, housing and shelter spaces, complex care, childcare, public safety and transit.

- \$31.5 million from the Government of Canada's Housing Accelerator Fund to see more housing built faster through infill housing, housing partnerships, and transit-oriented development.
- \$25.1 million from the federal and provincial governments to create a total of 273 new childcare spaces in future community recreation centres including the redevelopment of Parkinson Recreation Centre, as well as the new Mission and Glenmore activity centres.
- \$26 million one-time allocation from the provincial Growing Communities Fund to deliver infrastructure projects that support our growing community.
- Provincial and federal investments for the majority of the \$29.3 million BC Transit projects for three transit exchanges, electric buses infrastructure and to prepare for a new transit operations centre.
- Addressing our residents' and Council's top priorities of homelessness, and crime and safety, the City advocated to the responsible ministers, resulting in:
 - » A Memorandum of Understanding between the Province and the City for delivery of the HEART & HEARTH programs to address encampments that will provide up to 180 temporary shelter spaces at three City-land provided sites.
 - » The first 20 complex care spaces being created and operationalized, with 16 spaces currently occupied by those most vulnerable with complex needs in the community.
 - » Advancing provincial decriminalization policies to balance the need for public safety by calling for exemptions to keep playgrounds, parks, splash and skate parks, transit stops, beaches and within doorways safe from public drug use.
 - » Changes to the Criminal Code of Canada for stricter bail reforms for repeat offenders.

Grant and advocacy work throughout 2023 has positioned the City of Kelowna as a municipal leader in partnerships and non-taxation revenue streams that deliver results to ensure a safe, resilient and thriving community as we grow.



► BUILDING A STRONGER KELOWNA

GROWING OUR COMMUNITY, SPORT AND WELLNESS FACILITIES

One of the most significant progressions in 2023 was the advancement of several key recreation and community infrastructure projects through the Building a Stronger Kelowna initiative. With funding in place following an Alternative Approval Process in 2023, plans are underway to construct key community, sport and wellness facilities in 2027, including new activity centres in Mission and Glenmore, enhanced sports fields in Rutland, and a destination recreation centre in the heart of our city in the redevelopment of Parkinson Recreation Centre. The initiative also includes plans to advance key facility partnerships with UBCO and Okanagan College. In late 2023, community engagement garnered over 1,300 submissions from Kelowna residents to help shape plans for the two new activity centres to be constructed within the Glenmore and Mission recreation parks. They will offer low-barrier, accessible programs and spaces for all ages. The entire initiative aims to provide facilities and services that enhance community wellbeing and economic opportunities, foster inclusion and connection, and support net zero carbon goals.

Discover plans and progress for Kelowna's new community, sport and wellness facilities at kelowna.ca/strongerkelowna.

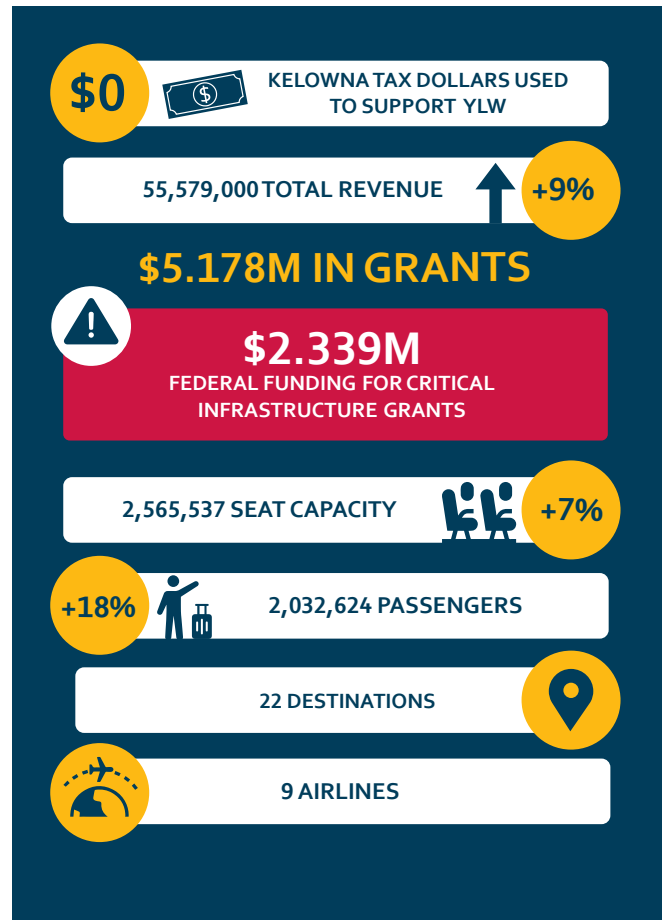


▶▶ SOARING TO NEW HEIGHTS

In 2023, Kelowna International Airport (YLW), one of Canada's 10 busiest airports and a key economic driver for our community and region, recorded over two million passengers and embarked on a \$108-million-dollar terminal building expansion—the largest infrastructure project in the airport's history. Once complete, the project—which is fully self-funded with no impact to taxation—will double the size of the existing departures lounge, expand the security screening area, and improve the airport facilities to provide an enhanced travel experience.

In partnership with the Province, the YMCA of Southern BC and KF Aerospace, the City and YLW also opened the 86-space Kelowna Airport YMCA Child Care Centre. The project, which aligns with the City's 2040 Official Community Plan to provide accessible, affordable and inclusive spaces to meet the needs of citizens living or working in the Gateway, received \$3.8 million in ChildCareBC New Spaces funding from the Province.

Projects like this are investments in our city's and region's future. As an economic hub, the capacity of YLW is vital to support flights to move people and goods throughout the Okanagan and beyond. Between 2024 and 2033, YLW will invest approximately \$422 million in upgrades to airport infrastructure to better meet the needs of our growing region.



▶▶ AN EVENTFUL YEAR!

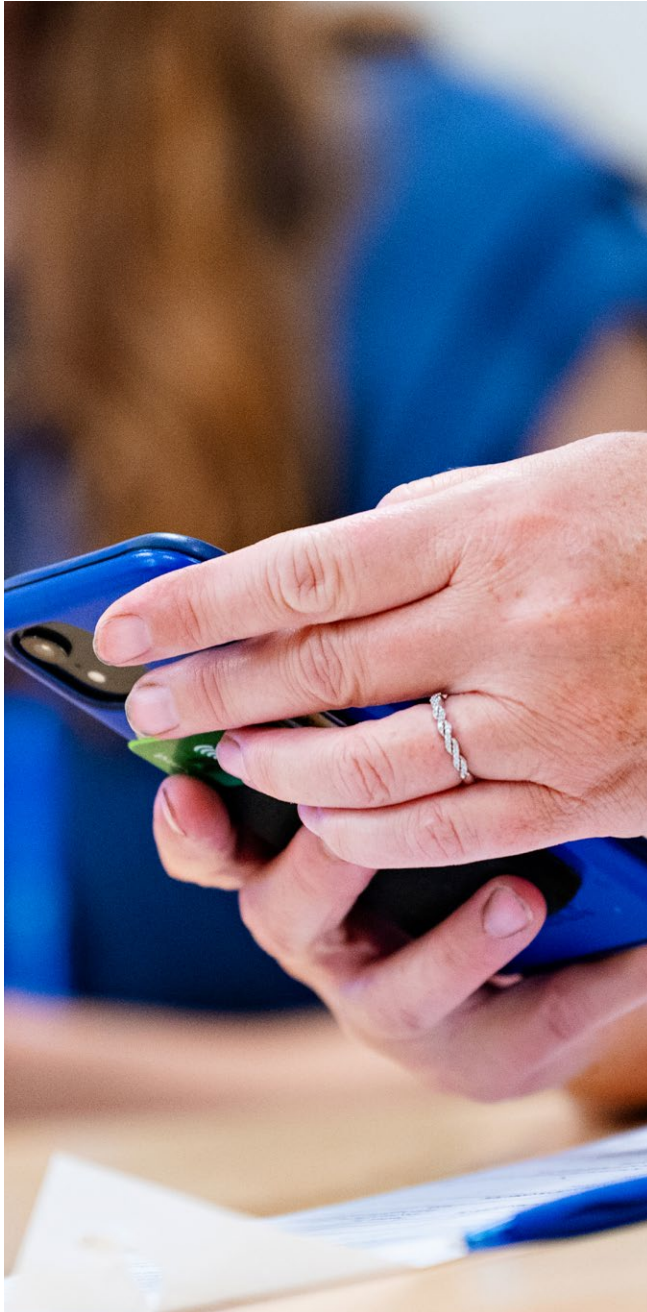
In 2023, City of Kelowna was named host of Curling Canada's 2025 Montana's Brier, issued permits to more than 300 events and tournaments, and welcomed major events including:

- Pan Continental Curling Championships
- BreakOut West Music Festival
- Canadian Ultimate Championships
- CanWest Cross Country Championships
- Kelowna Made
- Meet Me on Bernard



► COMMUNICATION BY THE NUMBERS

Citizens rely on two-way communications to influence policy and regulation, understand and affect change on the issues and opportunities that contribute to their quality of life, participate in programs, conduct business, use City services, and stay safe in emergencies. It is essential to the successful function of local government, business operations, community partnerships and program utilization that contributes to the health and wellbeing of the community.



80+

PROGRAMS SUPPORTED BY COMMUNICATIONS

20

CORPORATE CHANNELS MANAGED

1,206

MEDIA INTERACTIONS

572

HOURS SUPPORTING THE EMERGENCY OPERATIONS CENTRE (EOC)

5 PUBLIC WEBSITES & 1 STAFF INTRANET

GETINVOLVED.KELOWNA.CA
 AVERAGE MONTHLY VISITS: 7,059 (+29.5%)
 REGISTRANTS: 10,973

OPENDATA.KELOWNA.CA
 PAGEVIEWS: 43,364 (+8.1%)
 USERS: 7,826 (+.4%)
 SESSIONS: 12,840 (+12%)

YLW.KELOWNA.CA
 PAGEVIEWS: 4,083,187 (+10.86%)
 USERS: 1,210,620 (+21.27%)
 SESSIONS: 2,155,331 (+12.37%)

THEATRE.KELOWNA.CA
 PAGEVIEWS: 958,207 (+138.42%)
 USERS: 273,228 (+139.96%)
 SESSIONS: 389,435 (+142.15%)

KELOWNA.CA
 PAGEVIEWS: 3,688,594 (+5.9%)
 USERS: 1,392,683 (+10.72%)
 SESSIONS: 2,155,331 (+12.37%)

13 SOCIAL MEDIA ACCOUNTS

2,012 SOCIAL POSTS CREATED

3,431,911 IMPRESSIONS

+80% REACH

ENEWS

130,103 SUBSCRIPTIONS (+17.22%)

1,394,671 EMAILS DELIVERED

▶▶ BUILDING A VIBRANT COMMUNITY

3.7 ARTS, CULTURE AND COMMUNITY EVENTS ATTENDED ON AVERAGE PER RESIDENT



6 NEIGHBOUR DAY ACTIVITIES

9 PARK ACQUISITIONS INCLUDING TRUSTWELL ROAD DESTINATION BEACH PARK



\$24.14 PER CAPITA INVESTMENT IN THE ARTS



68 NEW BLOCK CONNECTORS

82 DAYS OF OUTDOOR SKATING AT STUART PARK



235 PARKS AND BEACHES

86 PLAYGROUNDS



389 NEIGHBOURHOODS TREE PLANTINGS

1,469 HA OF PARKLAND MAINTAINED



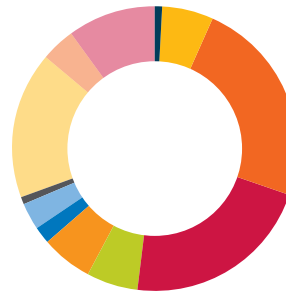
4,534 STRONG NEIGHBOURHOODS PARTICIPANTS

52%

OF TOTAL INFRASTRUCTURE INVESTMENT IN THE NEXT 10 YEARS IS IN PARKS, BUILDINGS AND TRANSPORTATION



2023 CAPITAL PLAN INVESTMENT BY ASSET COST CENTRE*



- Real Estate & Parking (1%)
- Buildings (6%)
- Parks (24%)
- Transportation (22%)
- Solid Waste (6%)
- Storm Drainage (6%)
- Information Services (2%)
- Vehicles (3%)
- Fire (1%)
- Airport (17%)
- Water (4%)
- Wastewater (10%)

*FIGURES ARE ROUNDED AND MAY NOT SUM TO 100 PER CENT.



▶▶ HARNESSING THE POWER OF AI

As part of its digital transformation strategy, in 2023, the City embarked on one of its biggest artificial intelligence (AI) initiatives to date, making it the first municipality in Canada to launch an AI-powered building permit digital assistant.

The chatbot, which is supporting property owners, contractors and developers 24/7 at kelowna.ca, can sift through complex bylaw and technical information and quickly provide easy-to-understand answers and guidance on all aspects of the permitting process.

Faced with unprecedented growth alongside the housing crisis, the City's aim was to reduce the time staff spent answering questions so they could devote more time to processing applications and, ultimately, improve the turnaround time and quality of building permits.

Between its soft launch in October and December 2023, the chatbot managed more than 9,500 questions, with approximately 18 per cent of all chat interactions occurring outside regular work hours, effectively extending the City's service availability.

The chatbot is one of eight chatbots the City has implemented since 2020, using artificial intelligence to enhance its services and operations. The City chatbots handle 25 to 75 per cent of user inquiries without requiring a staff touchpoint.

The next phase of digital assistants will help users fill out applications and fact check paperwork for customers, opening the door to innovation and the possibility to better serve residents and the community.

Learn more at kelowna.ca/intelligentcity.



▶▶ COUNCIL PRIORITIES



►► CRIME AND SAFETY

Representing more than 40 per cent of the City's operating budget, crime and safety is the number one priority for Council, residents and the business community.

In 2023, the City took decisive action to strengthen residents' sense of safety, reduce crime, and enhance the wellbeing of our community. The introduction of a one-per-cent public safety levy facilitated the recruitment of 32 new RCMP and Bylaw officers, 11 firefighters (including one fire mitigation position), and other safety-related positions for 2023 and 2024. Efforts to bolster public safety resources were complemented by the establishment of a 13-member Mayor's Task Force on Crime Reduction. The task force, comprised of community stakeholders, will provide recommendations to Council on community-driven initiatives that help address current gaps and challenges.

Through community partnerships, some highly successful tools and programs—including [business](#) and [community safety toolkits](#), the bike valet, and loan-a-lock program—were introduced in 2023. Bylaw Services launched a Peer Navigator pilot program to enhance connections with unhoused community members, providing support from individuals with lived experiences of homelessness and addiction, helping them access resources and social services related to housing, health, justice, and community wellbeing. Kelowna RCMP launched a Repeat Property Offender Management Program which targets investigative and enforcement efforts on the minority of offenders committing the majority of property crime in Kelowna. RCMP also increased their analytic capabilities, enabling a stronger deployment of finite resources to target enforcement on hot spots during the days and times when crime is occurring most.

Simultaneously, the City's advocacy efforts targeted senior levels of government, urging support for health and justice initiatives, including complex care, integrated crisis response teams, bail reform, and an increase in Crown prosecutors. The City continued to advance the "upstream" Community Safety Plan with provincial government partners and more than 40 non-governmental organizations across the city. Throughout 2023, the City leveraged provincial and federal grant programs, including the Building Safer Communities Fund to reduce youth gang involvement, and offset expenditures for public safety related programs and operations.

A purposeful increase of police and bylaw presence in downtown and Rutland, as well as Crime Prevention Through Environmental Design (CPTED) audits delivered by Community Safety staff, continued to be a focus throughout the year. In addition, Kelowna's Gospel Mission, with support from the City and the Uptown Rutland Business Association, launched Community Coaching workshops to empower business owners with tools to respond to homelessness effectively, and with compassion and confidence. Bylaw Services—which plays a crucial role in addressing homelessness and public safety in our community—contributed to comprehensive strategies to manage public spaces, address health concerns and connect unhoused residents to support services, and promote safety and security throughout our city.

Thanks to combined efforts of the City, including Bylaw Services; RCMP; and the community, RCMP's 2023 data showed a substantial reduction in property crime, including:

- 44 per cent reduction in business break and enter
- 40 per cent decrease in bike theft
- 39 per cent decrease in auto theft
- 29 per cent reduction in theft from motor vehicles

RCMP and the City's Community Safety Department continue to collaborate on persistent and emergent crime and safety issues in our community, such as shoplifting, fraud, and youth online safety.

While Kelowna continues to be a safe place to live, work and raise a family, continued investment in public safety to catch up and keep up with the increasing demands of our rapidly growing city remains critical to our quality of life. The City, including Bylaw Services, in partnership with the community and police, remains committed to reducing the risk of crime and increasing citizens' sense of safety.

Learn more at kelowna.ca/communitysafety.

THE GROUSE COMPLEX: A STORY OF UNITY AND RESILIENCE

On August 15, 2023, 20 years almost to the day after the start of the 2003 Okanagan Mountain Park fire, flames from the Grouse Complex wildfire ignited our city's skyline and threatened communities, homes, and vital infrastructure from Lake Country to West Kelowna. In the aftermath of the frightening event that drove more than 24,000 people from their homes, it was the collective unity and unprecedented, coordinated response that shone most brightly.

More than 500 firefighters and 100 RCMP officers from more than 50 cities and towns joined forces with the Kelowna Fire Department, West Kelowna Fire Rescue, Lake Country Fire Department, North Westside Fire Rescue, BC Wildfire Service, and Kelowna RCMP and Bylaw Services to battle the Grouse Complex which comprised three individual fires: McDougall Creek on the Westside, Clarke Creek in Lake Country and Walroy Lake in Kelowna. Gaining national attention, it was one of the biggest stories of the year.

Leaders from across all levels of government, including Prime Minister Justin Trudeau, Premier David Eby, ministers Harjit Sajjan, Bowinn Ma and Bruce Ralston, along with local MLAs and MPs, joined the City on the ground to demonstrate a shared commitment of support. Behind the scenes—often under personal evacuation fears—Emergency Support Services staff, regional Emergency Operations Centre personnel, and City employees worked tirelessly, embodying the City of Kelowna's organizational values of innovation, teamwork, service, and responsibility.

Amid evacuation orders and alerts, residents demonstrated extraordinary patience, cooperation and community in the face of fear and frustration. Closing the airport, and travel and other restrictions, during the emergency impacted Kelowna's tourism, agriculture, and business communities. However, amid the disaster, these businesses offered lodging, personal effects and other comforts to support displaced residents, visitors and first responders. Residents volunteered at evacuation centres, delivered food, displayed thank you signs, and answered the call to shop local and find ways to support the businesses affected by the fire.

The Walroy Lake wildfire in Kelowna, which reached 733 hectares, was announced held on August 24 after just two weeks, thanks in part to FireSmart efforts and ongoing fuel mitigation treatments to reduce the amount of available fire fuels in our natural areas. While the heroic efforts of fire crews saved hundreds of homes, sadly, four properties in Kelowna were lost or partially lost.

While there was much fear, shock and sadness, the strength and resilience displayed during the Grouse Complex wildfire stands as a testament to the unity that defines our city. We put people first. We care for one another, and, in times of adversity, the collective spirit of our community reminds everyone that, together, any challenge can be overcome.

Learn more at kelowna.ca/fire.





KEY ACTIONS AND ACHIEVEMENTS

- Responded to the Knox Mountain and Grouse Complex wildfires, supporting RCMP route security operations, leading outdoor sheltering emergency contingency planning, and helped with evacuation notification.
- Introduced 1% public safety levy to add more RCMP members, bylaw officers and firefighters.
- Established the Mayor’s Task Force on Crime Reduction.
- Received a \$2 million grant from the Building Safer Communities Fund for the Youth Gang Prevention and Reduction Strategy, in partnership with School District 23.
- Advocated on drug decriminalization pilot project, prolific violent and property offenders, bail reform, complex care beds, and an increase in Crown prosecutors.
- Increased proactive crime hot spot patrols.
- Delivered business and community safety toolkits, and crime prevention through environmental design audits to local businesses and residential stratas.
- Launched bike valet and loan-a-lock programs.
- Implemented a Repeat Property Offender Management Program.
- Advocated for more health and justice supports from senior levels of government.
- Kelowna RCMP released 2024–2026 Strategic Plan.
- Piloted a program pairing a Peer Navigator with bylaw officers, the only formalized partnership of its kind in B.C.
- Bylaw Services responded to the needs of nearly 300 unhoused people throughout the year and is increasingly recognized as Provincial leader in innovative multi-disciplinary outdoor sheltering operations.
- Led Emergency Weather Response contingency planning and coordination of operations.

▶ AFFORDABLE HOUSING

In the last five years, home prices in the Central Okanagan have risen by more than 50 per cent,* with the average home price in Kelowna now sitting at just over \$1 million. Unaffordable home ownership has cascading effects across the housing system, raising demand and prices for rental housing, ultimately making all housing forms less affordable.

The role of a well-functioning housing system is a critical factor in creating healthy, diverse and vibrant neighbourhoods. A growing, thriving community like Kelowna needs a wide range of housing types to meet the needs of residents at all stages of life, including students, young families, seniors, and everyone in between.

Our housing supply must also meet the demands of a rapidly growing population. Kelowna is one of the fastest growing and sought after communities in Canada. Without an adequate supply and diversity of housing, the community's housing challenges will persist. There are many factors outside of the City's control, such as interest rates; housing market dynamics; and land, construction and labour costs. However, we are pulling all the levers within our sphere of influence—such as development regulation and processing, as well as incentives—to affect change and meet our goal to improve housing affordability for our residents.

In 2023, the City was able to issue \$1.8 billion worth of building permits—up 46 per cent from 2022. Having processed permits for 4,039 new homes, the housing supply is set to start catching up to demand after a record year. Multi-unit housing led the way, representing over 87 per cent of building permits issued, with apartment housing rounding out the majority.

The City has also worked hard to create a development environment that is highly supportive of rental housing. Tax incentives, regulatory incentives like reduced parking requirements, and grants have all combined to attract the highest level of investment in purpose-built rental housing in Kelowna's history. At the end of 2023, there were over 2,800 rental homes under construction, with over 7,000 in the development pipeline. This unprecedented level of new supply will help reduce vacancy rates and moderate price increases.

Ground-oriented missing-middle housing was still lagging in 2023 with only 128 new homes issued permits. However, through our Official Community Plan, Kelowna has designated the City's Core Area for higher densities to encourage multi-unit development such as ground-oriented housing and apartments, notably within our five urban centres. Council also recently endorsed the "Middle Income Housing Partnership," a new initiative to use City-owned land to build more housing below market rates. The program aims to deliver new affordable rental housing projects with a minimum of 20 per cent of units that are 20 per cent below market rate.

Over the course of 2023, the City continued work on the Infill Options program. The program was designed to implement changes across City regulations and processes to support a greater variety of ground-oriented housing options throughout our community.

In the fall, the City was the successful recipient of \$31.5 million in grant funding from the Housing Accelerator Fund. The funding will be spent over the course of the next three years to improve the supply and diversity of housing being delivered to meet the needs of current and future Kelowna residents. The grant will support seven initiatives over the next two years, including items such as supporting development along transit corridors, acquiring land, and exploring new partnerships for affordable housing.

The City also advanced several important initiatives, including restrictions on Short Term Rental (STR) accommodation. Following the provincial government's STR regulations, the City amended Kelowna's Zoning Bylaw to remove STRs as a secondary use to help ensure rental properties are used for residents and will contribute to targets within the [Housing Needs Assessment](#).

The City will be working throughout 2024 to align with new provincial legislation around STR accommodation, infill housing and transit-oriented development. Taken together, these represent the most sweeping land use changes in Kelowna in decades. Through these shifts, more compact, complete communities will be easier and faster to build.

*SOURCE: ASSOCIATION OF INTERIOR REALTORS



KEY ACTIONS AND ACHIEVEMENTS

- Completed a Housing Needs Assessment.
- Secured \$31.5 million in funding from the Federal Housing Accelerator Fund to help build the housing we need faster.
- Obtained over \$26 million, through the BC Growing Communities Fund, toward our infrastructure needs.
- Moved forward with the Middle Income Housing Partnership Program.
- Expanded the Infill Options Program.
- Advanced urban centre planning.
- Updated rules related to secondary residences in the ALR.
- Updated bylaws to support new local and provincial short-term rental regulations.
- Introduced a digital building permit tool.

For more information, visit kelowna.ca/housing.



**106 SUBSIDIZED
HOUSING UNITS
COMPLETE**



**1,843 SUBSIDIZED
RENTAL UNITS
REACHED**



**2,800 RENTAL HOMES
UNDER CONSTRUCTION,
WITH OVER 7,000 IN THE
DEVELOPMENT PIPELINE**



**3,406 SUPPORTED
HOUSING UNITS
REACHED**



**PROCESSED
PERMITS FOR 4,039
NEW HOMES**



**8,786 MARKET
PURPOSE-BUILT RENTAL
HOUSING UNITS REACHED**



▶▶ HOMELESSNESS

Homelessness is not unique to Kelowna but is presenting as a dynamic and rapidly changing problem locally and across Canada. It poses a complex and pressing societal challenge, significantly impacting individuals and communities. While the City continues to advocate for the necessary health and housing supports from senior levels of government, we have assumed a progressively larger role in addressing the homelessness crisis and outdoor sheltering response in Kelowna.

Through the 2024 budget, Council committed to additional resources for the Social Development Department. The enhanced department will support and connect the local social serving sector and facilitate collective action among diverse leaders to enhance social wellness and respond to various complex challenges, including homelessness.

In October, the City signed a memorandum of understanding (MOU) with the Province, formalizing a commitment to work together to better support people who are unhoused, including those sheltering in encampments, and to help prevent encampments in the future. Through the MOU, the City committed to bring forward available land and expedite land-use decisions for new shelter and transitional housing projects.

The partnership has since resulted in the construction of 120 units of transitional housing, including 60 individual units and 60 modular housing units, which opened

in 2024. The Province, through BC Housing, provided \$9.3 million to construct two transitional housing sites from the new Homeless Encampment Action Response Temporary Housing (HEARTH) program.

Located at 759 Crowley Avenue and 2740 Highway 97 North, the housing is staffed 24/7 and offers residents access to skills training and support navigating the housing system. The goal is to transition individuals from local shelters to more independent housing, freeing up shelter spaces for those in encampments and others facing homelessness.

The City has remained a leading and consistent advocate for enhanced care and support for B.C. residents who require complex care in conjunction with their housing needs. We continue to offer municipally owned land contributions to the Province for a new purpose-built complex care centre while working closely with Interior Health to address the need for more complex care beds in our city.

The health issues and struggles of individuals experiencing unsheltered homelessness, staying in shelters, or in precarious housing, impacts not only their individual health, but also community functioning and the wellness of all. While 2023 marked a major step forward in establishing more housing solutions, the City remains committed to building momentum as a leader in addressing homelessness locally.

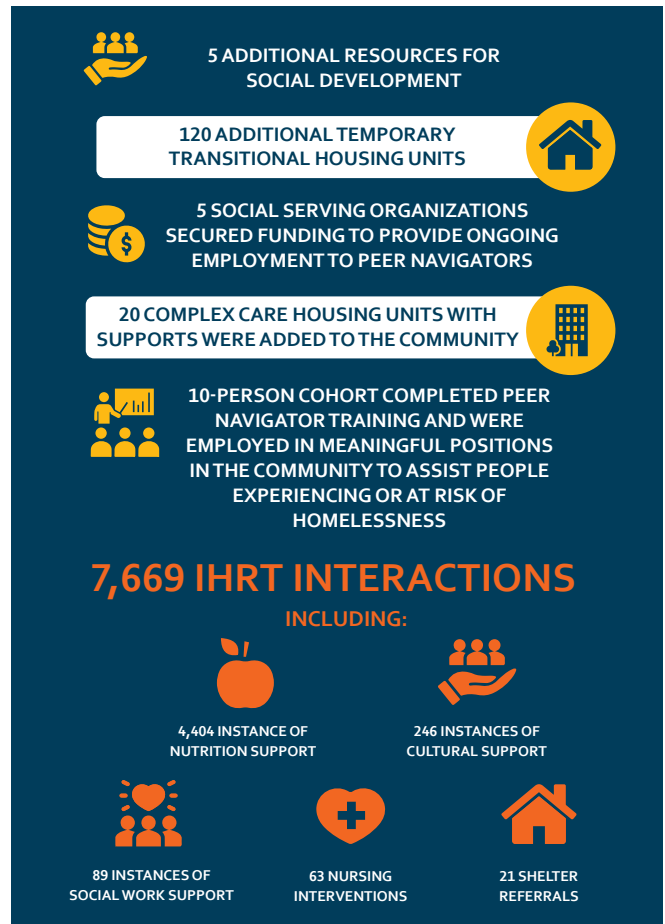




KEY ACTIONS AND ACHIEVEMENTS

- Supported the advancement of the Social Development Department to address homelessness and outdoor sheltering response.
- Provided land and entered into an agreement with the Province to open 120 new units of temporary housing: [STEP Place](#) and [Trailside Transitional Housing Site](#).
- Put forward a mental health and addictions treatment resolution to Southern Interior Local Government Association.
- Supported the Indigenous Harm Reduction Team (IHRT) in the delivery of nine workshops, attended by 130 health care practitioners, to increase cultural safety and reduce stigma and racism in healthcare settings; as well as C̓p̓l̓kx̓w̓Ix̓w̓alt "Returning to Ourselves," a six-week program that integrates cultural knowledge and practices with evidence-based recovery treatment strategies. The projects were conducted through partnerships with Ki-Low-Na Friendship Society, PEOPLE Lived Experience Society, Interior Health and Urban Matters CCC with funding from Health Canada's Substance Use and Addictions Program.
- Received funding from the Union of BC Municipalities to advance innovate, community-led food security initiatives.

Learn more at kelowna.ca/social.





▶ TRANSPORTATION & MOBILITY

A well-functioning transportation system isn't just a convenience—it's the backbone of daily life, ensuring the smooth flow of people and goods throughout the city. It is a catalyst for economic growth; connects residents to opportunities, resources, and each other; and is a steward of environmental sustainability.

Socially, the benefits of a well-connected city are profound. Accessibility to employment centres increases job opportunities, particularly for low-income communities reliant on public transportation. It promotes inclusivity by breaking down barriers to mobility, reduces social isolation among vulnerable populations including seniors and people with disabilities, and provides residents with access to essential services and social activities.

Environmentally, a robust transportation system plays a crucial role in reducing carbon emissions and combating climate change. By providing and promoting viable alternatives to private car usage, cities can significantly decrease their carbon footprint and improve air quality, while at the same time reducing road congestion—something that is top of mind for Kelowna residents and Council, considering how quickly our community is growing.

Kelowna residents make approximately 85 per cent of their trips by vehicle, either as a driver or a passenger. The remaining 15 per cent of trips are made by other means like biking, walking, and public transit. To help keep Kelowna moving, now and into the future, the City's 2040 Transportation Master Plan includes over 100 recommended actions that will help us maintain and renew our existing infrastructure, create fast and reliable transit,

improve road connections, develop comfortable bicycle routes, create walkable neighbourhoods, and help people use and enjoy new ways of getting around.

In 2023, the City invested nearly \$70 million in transportation infrastructure, including roads, transit, and active transportation. In addition, we collaborated with BC Transit for a successful application valued at \$29 million in funding to improve, grow and electrify regional transit service. We began design work on extension projects for Commonwealth Road, Frost Road, and Clement Avenue to Highway 33. We also partnered with the Province on both the Highway 97 and the Goods Movement studies, in collaboration with the Chamber, and are collaborating with UBCO on various research initiatives including improving the connectivity of the university, airport and downtown Kelowna, via the Okanagan Rail Trail corridor.

The 2024 budget has earmarked \$33 million in transportation infrastructure projects. In addition, staff are working to accelerate an approximately \$60 million investment to deal with capacity and congestion on our important network roads.

Working alongside the 2040 Official Community Plan, these transportation investments, and those noted below, are setting the direction for a vibrant city offering diverse transportation options that conveniently connect people and places, and help to deliver on our goals of a more sustainable, equitable future.

Learn more at kelowna.ca/transportation.

KEY ACTIONS AND ACHIEVEMENTS

Biking, Walking and Micromobility:

- Extended the bike network with the Houghton ATC (Hollywood to Rutland) and Casorso ATC (KLO to Barrera).
- Installed five new crosswalk rectangular rapid flashing beacons (RRFBs) and completed designs for five more.
- Installed sidewalk on Cameron Ave. and Innovation Drive.
- Added lighting to Okanagan Rail Trail.
- Moved forward on the Bertram Street Multiuse Overpass.
- Published the new 2023 Kelowna bike map.
- Completed the Neighbourhood Bikeways Study.
- Doubled ridership of the Micromobility Program (2022–2023).

Transit:

- Recorded highest level of service hours (209,000) ever across the region.
- Continued project development for the new Hollywood Transit Centre.
- Started expansion plan and lease extension at the Hardy Transit Centre (for interim capacity).
- Completed Rutland Local Area Transit Plan.
- Completed Mission Transit Network Restructuring Plan.

Road Improvements:

- Opened South Perimeter Way.
- Planning and design underway for Clement/Highway 33 extension, Commonwealth Rd., Burtch Rd., and Frost Rd.
- Managed 10 traffic calming projects (two delivered, five designs ready for construction).
- Delivered the Regional Goods Movement Study, a joint partnership with Ministry of Transportation and Infrastructure (MoTI).
- Continued tracking of travel times using cloud-based data.
- Supported the delivery of MoTI's Central Okanagan Integrated Transportation Strategy.



SOURCE: ICBC COLLISION DATA

▶▶ AGRICULTURE

The role of agriculture in our community is of both great historical and current significance. It has played a crucial role in Kelowna's economy for generations and is a significant part of Kelowna's identity. It has shaped our development pattern and culture, and is integral to our food system.

More than 10,000 HA (46%) of the City's land base is zoned agricultural and, of that, over 8,600 HA (40%) are within the Agricultural Land Reserve (ALR). More than 1,000 parcels are actively farmed in Kelowna—contributing to the approximately \$130 million in wholesale revenue and \$900 million in economic activity in the Central Okanagan.

The pressure to find new land for a growing city can undermine otherwise viable agricultural lands over time. Protecting and preserving agricultural lands has never been more important for their economic and aesthetic value. As climate change becomes a local reality, agricultural land will play a growing role in food security and climate adaptation.

The Official Community Plan (OCP) Growth Strategy focuses most of Kelowna's future growth into the Urban Centres and the Core Area, with some growth targeted in the Gateway and Suburban Neighbourhoods districts. This approach aims in part to protect and preserve our city's agricultural lands so they can be utilized to grow crops and support our economy.

Over the past year, we have increased coordination with the Agricultural Land Commission through a term agriculture planner position and updated the zoning bylaw to align with the Agricultural Land Commission's legislation related to secondary residences in the ALR. We have also established an Agricultural Advisory Committee to advise Council on issues important to the agricultural and agri-business community.

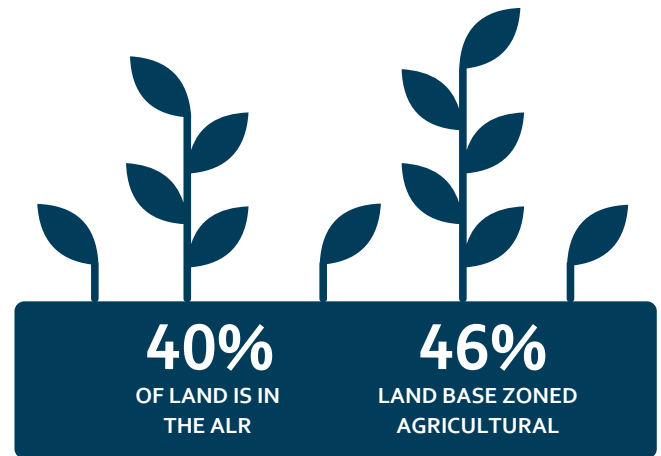
To have a better understanding about active farming in Kelowna, the Province of BC, in collaboration with the City and Regional District of Central Okanagan, is completing an update of the Agricultural Land Use inventory.

This project would update the 2014 inventory, describing crop type, irrigation, livestock, farm practices and buildings on agricultural land. With an updated inventory, more accurate agricultural water demand predictions for different climate scenarios can be created and used for informed decision making.

Lean more at kelowna.ca.

KEY ACTIONS AND ACHIEVEMENTS

- Permanent home found for Kelowna Farmers' and Crafters' Market in the Landmark District.
- Updated rules related to secondary residences in the ALR.
- Agricultural Advisory Committee to advise Council on agricultural issues and sustainable land use from a cultural, economic, and environmental perspective.



983 ACTIVELY FARMED PARCELS (EQUIVALENT TO 29.9% OF LAND IN KELOWNA)





SQUASH
\$4

JALAPENO
\$4

CUCUMBER
\$2

\$5

▶▶ CLIMATE AND ENVIRONMENT

The Knox Mountain and Walroy Lake wildfires in 2023 served as yet another stark reminder of the devastating impacts of climate change on our community. While some effects like wildfires and floods are visible, many other subtle environmental changes are occurring, such as shifts in the atmosphere and in wildlife and water habitats, all of which contribute to the intricate web of climate impacts.

As we face increased frequency and intensity of extreme weather events, the consequences ripple through various aspects of our lives. Changes in temperature and precipitation patterns not only lead to increased fire and floods, but also disrupt agricultural production, exacerbate water scarcity and health risks, cause biodiversity loss, and force economic disruptions—each resulting in cascading impacts to things like our air quality, food security, healthcare costs, supply chains, and even our ability to control invasive species.

In response, the City of Kelowna has taken proactive steps to prioritize environmental protection and climate resilience. In 2023, we created a Climate Action & Environment Department to apply a climate lens to policy development and decision-making. Through initiatives like the updated Climate Resilient Kelowna Strategy, Urban Forestry Strategy, and investment in sustainable infrastructure, we're striving to build a more resilient and sustainable future for our community.

By focusing on compact, energy-efficient growth and investing in alternative transportation infrastructure, we aim to reduce greenhouse gas emissions and promote a healthier, more sustainable way of living. The City is also investing in sustainability across our operations and infrastructure, including the redevelopment of Parkinson Recreation Centre, which will be built to a high sustainability and efficiency standard. In addition to new incentives to support homeowners in home energy retrofitting, in 2023, the City introduced a variety of community programs to help build resiliency and address climate and environmental issues.

Together, we're working towards a future where our environment is safeguarded, our community thrives, and future generations can enjoy the beauty of Kelowna for years to come.

For more information, visit kelowna.ca/environment.

On September 20, 2023, the City of Kelowna received the 2023 Climate & Energy Action Award in the Community Planning & Development category at the Union of BC Municipalities (UBCM) Convention in Vancouver. The award from the Community Energy Association recognized the contribution Kelowna made to building resilience to wildfires through a FireSmart and community chipping program. Hundreds of metric tonnes of flammable cedar, juniper, mugo pine and other coniferous debris were removed from over 250 private properties by City of Kelowna crews and contractors.

KEY ACTIONS AND ACHIEVEMENTS

- Established a Climate Action & Environment Department.
- Drafted the Climate Resilient Kelowna Strategy.
- Drafted the Urban Forestry Strategy.
- Advanced a new homeowner energy retrofitting program.
- Offered home energy and EV charging rebates.
- Introduced the Facility Energy Modernization Renewal Program.
- Updated the zoning bylaw to require EV charging outlets in most parking stalls in new residential buildings.
- Expanded public EV charger network to 19 available chargers.
- Initiated the last phase of Rutland's Kelowna Family Y energy upgrades, estimated to mitigate 160 tonnes of CO₂e per year.
- Advanced the Mill Creek flood protection and restoration project.
- Expanded the City's marine program through increased enforcement and removal of illegal buoys.
- Continued forest fuel management to improve the health of the natural forest area and protect surrounding areas in the event of a wildfire.
- Completed a Construction & Demolition Debris Recycling Feasibility Study, in partnership with the Regional District of Central Okanagan, to identify waste reduction options to lower GHG emissions.

See more climate and environment highlights and actions in the transportation council priority section on [page 32](#).



5 NEW ZERO EMISSION ELECTRIC FLEET VEHICLES

8 NEW PUBLIC CHARGING STATIONS IN LOTS AND PARKADES



9 SCHOOLS PARTICIPATED IN CLEAN AIR AND SAFE ROUTE 4 SCHOOL PROGRAM

METHANE CAPTURED FROM THE LANDFILL

67.2%



31.72% WASTE DIVERSION RATE

68,246 TONNES OF MATERIAL RECYCLED INCLUDING 44,501 TONNES OF ORGANICS



150 PARK TREES PLANTED, 350 STREET TREES PLANTED AND 389 NEIGHBOURHOODS TREES PLANTED

200 IDLING AWARENESS SIGNS INSTALLED



146,911 TONNES OF WASTE DISPOSED

1,683 TONNES OF WASTE DISPOSED FROM BURNT HOMES DUE TO WILDFIRES





▶▶ CORPORATE PRIORITIES

City of Kelowna's leadership team has identified the following three corporate priorities to guide the organization toward success, financial strength, and stability. Citizens can view a detailed progress report on corporate priorities at opendata.kelowna.ca.

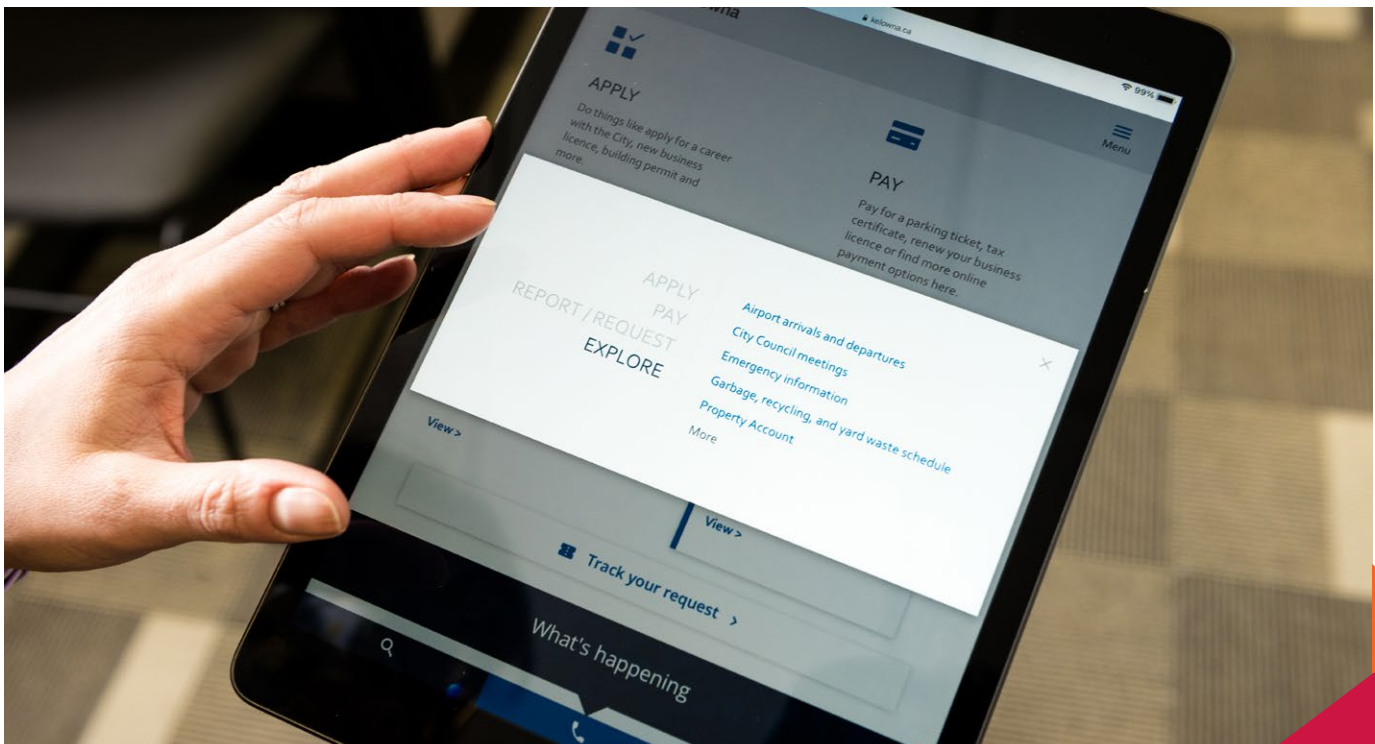
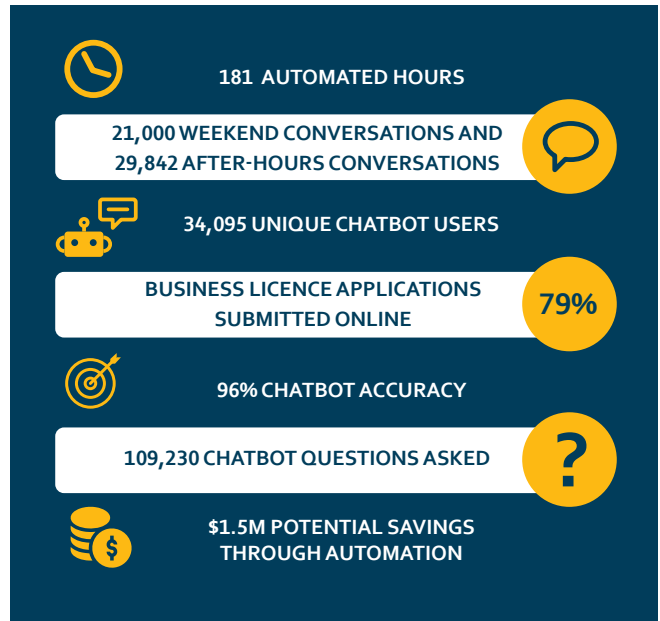
▶▶ DIGITAL TRANSFORMATION

Digital transformation is the integration of digital technology into all areas of our organization, fundamentally changing how we operate and deliver value to customers. It involves the adoption of new technologies, the redesign of business and operational processes, and the development of new business models. Our digital transformation vision is focused on data informed decision making, improving the online service experience, and making processes more efficient.

KEY ACTIONS

- Levered Artificial Intelligence (AI) to summarize staff reports and shorten staff reading time.
- Automated resident request process to speed response times.
- Automated invoice processing reducing days of work to 45 minutes.
- Expanded the Open Kelowna data site to include robust and interactive progress reporting on the Official Community Plan and Transportation Master Plan.
- Expanded the deployment of digital assistants (phone and chat) across all customer service lines.
- Advanced development, with BC Transit, on a new on-demand transit technology trip booking service.

- Unlocked data from the enterprise asset managements system (CityWorks) to allow deeper analysis of service level and cost information including how much we spend.
- Provided access to water and wastewater SCADA data for analytics and predictive modeling.
- Pioneered embracing AI and MS Copilot technology.



▶▶ ACTIVE FINANCIAL MANAGEMENT

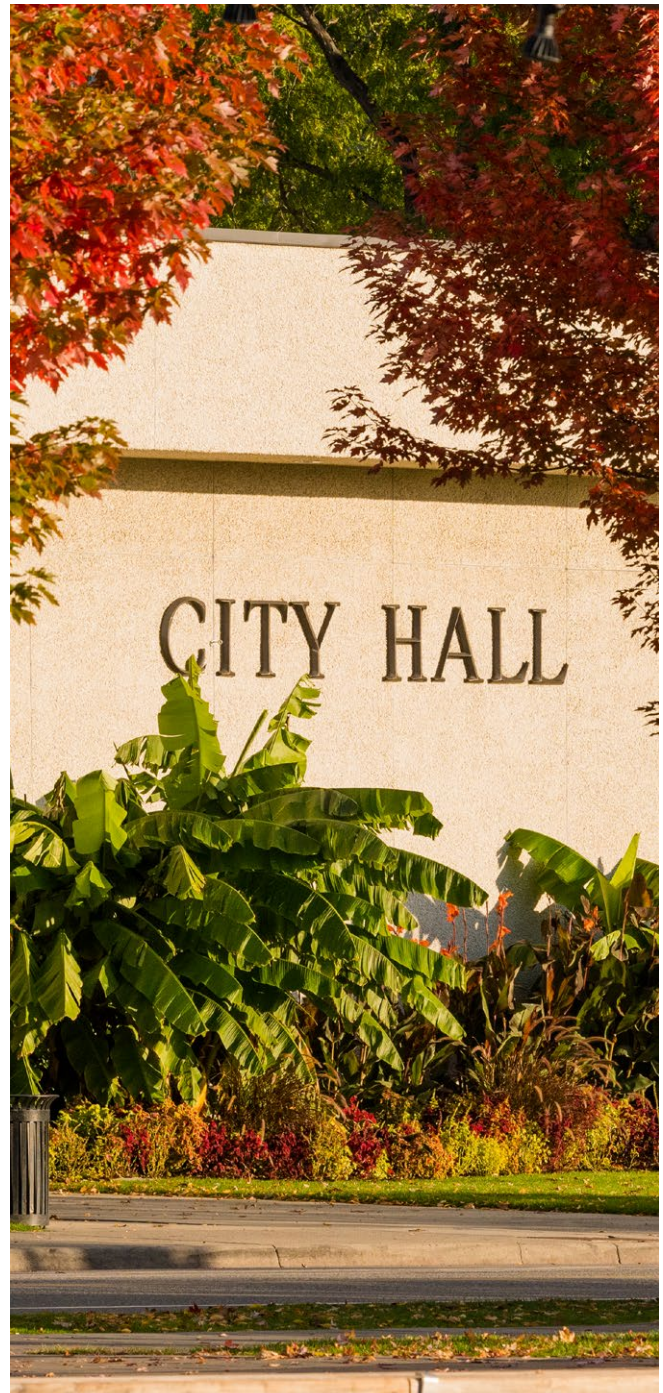
Active financial management is the ongoing monitoring and management of our financial resources to help us achieve our organizational and community goals, while ensuring long-term financial stability and program sustainability. Our focus is on enhancing the City's budget process to better align resources with priorities and meet defined service levels, as well as developing initiatives to increase non-tax revenue and further minimize the City's reliance on tax revenue.

KEY ACTIONS AND ACHIEVEMENTS

- Mapped operating cost centres to services and added performance measures in each service area, allowing Council and residents to more clearly see the amount of budget going to priority services.
- With an increased line of sight, redeployed \$1.5 million of unanticipated investment interest revenue mid-year to support the affordable housing Council priority and \$1 million of parking revenues to reduce the taxation required for the 2024 budget.
- Conducted a survey of all revenue generating service areas to understand their current recovery type, rate calculation, and review schedule.
- Introduced a cash flow budgeting methodology to reduce early collection of property taxation revenue.
- Introduced an endowment fund investment to maximize returns and provide long-term predictable interest revenue to support Council priorities while protecting the principal investment for future generations.
- Added quarterly financial reporting to Council, and the benchmarking of financial metrics to allow for comparison to other cities moving forward.
- Completed a comprehensive "Driving Municipal Revenue" study which included a national scan of best in class municipal approaches, tools and innovative structures for alternative revenue generation.
- Maintained an occupational health and safety policy and management system that goes beyond the legal requirements to keep staff safe and to receive rebates on WorkSafeBC premiums.

22 GRANTS AWARDED TOTALING **\$68M**

50 GRANT CONTRACTS
MANAGED AT A VALUE OF **\$129M**

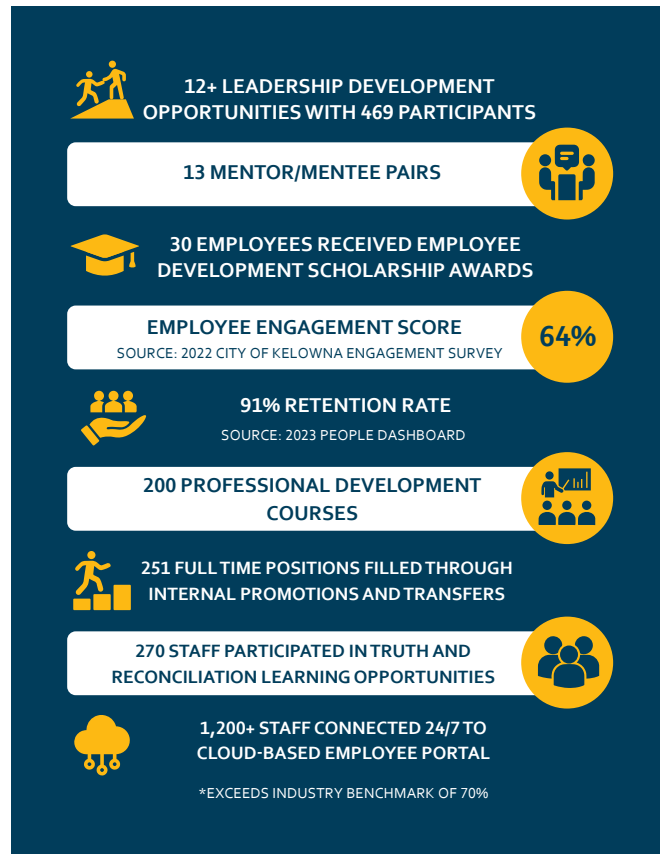


▶▶ OUR PEOPLE

Our people are the most valuable asset of our organization. They are the driving force behind our success, and their skills, knowledge, and expertise are essential for achieving our organization's and community's goals. Investing in our people means providing them with the training, development, and support they need to succeed. It also means creating a positive and inclusive workplace culture, where everyone feels valued and respected. We want to see increased opportunity for all employees, regardless of position or role, and to help them learn and grow their leadership competencies.

KEY ACTIONS AND ACHIEVEMENTS

- Completed Phase I of our Mental Health Strategy to identify opportunities to support employee wellbeing and engagement.
- Enhanced our learning and development opportunities, offering more than 200 courses and workshops, as well as mentoring and coaching programs.
- Continued implementation of our Diversity, Equity and Inclusion (DEI) strategy, including the launch of DEI training for all staff.
- Hosted a variety of recognition events and awards, including Employee Excellence Awards, the Long Service Awards, and the Safety Awards.
- Updated the Employee Development Scholarship policy to reduce the financial barriers for career development.
- Delivered unconscious bias training to all managers to improve impartial recruitment and selection.



▶▶ 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 2023 and for the 21st year in a row, the City was awarded the Canadian Award for Financial Reporting and for the 22nd 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, 2022. 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 GFOA to determine its eligibility for another award.

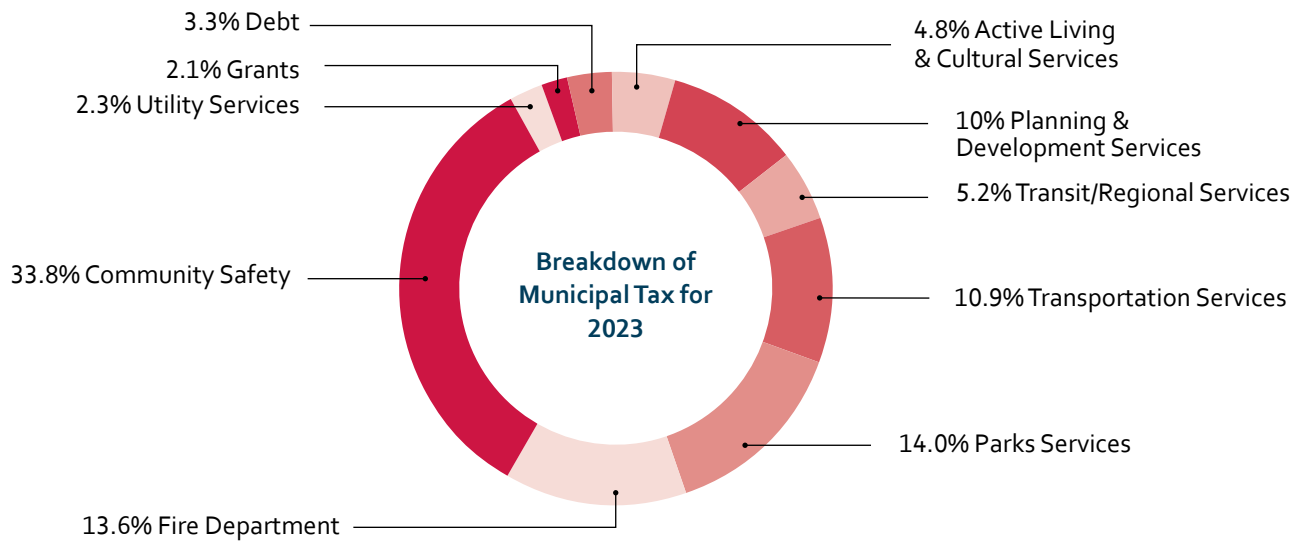
PROVISION OF SERVICES & SUPPORT FOR GROWTH

In December of 2022, Council approved the 2023 Financial Plan – Preliminary volume with a tax increase of 3.80 per cent, followed by the addition of the 2023 Carryover budget in March 2023. Staff were able to plan for 2023, incorporating the effects of ongoing supply chain disruptions, labour shortages, and inflationary pressures not seen in almost 40 years.

The 2023 Financial Plan leaned into our core principles and strategies for financial strength and stability to fulfill our mandate to serve the needs of our growing community while facing economic challenges. The budget prioritized maintaining and expanding critical infrastructure and directing funding towards the highest needs of the community. The 2023 Final Budget, as approved by Council in April of 2023, had a tax increase of 3.78 per cent, which was two basis points lower than the Approved Preliminary Budget.

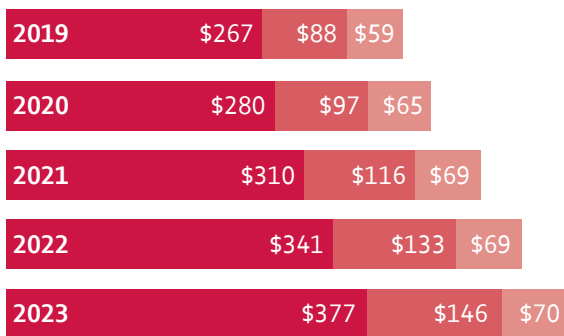
The City budgeted to collect a total of \$310.2 million in taxation revenues, 57 per cent of which was retained for municipal purposes. The remaining 43 per cent is levied on behalf of other governments and agencies to provide funding for schools, the Regional District of Central Okanagan shared services, 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 infrastructure needs wherever possible in achieving strategic servicing goals. Pay-as-you-go capital project funding represented 8.6 per cent of the 2023 taxation requirement. The service area with the highest cost with funding from municipal taxation is Community Safety, including RCMP, at 33.8 per cent, followed by Parks services at 14 per cent and the Fire Department at 13.6 per cent.



CONSOLIDATED RESERVES & SURPLUS

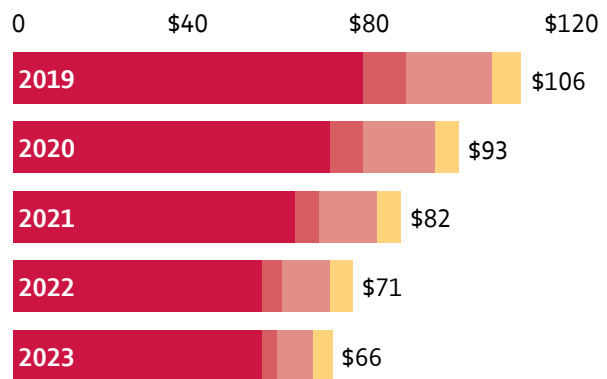
millions



● Reserve for future ● Statutory ● Surplus

LONG TERM DEBT

millions



● General ● Wastewater ● Airport ● Water

CITY RESERVES

Reserves form an integral component of the City’s budget and strategic financial plan to help ensure equity between current and future taxpayers. The City maintains reserves to achieve the following policy objectives:

- To acquire, replace and renew major capital assets
- To ensure stable, predictable tax and utility levies
- To minimize the financial impact of unusual and unexpected events including but not limited to law enforcement, weather events, insurance claims, tax assessment appeals, environmental hazards and other significant unexpected or emergent issues
- To achieve long-term financial stability
- To balance the costs of maintaining sufficient Reserve levels to current and future taxpayers
- To fund asset retirement obligations

City reserves are established, maintained and used for specified purposes as mandated by statute, City bylaw or Council policy.

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 fund 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 2040 Official Community Plan that estimates a total population of nearly 180,000 by the end of 2040. The 20-Year Servicing Plan and Financing Strategy provides the infrastructure requirements and supportive cost sharing for all assets out to 2040. 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 20-Year Servicing Plan and Financing Strategy underwent a comprehensive review in 2022 to align with the 2040 Official Community Plan resulting in a new DCC bylaw adopted in October 2022. This update added a new service, Drainage, to provide for investment in the City's primary drainage corridors and outfalls impacted by growth. The total program cost is \$1.3 billion of infrastructure assets to meet the needs of growth by 2040. The funding for the program is 65 per cent from Development, 29 per cent from City funds, and six per cent from Developer Constructed Works and senior levels of government. Arterial Roads maintain the largest share of the program at \$528 million; followed by Park Development and Land Acquisition at \$462 million, Wastewater Treatment at \$122 million, Wastewater Trunks at \$63 million, Water Distribution at \$62 million and Drainage at \$58 million.

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 2023, a deficit in Water Sector B reserve was covered from Water 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 growth-related infrastructure. The municipal assist factor is separate from costs allocated between growth and the existing users on the basis of benefit. The level of the assist, determined by City Council, reflects the community's desire to encourage development by reducing the DCC rates by the level of assist adopted.

City of Kelowna Municipal Assist Factor

Roads	16%
Parks	11%
Water	2%
Wastewater	2%
Drainage	2%

FUTURE PLANS

Total 2024 program expenditures are projected at \$61.4 million made up of the following major projects:

Parks Acquisition

\$16.7 million – Parkland Acquisition

Parks Development

\$16.0 million – DeHart Park, Glenmore Recreation Park, Burne Park, Mission Recreation Park – Softball Diamonds, Mill Creek Linear Park, and Parkinson Recreation Park Field Realignment

MAJOR PROJECT EXPENDITURES IN 2023

Parks Acquisition

\$15 million – Truswell Road

\$6.3 million – 1885/1893/1915 Barlee Road

Parks Development

\$1.0 million – Kelowna's Newest Waterfront Park (Pandosy Waterfront Park)

\$1.0 million – Mission Recreation Park – Softball Diamonds

\$0.4 million – Tower Ranch Park

\$0.3 million – Ballou Park

\$0.3 million – DeHart Park

Roads

\$5.9 million – South Perimeter Road Agreement - Repayments

\$4.0 million – Sutherland Road - ATC and Land Acquisition

\$1.1 million – Houghton Road - ATC

\$1.1 million – Casorso Road - ATC

Roads

\$12.3 million – Stewart Rd West – Road Improvements, Sutherland Road – ATC, Dilworth Road – ATC, Leckie Road – ATC, Abbot Road – Protected Bike Lane, Burtch Road – Road Improvements, K.L.O. Road/Spiers Road/Hall Road – Intersection and Road Improvements, Frost Road – Road Improvements, Clement Avenue – Road Improvements, and South Perimeter Road Agreement – Repayments

Water

\$1.9 million – Poplar Point to Dilworth Mountain Transmission Upgrade Design, Summit Reservoir, and Royal View Transmission Mainline - Knox to Gordon

Wastewater Trunks and Treatment

\$8.3 million – Glenmore Connection – Glenmore Rd from Cross Rd to Scenic Rd, Water Street Lift Station, and Byrns to Baron Trunk Phase 2

Drainage

\$1.0 million – Mill Creek Flood Protection.

Development Cost Charge Reserve Funds*

(thousands of dollars)

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance
Parks Land/Development	\$ 41,826	\$ 54,820	\$ 1,772	\$ 27,285	\$ 71,133
Roads	86,381	27,726	3,116	13,193	\$ 104,030
Water	17,112	1,910	633	(3,115)	\$ 22,770
Wastewater	2,819	12,768	192	192	\$ 15,587
Drainage	3	160	1	–	\$ 164
Total	\$ 148,141	\$ 97,384	\$ 5,714	\$ 37,555	\$ 213,684

*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.

Waivers and Reductions: The *Local Government Act* provides an option to grant relief from DCCs for eligible types of development which include not-for-profit rental housing, for-profit affordable rental housing, subdivision of small lots designed to result in low greenhouse gas emissions and development designed to result in low environmental impact. In 2023 no waivers or reductions were granted.

On July 24, 2023, Council adopted the 10-Year Capital Plan (2023 to 2032), which identifies all the City's planned infrastructure investment for the next 10-Years.

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



2023

	Legal Name	Type of Property
1	FortisBC Inc	Electrical Utility
2	Orchard Park Shopping Centre	Shopping Mall
3	Al Stober Construction Ltd	Commercial Building
4	DHL No 48 Holdings Ltd	Multiple Types
5	McIntosh Properties Ltd	Shopping Mall
6	Aqua Resort Ltd	Multiple Types
7	RG Properties Ltd	Shopping Mall
8	4231 Investment Ltd	Multiple Types
9	Victor Projects Ltd	Multiple Types
10	Dilworth Shopping Centre Ltd	Shopping Mall

2022

	Legal Name	Type of Property
1	Al Stober Construction Ltd	Commercial Building
2	FortisBC Inc	Electrical Utility
3	Orchard Park Shopping Centre	Shopping Mall
4	McIntosh Properties Ltd	Shopping Mall
5	Victor Projects Ltd	Shopping Mall
6	Inland Natural Gas Co Ltd	Gas Utility
7	Midwest Ventures Ltd	Multiple Types
8	Callahan Construction Company Ltd	Multiple Types
9	Jabs Constructions Ltd	Multiple Types
10	3752 Investments Ltd	Multiple Types

Source: City of Kelowna Financial Services Department.

PERMISSIVE TAX EXEMPTIONS

Art Gallery, Museum, Heritage, Cultural Purpose

Central Okanagan Heritage Society	\$7,798
Centre Culturel Francais De L'Okanagan	\$3,732
Chabad Okanagan Society	\$2,153
German – Canadian Harmonie Club	\$5,440
Kelowna Art Gallery	\$107,033
Kelowna Canadian Italian Club	\$5,783
Kelowna Museums Society (Kelowna Centennial Museum)	\$93,671
Kelowna Museums Society (Laurel Packing House)	\$50,242
Kelowna Museums Society (Okanagan Military Museum)	\$63,693
Kelowna Visual and Performing Arts Centre Society	\$91,527
OCCA Communities Association	\$1,621
Okanagan Symphony Society	\$20,361
Roman Catholic Bishop of Nelson Pandosy Mission	\$2,796
Westbank First Nation	\$8

Athletic or Service Club

Central Okanagan Land Trust	\$12,416
Central Okanagan Small Boat Association	\$33,114
East Kelowna Community Hall Association	\$2,349
H2O Adventure & Fitness Centre	\$161,422
Kelowna & District Fish & Game Club	\$4,446
Kelowna Badminton Club	\$8,795
Kelowna Cricket Club	\$464
Kelowna Curling Club	\$21,014
Kelowna Lawn Bowling Club	\$14,150
Kelowna Major Men's Fastball Association	\$18,223
Kelowna Minor Fastball Society	\$2,446
Kelowna Outrigger Racing Canoe Club Association	\$25,308
Kelowna Riding Club	\$5,036
Kelowna United Football Club	\$247
Kelowna Yacht Club	\$8,463
Nature Trust of BC	\$55,067
Okanagan Gymnastic Centre	\$15,372
Okanagan Mission Community Hall Association	\$5,673
Rutland Park Society	\$9,131
Scouts Canada	\$11,565

Charitable or Philanthropic

BC Society for Prevention of Cruelty to Animals	\$ 14,025
BHF Building Healthy Families Society	\$2,283
Big Brothers Big Sisters of the Okanagan Society	\$4,787
Bridges to New Life Society	\$5,322
Canadian Mental Health Association	\$8,484
Central Okanagan Community Food Bank Society	\$ 25,584
Central Okanagan Emergency Shelter Society	\$5,240
Columbus Holding Society	\$5,223
Daycare Connection Childcare Society	\$915
Father DeLestre Columbus Society	\$747
Immaculate Conception Parish	\$2,579
Kalano Club of Kelowna	\$7,966
Kelowna & District S.H.A.R.E. Society	\$10,861
Kelowna & District Safety Council Society	\$3,441
Kelowna Community Resources	\$23,905
Kelowna Gospel Mission Society	\$16,044
Kelowna Senior Citizens Society of BC	\$9,735
Kelowna Trinity Baptist Church Legacy Foundation	\$888
Kelowna Yoga House Society	\$12,098
Kelowna(#26) Royal Canadian Legion	\$6,127
KGH - Rutland Auxiliary Thrift Shop	\$11,448
Ki-Low-Na Friendship Society	\$35,557
MADAY Society for Seniors	\$2,833
National Society of Hope	\$5,804
New Opportunities for Women (NOW) Canada Society	\$3,184
Okanagan Boys & Girls Clubs	\$109,002
Okanagan Halfway House Society Inc	\$8,656
Okanagan Mental Health Services Society	\$1,887
Pathways Abilities Society	\$23,158
Reach Out Youth Counselling & Services Society	\$5,451
Resurrection Recovery Resource Society dba Freedom's Door	\$21,556
Salvation Army Community Resource Centre	\$29,888
Society of St. Vincent De Paul of Central Okanagan	\$5,372
Starbright Children's Development Centre Assoc.	\$28,845
The Bridge Youth & Family Services Society	\$8,515
Tourism Kelowna Society	\$15,165
YMCA of Okanagan Association	\$4,103

Hospital Licenced Under Community Care Facility Act

Canadian Cancer Society \$16,239

Partnering

Capital News Centre \$53,807

Prospera Place \$238,261

Private Schools

Aberdeen Hall Preparatory School Society \$24,451

Immaculata Regional High School \$547

Kelowna Christian Centre School \$106

Kelowna Christian School \$12,028

Seventh Day Adventist Church (Private School) \$225

St. Joseph Elementary School \$40,284

Public Worship

Apostolic Resource Centre Society \$17,876

BC Assn of Seventh Day Adventist \$1,740

C3 Church \$3,983

Christ Evangelical Lutheran Church \$5,004

Church of the Nazarene \$3,534

Corpus Christi Roman Catholic Parish \$5,360

Dormition of the Mother of God \$4,322

Evangel Tabernacle Church \$4,436

Faith Lutheran Church \$5,483

First Baptist Church \$5,978

First Lutheran Church of Kelowna \$7,620

First Mennonite Church \$4,733

First United Church \$7,988

Glenmore Congregation of Jehovah's Witnesses \$6,192

Grace Baptist Church \$10,161

Gurdwara Guru Amardas Darbar Sikh Society \$3,024

Kelowna Bible Chapel \$8,150

Kelowna Buddhist Society \$5,340

Kelowna Christian Centre Church \$8,431

Kelowna Christian Reformed Church \$8,025

Kelowna Congregation of Jehovah's Witnesses \$3,644

Kelowna Full Gospel Church \$3,505

Kelowna Gospel Fellowship Church \$5,621

Kelowna Tabernacle Congregation Church \$1,026

Kelowna Trinity Baptist Church \$20,694

Mennonite Brethren Churches
(Willow Park Church) \$7,218

Mission Creek Alliance Church \$11,506

Mission Springs Church of God \$2,899

New Apostolic Church \$3,599

Okanagan Chinese Baptist Church \$3,430

Okanagan Jewish Community Association \$3,481

Okanagan Sikh Temple & Cultural Society \$7,600

Providence Baptist Church \$2,894

Ridgeview Evangelical Missionary Church \$4,330

Rutland United Church \$6,508

Salvation Army Community Church \$6,745

Serbian Orthodox Par-Holy Proph St Ilija (Parish) \$942

Seventh Day Adventist Church \$20,854

Spring Valley Congregation of Jehovah's Witnesses \$7,504

St. Andrew's Church \$8,062

St. Charles Garnier Parish \$6,235

St. David's Presbyterian Church \$7,949

St. Mary's Anglican Church \$825

St. Michaels Anglican Church \$8,701

St. Peter & Paul Ukrainian Greek Orthodox Church \$5,000

St. Pius X Parish \$5,336

Synod of the Diocese of Kootenay \$3,532

The BC Muslim Association \$3,217

The Church of Jesus Christ of Latter-Day Saints \$8,329

The Congregation of Bethel Church \$6,002

The Embassy Church \$4,115

The Union of Slavic Churches of Evangelical
Christians \$1,642

Truth Now Tabernacle United Pentecostal Church \$1,319

Unitarian Fellowship of Kelowna Society \$2,894

**Total Municipal Portion of
Permissive Tax Exemption \$2,067,723**

REVITALIZATION TAX EXEMPTIONS

Revitalization Tax Exemptions

Tax Incentive Area #1

1775 Chapman Pl	\$21,862
269 Lawrence Ave	\$14,537

Tax Incentive Area #2

1467 St Paul St	\$2,445
1471 St Paul St	\$71,883
1477 St Paul St	\$4,746
1586 Ellis St	\$1,757
1588 Ellis St	\$88,926
1590 Ellis St	\$2,815
460 Lawrence Ave	\$971
476 Lawrence Ave	\$746
596 Leon Ave	\$3,364
552 – 554 Leon Ave	\$16,936

Tax Incentive Area #3

110 Highway 33 W	\$24,583
1350 St Paul St	\$7,254
1759 Highway 33 E	\$3,650
200 Nickel Rd	\$12,703
225 Rutland Rd S	\$22,925
460 Doyle Ave	\$68,738

Purpose-Built Rental Housing

1145 Pacific Ave	\$20,692
1155 Brookside Ave	\$21,881
1155 Pacific Ave	\$6,186
1165 Sutherland Ave	\$8,600
125 Dundas Rd	\$20,805
1469 KLO Rd	\$152,224
1525 Dickson Ave	\$32,077
1545 Bedford Ave	\$25,162
165 Celano Cres	\$1,328
1710 Richter St	\$111,331
1745 Chapman Pl	\$13,182
1920 Enterprise Way	\$51,648
1975 Kane Rd	\$63,087
2065 Benvoulin Crt	\$12,255
2075 Benvoulin Crt	\$12,446
2080 Benvoulin Crt	\$31,273
2127 Ethel St	\$4,416
305 Homer Rd	\$4,668

333 Drysdale Blvd	\$113,012
4119 Lakeshore Rd	\$15,980
468 West Ave	\$32,354
598 Sutherland Ave	\$6,123
599 Clement Ave	\$38,728
678 Richter St	\$2,726
740 Clement Ave	\$138,867
755 Academy Way	\$62,840
773 Glenmore Rd	\$57,350
800 Academy Way	\$105,244
805 Academy Way	\$38,933
815 Leon Ave	\$83,729
955 Leon Ave	\$14,302
720 – 724 Valley Rd	\$101,253

Total Revitalization Tax Exemptions **\$1,775,544**



HERITAGE BUILDING TAX EXEMPTIONS

Murchison House
1781 Abbott St \$8,858

Copeland House
784 Elliot Ave \$9,265

Total Heritage Building Tax Exemptions \$18,123

Total Value of Municipal Taxes Exempted \$3,861,390





▶▶ REPORT FROM THE DIVISIONAL DIRECTOR, FINANCIAL SERVICES

June 7, 2024

MAYOR DYAS AND MEMBERS OF COUNCIL,

I am pleased to present the City of Kelowna's 2023 Annual Financial Report for the year ended December 31, 2023. 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 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.

The external auditor, Grant Thornton LLP, conducted an independent audit of the Consolidated Financial Statements in accordance with Canadian auditing standards and, in their opinion, determined them to be presented fairly and not materially misstated. The City received an unqualified audit opinion. The City's Audit Committee also reviewed the Consolidated Financial Statements to ensure they are comprehensive, reliable, and understandable.

The information presented in this document reflects the results of the past year's work on *Council Priorities 2023–2026*, which help guide how the City will acquire and manage a portfolio of financial and physical assets that meet the current and future needs of our community. The City also continues to monitor and report financial health indicators as part of presentations to the Audit Committee and Council. The financial health indicators demonstrated a stable year for the City as it continues to be well positioned to meet current and future financial obligations. The City has shown resiliency while adapting to the changing economic climates such as the challenges of inflation, and supply chain issues, and is well positioned financially to meet the challenges of a rapidly growing community.



As one of the fastest growing cities in Canada and recognizing the time value of money, it has become increasingly important to be able to deliver capital infrastructure quicker in order to support our citizens and meet the needs of a growing community. Due to our strong financial management, the City of Kelowna has the ability to employ innovative treasury and procurement strategies in an effort to expedite the level of capital infrastructure delivery.

The City has seen increases in revenues for the year specifically due to increased development and construction activity, strong returns on investments, as well as increases in Airport operations. The Kelowna International Airport continues to rebound strongly, returning to pre-pandemic levels for the first time since 2019. However, City operations continue to encounter challenges with inflation and labour shortages. The City of Kelowna has adapted and continues to thrive with the rapid changes as seen in the overall financial results for the year.

The 2023 revenues increased by \$85 million over the prior year, seeing a \$20 million increase from Fees and charges revenue, \$12 million increase in Interest earned, and \$21 million more in DCC contribution revenue.

Rising interest rates and the City's investment policy resulted in higher Interest earned revenue over the prior year. Lastly, DCC contribution revenue increased in 2023, due to DCC funded projects completed during the year.

The City's expenses increased by a total of \$37 million over the prior year. This increase in operational expenses was a result of increased operational activity along with price escalations due to inflation. Salaries and benefits increased by \$10 million; mainly due to RCMP contract retroactive payments, the renegotiation of CUPE contracts and staffing increases during the year. Economic factors such as inflation resulted in an \$8 million increase in materials and supplies, a \$6 million increase in contract and professional services and a \$1 million increase in equipment expensed by the City over the prior year.

The General Fund ended 2023 with a \$11 million unappropriated surplus from operations with \$10.7 million put into reserves and \$0.3 million added to accumulated surplus. The General Fund accumulated surplus balance of \$5.2 million is to be used only for extraordinary events. The City ended the year with an increase to accumulated surplus, which now sits at \$2.5 billion. The accumulated surplus is an indicator of the City's overall financial viability and is equal to the sum of the net financial assets and non-financial assets representing resources (both financial and non-financial) that may be used to provide future services.

In 2023, the City executed land purchases and completed various larger capital projects during the year. Parkland was acquired at 3896 Truswell Rd, 1885 Barley Road, and at 1450 Steele Rd. Property acquisitions related to the Active Transportation Corridor also occurred in the year. Large capital projects included roads and road improvements made to the City's infrastructure, various machinery & equipment were purchased for use in operations. The Airport performed terminal and runway upgrades with substantial progress on the terminal and combined operations building project.

The City's statements provide key financial information and results to keep taxpayers, residents, and business leaders informed on the financial performance and delivery of City programs and services. The City's net financial position showed continued growth in 2023, demonstrating the City's ongoing strength to meet financial obligations despite any economic environment we encounter.

Respectfully submitted,



*– Joe Sass, CPA, CA
Divisional Director, Financial Services*

INDEPENDENT AUDITOR'S REPORT

To the members of the Council of the **City of Kelowna**:

Opinion

We have audited the consolidated financial statements of the City of Kelowna ("the City"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, consolidated statement of remeasurement gains and losses, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2023, and the results of operations, its remeasurement gains and losses, its changes in its net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 2 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian

generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font. Below the script, the words "Chartered Professional Accountants" are written in a clean, sans-serif font.

Chartered Professional Accountants

Kelowna, Canada

April 30, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023
(in thousands of dollars)

	2023	2022 (Restated— Note 2)
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 108,228	\$ 91,524
Accounts receivable (Note 3)	76,848	55,130
Accrued interest	8,072	2,997
Portfolio investments (Note 3)	845,875	676,316
Long term investments (Note 10)	6,000	6,000
Assets held for resale	4,371	12,467
	<u>1,049,394</u>	<u>844,434</u>
Liabilities		
Accounts payable and accrued liabilities	83,474	50,922
Performance deposits	48,247	43,382
Deferred revenue (Note 3)	81,639	57,597
Deferred development cost charges (Note 3)	213,684	148,141
Long term debt (Note 3)	65,720	70,920
Asset retirement obligations (Note 18)	40,014	32,323
	<u>532,778</u>	<u>403,285</u>
Net Financial Assets (Debt)	<u>516,616</u>	<u>441,149</u>
Non-Financial Assets		
Prepaid expenses	6,585	6,528
Inventory	1,553	1,454
Work in progress (Note 4)	73,102	43,489
Tangible capital assets (Note 4)	1,907,673	1,843,347
	<u>1,988,913</u>	<u>1,894,818</u>
Accumulated Surplus	<u>\$ 2,505,529</u>	<u>\$ 2,335,967</u>
Accumulated Surplus is comprised of:		
Accumulated surplus (Note 5)	2,472,954	2,335,967
Accumulated remeasurement gains (losses)	32,575	—
Accumulated Surplus	<u>\$ 2,505,529</u>	<u>\$ 2,335,967</u>

Contingent liabilities and Commitments (Notes 8 and 9)
Contractual rights (Note 16)



Joe Sass, CPA, CA
Divisional Director, Financial Services

See accompanying notes to the consolidated financial statements.



Tom Dyas
Mayor, City of Kelowna

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2023

(in thousands of dollars)

	Budget 2023	Actual 2023	Actual 2022 (Restated— Note 2)
Revenue			
Taxation (Note 6)	\$ 190,930	\$ 192,053	\$ 184,627
Fees and charges	168,384	181,426	161,823
Interest earned	12,707	27,955	16,308
DCC contributions	55,192	37,555	16,775
Government transfers (Note 7)	54,233	65,545	38,751
Other capital contributions	482	4,296	5,154
Gain on disposal of tangible capital assets	-	484	1,374
	<u>481,928</u>	<u>509,314</u>	<u>424,812</u>
Expenses			
General government	51,400	60,105	49,219
Protective services	92,835	95,612	77,477
Transportation	48,010	66,622	68,880
Recreation & cultural	43,202	49,468	46,824
Other services	25,861	27,976	27,084
Airport	22,592	30,367	26,487
Wastewater	14,275	24,007	23,598
Water	13,011	16,819	15,889
Loss on disposal of tangible capital assets	-	140	62
Write down of tangible capital assets	-	1,211	218
	<u>311,186</u>	<u>372,327</u>	<u>335,738</u>
Annual Surplus	<u>\$ 170,742</u>	<u>136,987</u>	89,074
Accumulated Surplus, beginning of year		2,335,967	2,246,893
Accumulated Surplus, end of year		<u>\$ 2,472,954</u>	<u>\$ 2,335,967</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

(in thousands of dollars)

	Actual 2023
Accumulated remeasurement gains (losses), beginning of year	\$ -
Adjustment on adoption of the financial instruments standard	27,217
	<u>27,217</u>
Unrealized gains (losses) attributable to:	
Portfolio investments	5,358
	<u>5,358</u>
Change in remeasurement gains and (losses)	5,358
Accumulated remeasurement gains (losses), end of year	<u><u>\$ 32,575</u></u>

See accompanying notes to the consolidated financial statements.

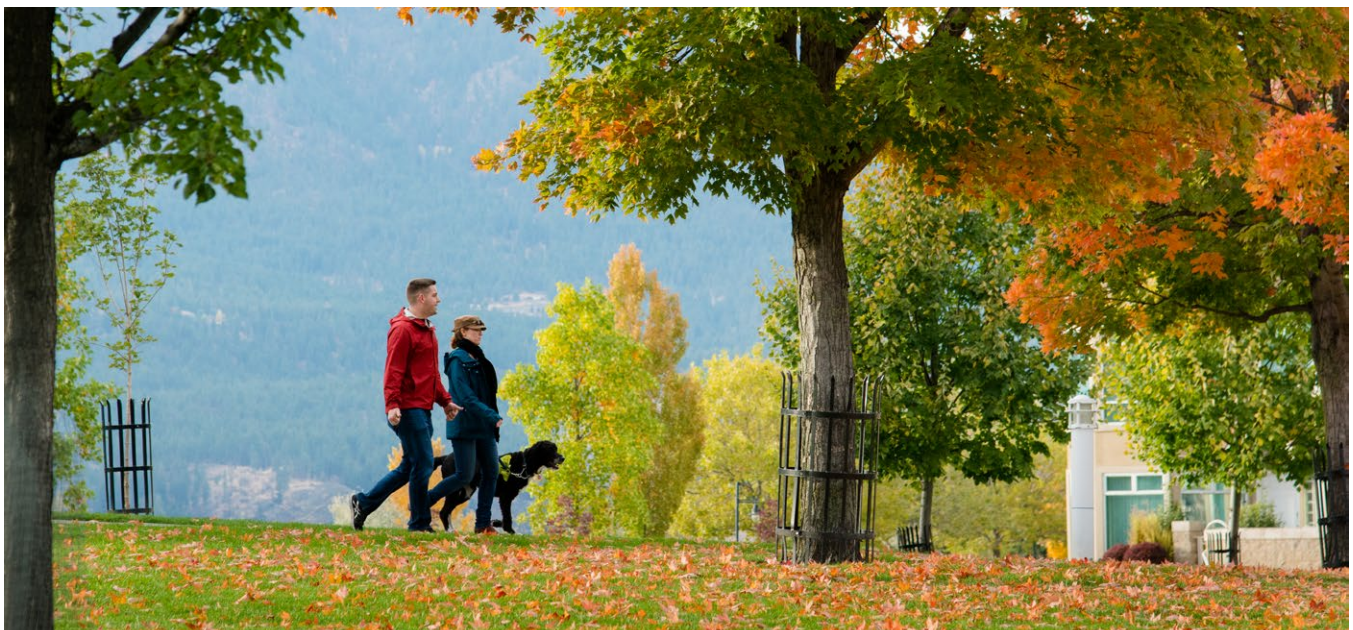
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)

For the Year Ended December 31, 2023

(in thousands of dollars)

	Budget 2023	Actual 2023	Actual 2022 (Restated— Note 2)
Annual Surplus	\$ 170,742	\$ 136,987	\$ 89,074
Amortization of tangible capital assets	—	69,449	69,278
Proceeds from disposal of tangible capital assets	—	3,044	2,274
Gain on disposal of tangible capital assets	—	(345)	(1,312)
Write down of tangible capital assets	—	1,211	218
Acquisition of tangible capital assets	(363,601)	(159,814)	(104,913)
Contributions of tangible capital assets	—	(1,352)	(1,718)
Change in asset retirement obligations estimate	—	(6,132)	—
Unrealized gains (losses) on portfolio investments	—	32,575	—
Change in inventory and prepaid expenses	—	(156)	3,182
Increase (decrease) in Net Financial Assets (Debt)	(192,859)	75,467	56,083
Net Financial Assets (Debt), beginning of year	441,149	441,149	385,066
Net Financial Assets (Debt), end of year	\$ 248,290	\$ 516,616	\$ 441,149

See accompanying notes to the consolidated financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

(in thousands of dollars)

	Actual 2023	Actual 2022 (Restated— Note 2)
Net inflow (outflow) of cash and cash equivalents related to the following activities		
Operating		
Annual surplus	\$ 136,987	\$ 89,074
Adjustment for non-cash items		
Amortization of tangible capital assets	69,449	69,278
Accretion expense	1,559	1,496
Gain on disposal of tangible capital assets	(345)	(1,312)
Write down of tangible capital assets	1,211	218
Actuarial adjustment on long term debt	(2,337)	(2,331)
Contributions of tangible capital assets	(1,352)	(1,718)
Unrealized gains (losses) on portfolio investments	32,575	—
Decrease (increase) in		
Accounts receivable	(21,718)	(7,680)
Inventory and prepaid expenses	(156)	3,182
Other assets	3,021	231
Increase (decrease) in		
Accounts payable and accrued liabilities	32,553	4,590
Deferred development cost charges	65,543	23,556
Other liabilities	28,906	15,787
	<u>345,896</u>	<u>194,371</u>
Capital		
Acquisition of tangible capital assets	(159,814)	(104,913)
Proceeds from disposal of tangible capital assets	3,044	2,274
	<u>(156,770)</u>	<u>(102,639)</u>
Investing		
Change in investments	(169,559)	(95,606)
Financing		
Proceeds from issuance of long term debt	4,902	441
Repayment of long term debt	(7,765)	(8,808)
	<u>(2,863)</u>	<u>(8,367)</u>
Net increase (decrease) in cash and cash equivalents	16,704	(12,241)
Cash and cash equivalents, beginning of year	91,524	103,765
Cash and cash equivalents, end of year	\$ 108,228	\$ 91,524
Non-cash capital activities		
Acquisition of tangible capital assets through contributions (Note 4)	\$ 1,352	\$ 1,718

See accompanying notes to the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

(in thousands 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, 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.

Accrual accounting

The accrual method for reporting revenues and expenses has been used. Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. Expenses are recognized in the period in which the goods or services are acquired and a liability is incurred.

Assets held for resale

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

	2023	2022
Cash deposits held by MFA	\$ 1,854	\$ 1,799
Demand notes held by MFA	4,013	4,015
	<u>\$ 5,867</u>	<u>\$ 5,814</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.

Intangible assets

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

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%.

Financial instruments

Financial instruments are contracts that give rise to the financial assets of one entity and financial liabilities or equity instruments of another entity and include cash and cash equivalents, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and long term debt.

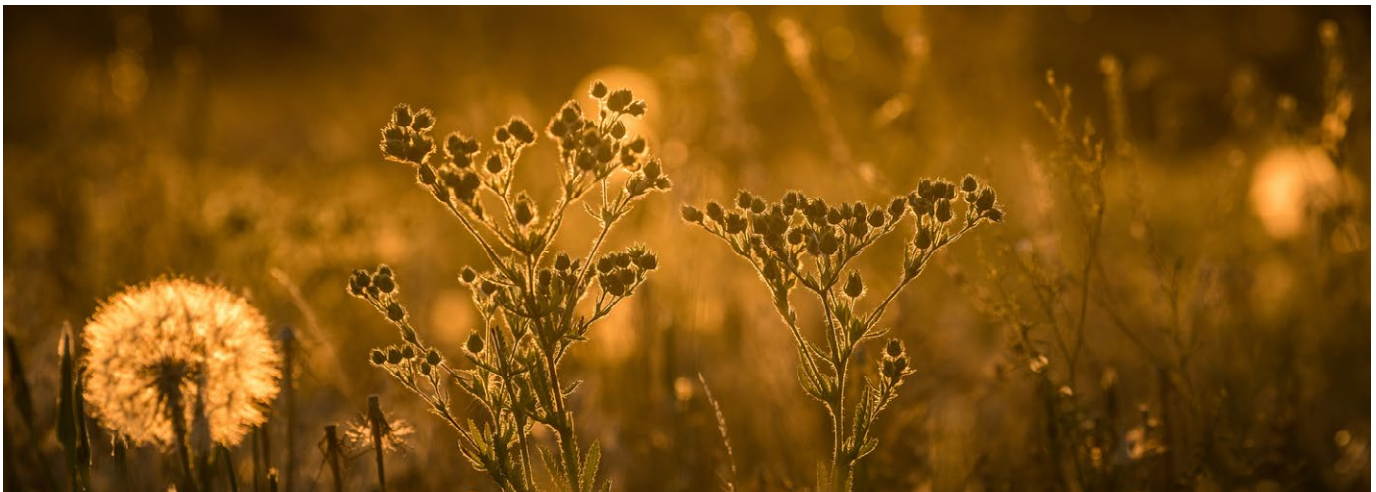
Financial instruments are classified as level 1, 2 or 3, as described below:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Financial instruments are measured at fair value or cost.

- Fair value category: investments quoted in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date.

Unrealized gains and losses on financial assets are recognized in the consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time when a financial instrument in the fair value category is derecognized, the associated accumulated remeasurement gains and losses are reversed and reclassified to the consolidated statement of operations.



- Cost category: Investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost. Gains and losses are recognized in the consolidated statement of operations when the financial asset is derecognized due to disposal or impairment.

Financial assets are assessed for impairment on an annual basis. If there is an indicator of impairment, the City determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset.

Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of the operational site and post-closure care relating to the landfill site has been recognized based on estimated future expenses. An additional liability has been recognized based on the estimated future expenses associated with asbestos removal during construction or disposal of structures owned by the City of Kelowna. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually.

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability resulted in an accompanying increase of the respective tangible capital assets. The landfill tangible capital asset is amortized using the units of production method, while the structures tangible capital assets, affected by the asbestos liability, are being amortized along with their respective assets following the amortization accounting policies outlined in Note 1.

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 at the date of contribution, where fair value is reasonably determinable.



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

Land and Work in Progress are not amortized.

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, 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.

Development Cost Charges (DCC) contributions

Development Cost Charges (DCC) contributions 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.

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 asset retirement obligations, tangible capital assets estimated useful life and related amortization, allowance for doubtful accounts, contaminated site liabilities, and settlement costs associated with outstanding legal actions.

2. CHANGE IN ACCOUNTING POLICIES

Asset Retirement Obligations

On January 1, 2022, the City adopted Canadian Public Sector Accounting Standard PS 3280 Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption.

The City removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retroactive method. The liability represents the required closure and post-closure care for the landfill site owned by the City. The landfill site was purchased in 1966, and the liability was measured as of the date of purchase, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 4.85% per annum.

On January 1, 2022, the City recognized an additional asset retirement obligation relating to structures owned by the City that contain asbestos. The liability was measured as of the date of purchase of the structures, when the liability was assumed. The expected useful lives of the structures have not been changed since purchase.

In accordance with the provisions of this new standard, the City reflected the following adjustments at January 1, 2022:

Landfill obligation:

- A decrease of \$4,429 to the landfill liability to remove the liability recognized to date under PS 3270, and an accompanying increase of \$4,429 to opening accumulated surplus.
- An increase of \$1,991 to the landfill tangible capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$684 to accumulated amortization, representing 56 years of increased amortization had the liability originally been recognized.

- An asset retirement obligation in the amount of \$26,961, representing the original \$638,018 obligation discounted to the present value amount using a rate of 4.85%.
- A decrease to opening accumulated surplus of \$25,654, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the 56 years since purchase.

Asbestos obligation:

- An increase of \$750 to the structures tangible capital asset accounts, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$429 to accumulated amortization, representing increased amortization had the liability originally been recognized.
- An asset retirement obligation in the amount of \$3,866, representing the original \$15,369 obligation discounted to the present value amount using a rate of 4.85%.
- A decrease to opening accumulated surplus of \$3,545, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the years since purchase.

Financial Instruments and Suite of Standards

On January 1, 2023 the City adopted Canadian Public Sector Accounting Standards; PS 1201 Financial statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments. The new accounting standards prescribe the accounting treatment for financial instruments and were adopted prospectively.

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard introduces the statement of remeasurement gains and losses. Requirements in PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments, which are required to be adopted at the same time, give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. This standard requires that exchange gains and losses arising on financial assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. Upon settlement, the cumulative amount of unrealized foreign exchange gain or losses previously recognized is reclassified to the statement of operations. The City has not experienced any unrealizable gains or losses arising from foreign currency translation.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. This standard requires that portfolio investments are measured in accordance with PS 3450 Financial Instruments. The basis of valuation of portfolio investments is disclosed. Losses in the value of a portfolio investment that are not in temporary decline are recognized in the statement of operations.

PS 3450 Financial Instruments establishes the recognition and derecognition, measurement, presentation and disclosure of financial instruments, including derivatives. This standard requires the fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. The differences between financial instruments previous carrying amounts and fair value on transition was \$27,217.

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	2023	2022
Property tax	\$ 9,417	\$ 7,756
Trade receivables	21,708	19,934
Due from government	3,474	5,353
Due from provincial government	2,754	2,007
Due from regional government	54	93
Utilities	6,581	6,101
Deferred development cost charges	32,863	13,929
Allowance for doubtful accounts	(3)	(43)
	\$ 76,848	\$ 55,130

Portfolio investments

Portfolio investments are recorded at cost or remeasured at fair market value at year end. Portfolio investments are comprised of the following:

	Level	2023	2022
Portfolio investments in the fair value category			
Municipal Finance Authority investment funds	2	\$ 235,726	\$ 234,637
Publicly traded shares	1	120,997	76,717
Total portfolio investments reported at fair value		356,723	311,354
Portfolio investments in the cost and amortized cost category			
Guaranteed Investment Certificates and deposit notes		392,533	280,287
Provincial and bank issued bonds		96,619	84,675
Total portfolio investments reported at cost and amortized cost		489,152	364,962
Total Portfolio investments		\$ 845,875	\$ 676,316

Included in portfolio investments are designated assets related to the City's Legacy Endowment Fund. At December 31, 2023 the fair market value of these internally restricted funds was \$157,821.

Operating line of credit

The City has an operating line of credit with the Royal Bank of Canada for an authorized amount of \$5,000 bearing interest at bank prime rate less 0.50%. At December 31, 2023 the balance outstanding was \$nil (2022 - \$nil).

Deferred revenue

The City records deferred revenue for funds received in advance of 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	2022	Receipts	Interest	Transfers Out	2023
Tax prepayments	\$ 21,719	\$ 41,617	\$ -	\$ 39,955	\$ 23,381
Construction	19,047	1,864	821	667	21,065
Grants	1,220	23,682	198	1,056	24,044
Other	11,204	10,249	244	12,502	9,195
Local Area Service	4,407	186	-	639	3,954
Total	\$ 57,597	\$ 77,598	\$ 1,263	\$ 54,819	\$ 81,639

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.

	2022	Receipts	Interest	Transfers Out	2023
Park Land/Development	\$ 41,826	\$ 54,820	\$ 1,772	\$ 27,285	\$ 71,133
Roads	86,381	27,726	3,116	13,193	104,030
Water	17,112	1,910	633	(3,115)	22,770
Wastewater	2,819	12,768	192	192	15,587
Drainage	3	160	1	-	164
Total Deferred DCC	\$ 148,141	\$ 97,384	\$ 5,714	\$ 37,555	\$ 213,684

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:

	<u>Total</u>
2024	\$ 10,392
2025	10,355
2026	7,630
2027	6,784
2028	4,029
2029 and thereafter	26,530
Total	<u>\$ 65,720</u>

Total outstanding debt issued was \$141,910 and total debt payable at December 31, 2023 was \$65,720 (2022 – \$70,920). Total interest paid in 2023 was \$4,727 (2022 – \$3,762).

Schedule 3 provides a breakdown of long term debt.

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

	2023 Work in progress	2023 Tangible capital assets (NBV)	2022 Work in progress	2022 Tangible capital assets (NBV) (Restated— Note 2)
Land	\$ –	\$ 407,186	\$ –	\$ 369,612
Land improvements	1,571	36,134	847	32,989
Buildings	25,291	203,658	18,894	188,920
Infrastructure	42,457	1,178,097	21,795	1,168,509
Machinery and equipment	3,783	82,598	1,953	83,317
	<u>\$ 73,102</u>	<u>\$ 1,907,673</u>	<u>\$ 43,489</u>	<u>\$ 1,843,347</u>

Contributions received in 2023 include:

Type of contribution

	2023	2022
Land	\$ 1,335	\$ 1,718
Infrastructure	17	–
Total Contributed tangible capital assets	<u>\$ 1,352</u>	<u>\$ 1,718</u>

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

During the year, tangible capital assets with a cost of \$1,211 (2022 – \$218) were written off due to impairment.

During the year, no interest was capitalized \$nil (2022 – \$nil).

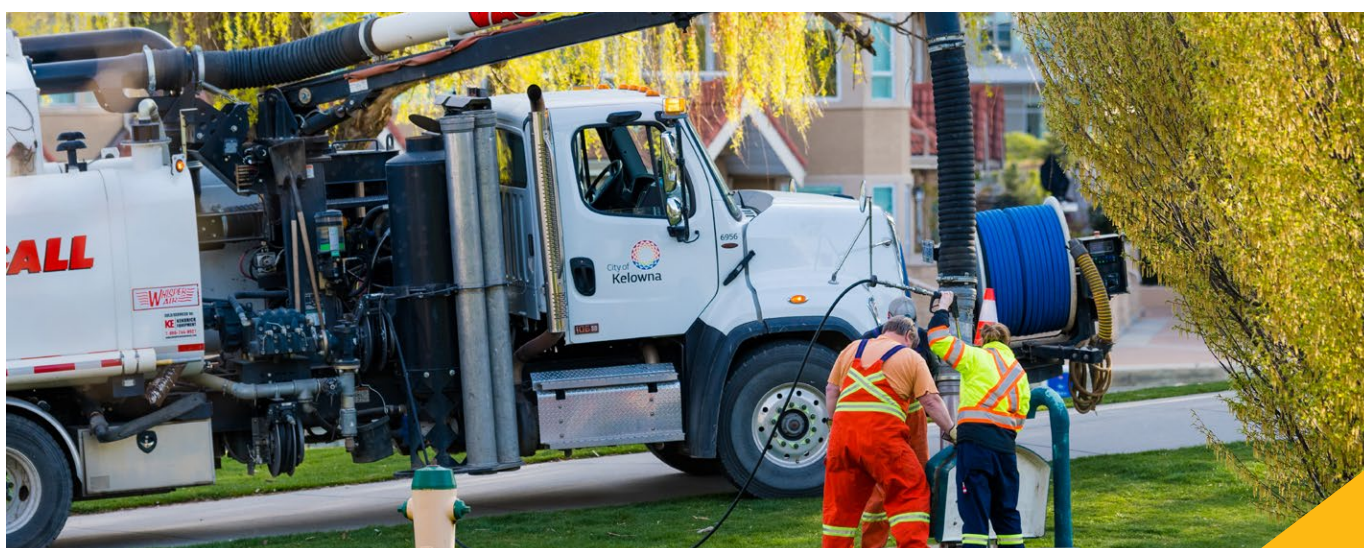
5. ACCUMULATED SURPLUS

	Reserves for Future Expenditures	Statutory Reserves	Fund Surpluses	Investment in Tangible Capital Assets	Total 2023	Total 2022 (Restated— Note 2)
Accumulated surplus, beginning of year	\$ 341,206	\$ 133,046	\$ 68,956	\$ 1,792,759	\$ 2,335,967	\$ 2,246,893
Annual surplus (deficit)	13,017	5,101	131,510	(12,641)	136,987	89,074
Transfers	55,239	8,291	(63,530)	—	—	—
Acquisition of tangible capital assets, net	(32,053)	—	(59,478)	91,531	—	—
Repayment of long term debt	—	—	(7,765)	7,765	—	—
Accumulated surplus, end of year	\$ 377,409	\$ 146,438	\$ 69,693	\$ 1,879,414	\$ 2,472,954	\$ 2,335,967



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	\$ 249,529	\$ 146,149	\$ 165,259	\$ 10,325	\$ 278,964
Airport Fund reserve	45,581	26,573	31,153	1,817	51,978
Waste Water Fund reserve	18,693	3,262	3,619	140	19,190
Water Fund reserve	27,403	5,353	4,492	735	27,277
	341,206	181,337	204,523	13,017	377,409
Statutory Reserves					
Parking reserve	11,406	2,336	5,541	386	14,997
Land reserve	10,932	1,010	4,773	397	15,092
Capital works, machinery and equipment reserve	103,826	31,473	30,625	3,422	106,400
Septic removal specified area reserve	6,882	2,115	4,286	367	9,420
Public amenity and streetscape reserve	–	–	–	529	529
	133,046	36,934	45,225	5,101	146,438
Surplus by Fund					
General Fund surplus	5,029	217,016	133,758	83,480	5,251
Airport Fund surplus	2,407	33,085	6,440	26,645	2,407
Waste Water Fund surplus	49,169	13,569	253	12,960	48,813
Water Fund surplus	12,351	8,577	1,023	8,425	13,222
Accumulated Surplus	68,956	272,247	141,474	131,510	69,693
Investment in Non Financial Assets					
Investment in tangible capital assets	1,792,759	3,700	102,996	(12,641)	1,879,414
Accumulated Surplus	\$ 2,335,967	\$ 494,218	\$ 494,218	\$ 136,987	\$ 2,472,954



6. TAXATION

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

	2023	2022
Taxes collected		
Property taxes	\$ 309,169	\$ 285,928
Local improvement levies	262	142
Frontage tax – water	1,744	1,704
Specified sewer area recoveries	1,237	1,240
Grants in lieu of taxes	652	627
Levies – library	7,325	7,056
Levies – other	2,140	4,911
	322,529	301,608
Less transfers to other governments		
Province of BC (school taxes)	97,265	86,616
BC Assessment Authority	2,765	2,488
Regional Hospital District	14,643	13,884
Regional District of Central Okanagan	15,803	13,993
	130,476	116,981
Net taxes available for municipal purposes	\$ 192,053	\$ 184,627



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. During the year \$22,825 (2022 – \$386) remained as deferred revenue for future expenditures. In 2023 the City received and recorded as revenue the following transfers:

	2023	2022
Operating transfers		
Federal	\$ 1,250	\$ 856
Provincial	50,654	24,277
Other governments	165	166
	52,069	25,299
Capital transfers		
Federal	5,460	11,234
Provincial	7,659	2,202
Other governments	357	16
	13,476	13,452
Total Government transfers	\$ 65,545	\$ 38,751



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.

Post employment benefits and compensated absences

The City of Kelowna does not accrue expenses for post-employment benefits and compensated absences. Post-employment benefits are benefits expected to be provided after employment but before retirement to employees and their beneficiaries. Compensated absences are benefits for employee absences for which employees will be paid (i.e. sick leave). City employees retiring do not receive any post-employment related benefits that either vests or accrues over the period of employment. Compensated absences: such as sick leave benefits do not accrue and are not vested. The City recognizes the expense for compensated absences 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, in general, from one to five years.

The City has purchase orders open as at December 31, 2023 which have not been recorded in the accounts. The balance of these open purchase orders is 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.

YMCA of Southern Interior BC loan guarantee agreement

The City has, under the terms of the partnering agreement between the City of Kelowna and YMCA of Southern Interior BC, guaranteed repayment in the event that the YMCA of Southern Interior BC defaults on a \$1,800 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 Southern Interior BC. During 2010 an amendment was made to the agreement for additional financing of \$700 for a 20-year term. Both loans have an interest rate of prime minus 0.5%. As at December 31, 2023, the outstanding loan balance was \$431 (2022 – \$481). 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 of Kelowna, subject to the terms and conditions of the 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, committed to the annual purchase of community use time at the Multi-Purpose Facility with the option to make a lump sum payment before the 15th day of one of year 6, 11, 16, 21 or 26, commencing with the year of substantial completion (November 10, 1999).

The City chose to exercise its option to make a lump sum payment of \$6,727 in 2019 (Year 21) as prepayment for community use time with no further amounts payable under the Tripartite Agreement until November 9, 2029.

The balance of \$4,036 (2022 – \$4,709) in prepaid community use time is included in Prepaid expenses.

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 \$2.00. 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 \$6,000. The shares were purchased under the terms of the Preferred Share Agreement between the City of Kelowna, RG Arenas (Kelowna) Ltd., RG Properties Ltd., and Prospero Canadian Land Investment Fund Ltd. and represents the City's investment in the Multi-Purpose facility. The City has the option to purchase the Facility for the sum of \$1.00 and the surrender of the preferred shares within the 10 year period beginning 30 years and one week from the date of Substantial Completion of the Facility, that being November 19, 2029. If exercised, the Facility will be conveyed to the City free and clear of all liens, charges and encumbrances.

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 \$89,908 (2022 – \$67,692) 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 \$89,908, the City is holding irrevocable Letters of Credit in the amount of \$23,932 (2022 – \$15,339) which are received from developers to ensure payment of development cost charges in future years.

12. TRUST FUNDS

In accordance with PSAS, trust funds are not included in the City's consolidated financial statements. The City administers a Cemetery Perpetual Care Fund for the perpetual care and maintenance of the City owned and operated cemetery. As at December 31, 2023 the Trust Fund balance is \$3,796 (2022 – \$3,526).

13. 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 Kelowna International Airport (the 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 general revenue reported under this segment 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. The expenses within this segment 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.

Protective services

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

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.

Police services, provided by the Royal Canadian Mounted Police, include administration, crime investigation and prevention, traffic, prisoner custody and court liaison expenses.

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 are comprised of services related to recreation, leisure and culture including administration and program costs as well as grounds and building maintenance. Facilities managed within this segment include parks and playgrounds, arenas, swimming pools, beaches, boat launches, stadiums as well as community and multi-age activity centers. Some of the larger facilities that the City owns and/or operates include the H2O Adventure & Fitness Centre, Parkinson Recreation Centre, Kelowna Community Theatre, Kelowna Museum, Kelowna Library, Kelowna Art Gallery, Capital News Centre and the Rotary Centre for the Arts.

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, is a regional economic driver that connects passengers to domestic and international destinations in accordance with a low-cost business model and in compliance with Federal regulations. The Airport is self-funded, provides a payment in lieu of property taxes to the City of Kelowna, and is accounted for in its own fund.

Wastewater services

Kelowna's wastewater 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 75% of Kelowna's population and expansion to unserved areas continues. Kelowna's wastewater system has a treatment capacity of 70 million litres per day. Wastewater Utility is accounted for in its own fund.

Water services

The Water Utility is responsible for planning, expansion, operation and maintenance of the City's Water Supply System and is one of four water suppliers operating within Kelowna's boundaries. The Water Utility is accounted for in its own fund.

Statutory reserves

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

14. EXPENSES BY OBJECT

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



15. 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.

	<u>Budget Amount</u>
Revenues:	
Operating budget	\$ 397,161
Capital budget	84,767
	<u>481,928</u>
Expenses:	
Operating budget	311,186
Capital budget	363,601
	<u>674,787</u>
Annual deficit per approved budget	(192,859)
Add: tangible capital asset purchases	363,601
Annual surplus per statement of operations	<u>\$ 170,742</u>

16. CONTRACTUAL RIGHTS

The City of Kelowna contractual rights arise from rights to receive payments from lease agreements. During 2020, the City of Kelowna entered into a long term lease agreement with Rise Commercial Developments Inc to lease 350 Doyle Avenue commencing in 2021. The long term lease is for \$7,000 to be received over 80 years with an option to renew for an additional 19 years.

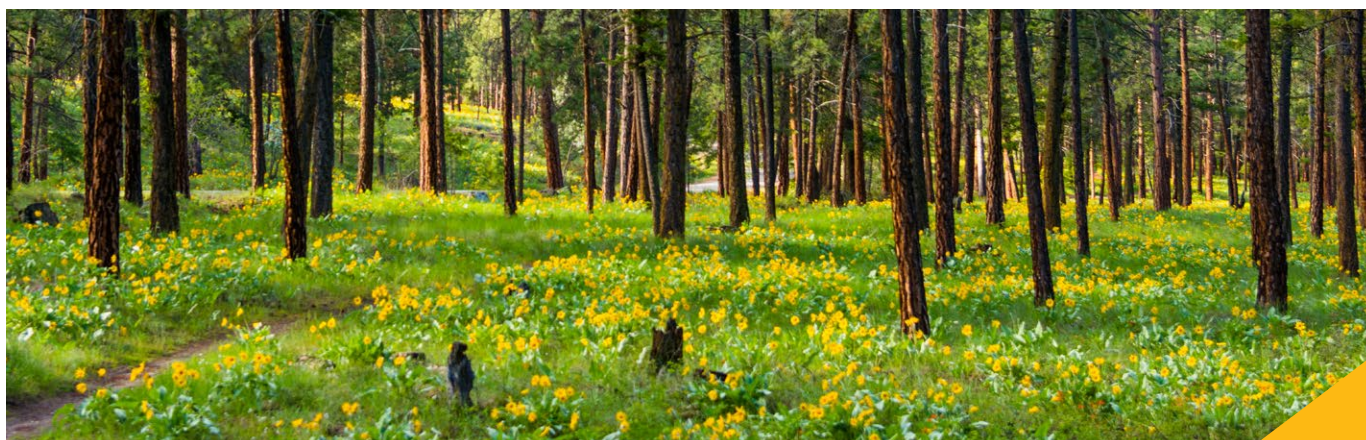
As of December 31, 2023, the City of Kelowna received a \$2,700 prepayment with the remaining balance of \$4,300 in the form of non-cash consideration, estimated to be received in 2026.

17. RISK MANAGEMENT

Risk management of financial instruments

The City of Kelowna has exposure to the following risks related to its financial instruments: credit risk, liquidity risk, interest rate risk, foreign exchange rate risk, and other price risk.

The City employs various risk management strategies to identify and mitigate these risks.



Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to meet its contractual obligation and cause a financial loss for the other party. The City is primarily exposed to credit risk on its cash and cash equivalents, accounts receivable and portfolio investments. The Government's carrying amounts for these financial assets best represent its maximum exposure to credit risk.

For cash and cash equivalents, and portfolio investments, the City manages this risk by dealing solely with reputable financial institutions, and through an investment policy that limits investments to high credit quality as well as maintains asset allocation and portfolio diversification. For accounts receivable, the City reviews balances and aging information to determine if a valuation allowance is necessary, and initiates collection actions.

Liquidity risk

Liquidity risk is the risk that the City will encounter difficulty in meeting obligations associated with financial liabilities. The City is exposed to liquidity risk on its accounts payable and accrued liabilities and long term debt.

The City manages its overall liquidity risk by managing cash resources which is achieved by monitoring actual and forecasted cash flows. The City manages this risk on its borrowings by applying limits to its debt capacity and distributing debt maturities over many years (Schedule 3).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with changes in market interest rates.

The City is exposed to interest rate risk through its portfolio investment holdings in interest-bearing, or fixed-income assets which may include GICs, term deposits, and funds that include debt securities of Canadian Governments and corporate issuers. The City manages this risk by holding interest bearing instruments to maturity.

Foreign exchange rate risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably with a change in the value of the Canadian dollar relative to other currencies. The City is not exposed to any significant foreign exchange risk because instruments held in foreign currency are not considered significant.

Other Price risk

Other Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The City is exposed to other price risk through its portfolio investments and manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policy.

The City is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes. Overall, the other price risk is not considered significant.

18. ASSET RETIREMENT OBLIGATIONS

The City's asset retirement obligations consist of several obligations as follows:

a) Landfill obligation:

The City owns and operates a landfill site. The liability for the closure of the operational site and post-closure care has been recognized under PS 3280 Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the site and for 200 years post this date. The landfill had an estimated useful life of 160 years when it was purchased, of which 103 years remain. Post-closure care is estimated to be required for 200 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 4.41% (2022 – 4.85%) per annum.

b) Asbestos obligation:

The City owns and operates structures that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 Asset Retirement Obligations, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these structures as estimated at January 1, 2022. Post-closure care is estimated to extend for up to a year post the closure of the structure, while demolition and construction continues. Estimated costs have been discounted to the present value using a discount rate of 4.41% (2022 – 4.85%) per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the structures and landfill tangible capital assets and the restatement of prior year balances (see note 2).

Changes to the asset retirement obligation in the year are as follows:

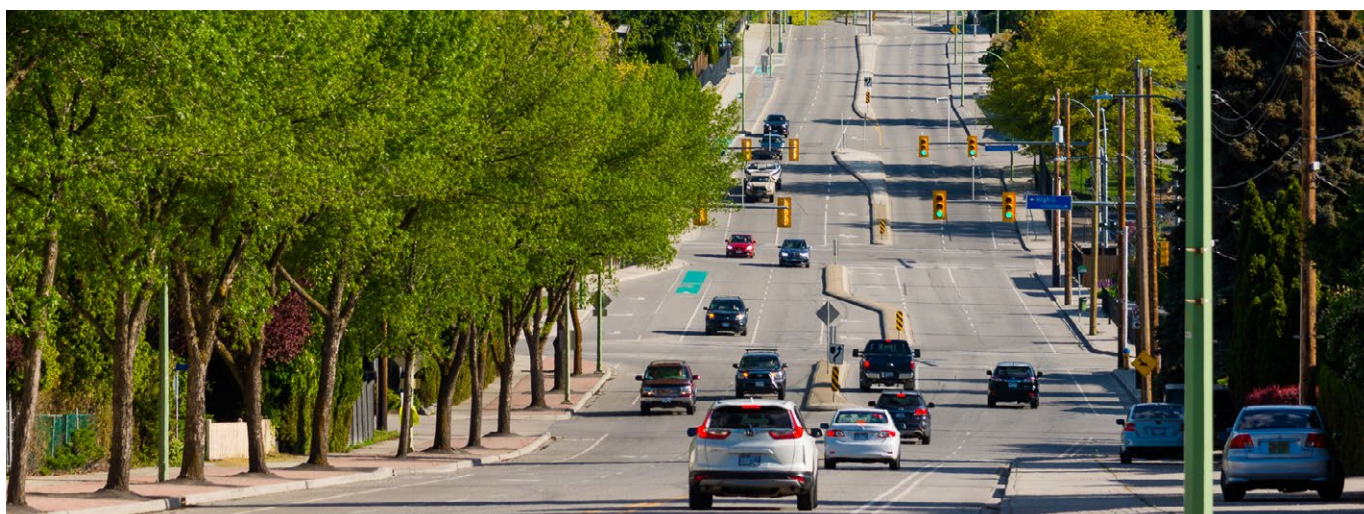
	Landfill Closure	Asbestos obligation	2023
Balance, beginning of year	\$ 28,269	\$ 4,054	\$ 32,323
Change in estimate	5,246	886	6,132
Accretion expense	1,372	187	1,559
Balance, end of year	\$ 34,887	5,127	40,014

	Landfill Closure	Asbestos obligation	2022
Balance, beginning of year	\$ –	\$ –	\$ –
Adjustment on adoption of asset retirement obligation standard (note 2)	26,961	3,866	30,827
Balance, beginning of year, as restated	26,961	3,866	30,827
Accretion expense	1,308	188	1,496
Balance, end of year	\$ 28,269	\$ 4,054	\$ 32,323

19. LIABILITY FOR CONTAMINATED SITES

In early 2020 the City acquired 1746 Water Street and accepted responsibility to clean up contamination found at the site. Clean up activities took place in 2020-2023 and further work will be undertaken in 2024 to remediate the site. This will consist of groundwater and vapour monitoring and sampling, drilling investigation and monitoring to assess plume stability and seasonality. A liability in the amount of \$36 (2022 – \$185) is based on contractor estimates of the remaining work required to be undertaken.

The City's liability of \$36 (2022 – \$185) for contaminated sites is included in Accounts payable and accrued liabilities.



20. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3.8 billion funding surplus for basic pension benefits on a going concern basis.

The City of Kelowna paid \$8,764 (2022 – \$8,224) for employer contributions while employees contributed \$7,661 (2022 – \$7,156) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024.

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.

21. COMPARATIVE FIGURES

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

21. FUTURE ACCOUNTING CHANGES

PS 3160 Public private partnerships

This section establishes standards on how to account for and report public private partnerships. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

PS 3400 Revenues

This section establishes standards on how to account for and report on revenue. This section applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

Purchased Intangibles, PSG-8

This public sector guideline establishes standards on how to account for and report on purchased intangibles. This public sector guideline applies to fiscal years beginning on or after April 1, 2023, with early adoption permitted.

The Conceptual Framework for Financial Reporting in the Public Sector

The PSAB issued The Conceptual Framework for Financial Reporting in the Public Sector, which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts and Section PS 1100, Financial Statement Objectives. This conceptual framework applies to fiscal years beginning on or after April 1, 2026, with early adoption permitted.

PS 1202 Financial Statement Presentation

This section revises and replaces the existing PS 1201 Financial Statement Presentation. This section applies to fiscal years beginning on or after April 1, 2026, with early adoption only permitted if The Conceptual Framework for Financial Reporting in the Public Sector is also adopted at the same time.





SCHEDULE 1 – TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023 (in thousands of dollars)

MACHINERY & EQUIPMENT

	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment
Cost					
Balance, beginning of year	\$ 369,612	\$ 80,605	\$ 374,447	\$ 43,941	\$ 118,484
Add: additions during the year	33,429	234	7,547	3,510	3,366
Add: transfers to tangible capital assets	–	178	15,081	200	2,135
Less: assets held for resale	8,095	–	–	–	–
Less: disposals during the year	(3,950)	–	(170)	(2,453)	(566)
	407,186	81,017	396,905	45,198	123,419
Asset retirement obligation	–	7,241	1,507	–	–
Balance, end of year	407,186	88,258	398,412	45,198	123,419
Accumulated Amortization					
Balance, beginning of year	–	48,908	185,810	24,441	61,896
Add: amortization	–	2,506	8,525	2,838	5,476
Less: accumulated amortization on disposals	–	–	–	(2,269)	(516)
	–	51,414	194,335	25,010	66,856
Accumulated amortization on asset retirement obligation	–	710	419	–	–
Balance, end of year	–	52,124	194,754	25,010	66,856
Net Book Value of Tangible Capital Assets	\$ 407,186	\$ 36,134	\$ 203,658	\$ 20,188	\$ 56,563

INFRASTRUCTURE

	Plant & Facilities	Roads, Lanes, Sidewalks & Bike Paths	Bridges, Tunnels & Overpasses	Underground, Overhead & Other Networks	Airport Infrastructure
Cost					
Balance, beginning of year	\$ 234,483	\$ 600,260	\$ 37,382	\$ 1,232,047	\$ 96,609
Add: additions during the year	2,618	4,035	222	4,944	2,755
Add: transfers to tangible capital assets	8,720	17,556	189	12,574	3,574
Less: assets held for resale	–	–	–	–	–
Less: disposals during the year	–	(13)	–	–	–
	245,821	621,838	37,793	1,249,565	102,938
Asset retirement obligation	26	–	–	97	–
Balance, end of year	245,847	621,838	37,793	1,249,662	102,938
Accumulated Amortization					
Balance, beginning of year	112,107	389,213	11,360	477,532	42,084
Add: amortization	8,017	16,806	585	18,554	3,691
Less: accumulated amortization on disposals	–	–	–	–	–
	120,124	406,019	11,945	496,086	45,775
Accumulated amortization on asset retirement obligation	7	–	–	25	–
Balance, end of year	120,131	406,019	11,945	496,111	45,775
Net Book Value of Tangible Capital Assets	\$ 125,716	\$ 215,819	\$ 25,848	\$ 753,551	\$ 57,163

	Computers	Subtotal Machinery & Equipment
\$	25,294	\$ 187,719
	695	7,571
	351	2,686
	–	–
	–	(3,019)
	26,340	194,957
	–	–
	26,340	194,957
	18,066	104,403
	2,427	10,741
	–	(2,785)
	20,493	112,359
	–	–
	20,493	112,359
\$	5,847	\$ 82,598

	Subtotal Infrastructure	Work in Progress	Total 2023	Total 2022 (Restated— Note 2)
\$	2,200,781	\$ 43,489	\$ 3,256,653	\$ 3,152,526
	14,574	90,171	153,526	105,825
	42,613	(60,558)	–	–
	–	–	8,095	805
	(13)	–	(7,152)	(2,502)
	2,257,955	73,102	3,411,122	3,256,654
	123	–	8,871	2,741
	2,258,078	73,102	3,419,993	3,259,395
	1,032,296	–	1,371,417	1,303,490
	47,653	–	69,425	69,253
	–	–	(2,785)	(1,323)
	1,079,949	–	1,438,057	1,371,420
	32	–	1,161	1,139
	1,079,981	–	1,439,218	1,372,559
\$	1,178,097	\$ 73,102	\$ 1,980,775	\$ 1,886,836

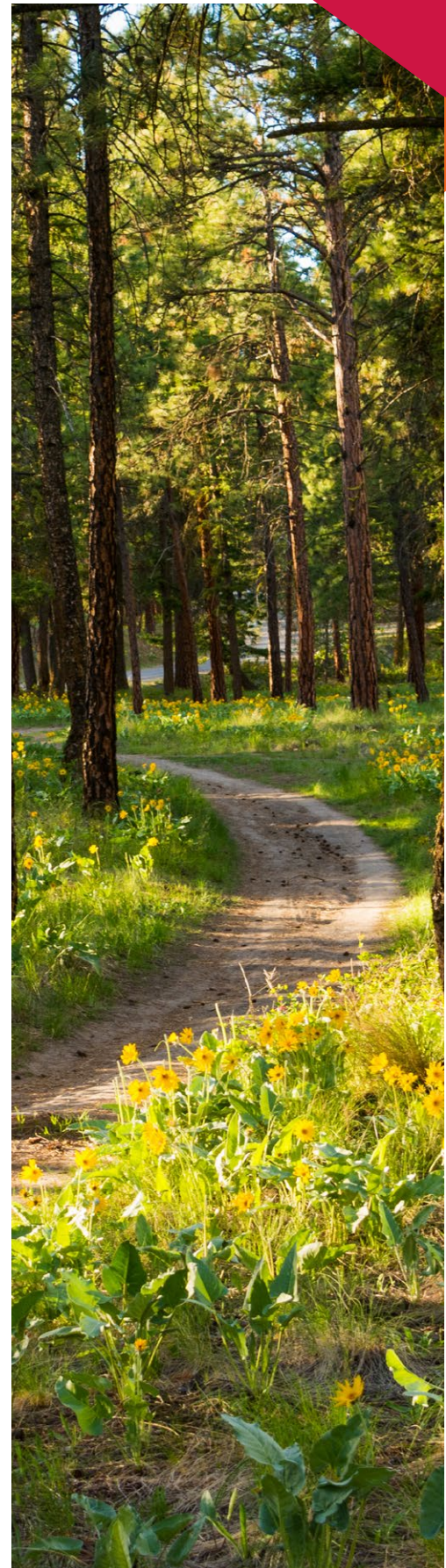


SCHEDULE 2 – SEGMENTED INFORMATION

For the Year Ended December 31, 2023 (in thousands of dollars)

	General Government	Protective Services	Transportation	Recreation & Cultural	Other Services
Revenue					
Taxation	\$ 188,042	\$ –	\$ 262	\$ –	\$ –
Fees and charges	15,966	17,931	19,506	6,494	30,455
Interest earned	18,636	–	–	–	–
DCC contributions	–	–	13,193	27,285	–
Government transfers	36,093	4,365	12,456	3,362	294
Other capital contributions	2,571	–	–	–	–
Gain on disposal of tangible capital assets	258	8	217	1	–
	261,566	22,304	45,634	37,142	30,749
Expenses					
Salaries and benefits	29,523	39,789	10,846	13,974	9,607
Contract and professional services	14,225	1,465	28,893	7,764	11,560
RCMP Contract	–	52,541	–	–	–
Materials and supplies	11,384	2,620	7,789	14,048	1,145
Equipment	828	450	3,932	1,706	2,630
Allocations	(6,783)	(211)	240	(196)	2,451
Cost recoveries	(2,884)	(3,341)	(11,101)	(165)	(4,040)
Grants and external transfers	3,997	111	1	1,032	416
Utilities	209	345	1,405	2,588	259
Loss on disposal of tangible capital assets	39	4	97	–	–
Write down of tangible capital assets	985	–	13	–	–
Amortization of tangible capital assets	5,878	1,842	24,618	8,718	2,575
Accretion	153	–	–	–	1,372
Total before Debt	57,554	95,615	66,733	49,469	27,975
Debt interest and fiscal services	3,573	–	–	–	–
Total operating expenses	61,127	95,615	66,733	49,469	27,975
Annual Surplus (Deficit)	\$ 200,439	\$ (73,311)	\$ (21,099)	\$ (12,327)	\$ 2,774

Airport	Wastewater	Water	Statutory Reserves	2023
\$ -	\$ 1,237	\$ 2,512	\$ -	\$ 192,053
47,884	23,632	18,909	649	181,426
1,917	1,796	1,155	4,451	27,955
-	192	(3,115)	-	37,555
5,178	3,789	8	-	65,545
604	485	636	-	4,296
-	-	-	-	484
55,583	31,131	20,105	5,100	509,314
6,168	4,860	4,623	-	119,390
3,367	1,525	871	-	69,670
-	-	-	-	52,541
9,736	3,040	1,779	-	51,541
91	1,100	754	-	11,491
1,559	1,729	1,219	-	8
(699)	(261)	(775)	-	(23,266)
-	-	-	-	5,557
677	1,355	1,471	-	8,309
-	-	-	-	140
213	-	-	-	1,211
8,864	10,378	6,576	-	69,449
20	-	14	-	1,559
29,996	23,726	16,532	-	367,600
584	282	288	-	4,727
30,580	24,008	16,820	-	372,327
\$ 25,003	\$ 7,123	\$ 3,285	\$ 5,100	\$ 136,987

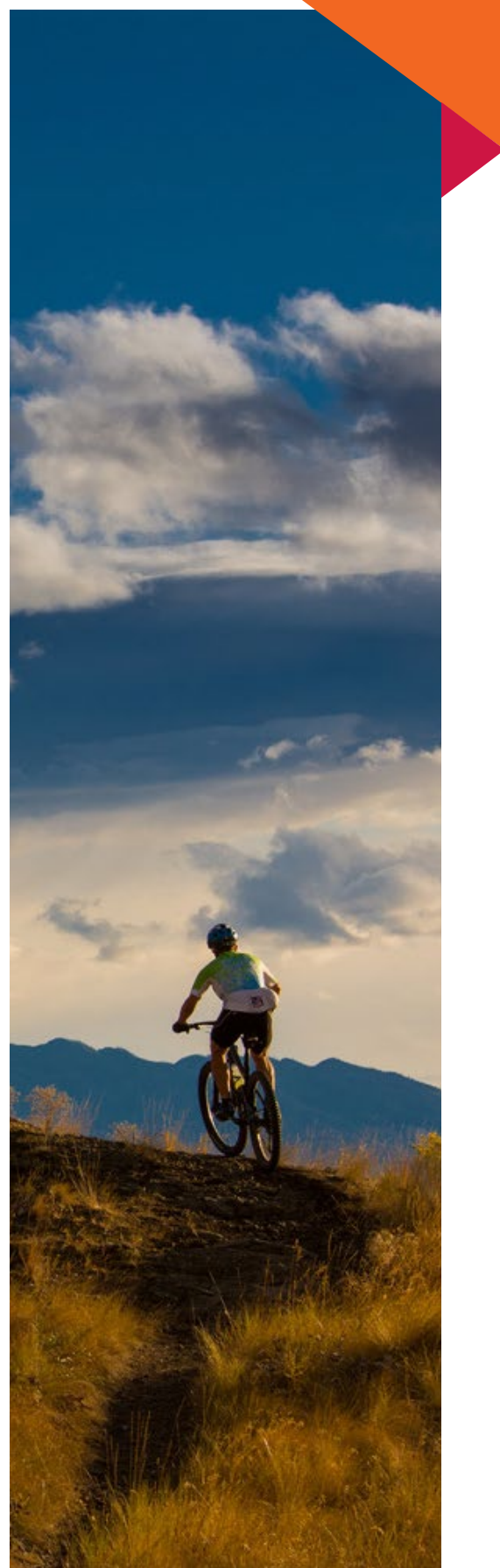


SCHEDULE 2 – SEGMENTED INFORMATION

For the Year Ended December 31, 2022 (in thousands of dollars)

	General Government	Protective Services	Transportation	Recreation & Cultural	Other Services
Revenue					
Taxation	\$ 177,971	\$ –	\$ 142	\$ –	\$ –
Fees and charges	14,455	13,333	17,544	5,366	29,732
Interest earned	11,293	–	–	–	–
DCC contributions	–	–	1,366	14,673	–
Government transfers	8,758	4,171	13,306	3,980	195
Other capital contributions	3,105	–	–	425	–
Gain on disposal of tangible capital assets	297	–	1,075	2	–
	215,879	17,504	33,433	24,446	29,927
Expenses					
Salaries and benefits	25,977	37,296	10,179	12,898	8,972
Contract and professional services	10,943	1,423	30,767	7,844	8,469
RCMP Contract	–	36,172	–	–	–
Materials and supplies	7,807	2,369	7,405	12,409	869
Equipment	563	363	3,552	1,816	2,242
Allocations	(7,803)	(166)	174	(193)	3,574
Cost recoveries	(1,039)	(2,308)	(10,189)	(146)	(1,590)
Grants and external transfers	3,835	86	28	1,542	478
Utilities	204	350	1,380	2,342	247
Loss on disposal of tangible capital assets	19	–	43	–	–
Write down of tangible capital assets	26	–	–	52	102
Amortization of tangible capital assets	5,949	1,893	25,586	8,311	2,515
Accretion	154	–	–	–	1,308
Total before Debt	46,635	77,478	68,925	46,875	27,186
Debt interest and fiscal services	2,628	–	–	–	–
Total operating expenses	49,263	77,478	68,925	46,875	27,186
Annual Surplus (Deficit)	\$ 166,616	\$ (59,974)	\$ (35,492)	\$ (22,429)	\$ 2,741

Airport	Wastewater	Water	Statutory Reserves	2022 (Restated— Note 2)
\$ —	\$ 1,239	\$ 5,275	\$ —	\$ 184,627
41,984	22,604	16,616	189	161,823
1,010	1,112	615	2,278	16,308
—	677	59	—	16,775
7,784	557	—	—	38,751
575	485	564	—	5,154
—	—	—	—	1,374
51,353	26,674	23,129	2,467	424,812
5,529	4,627	4,248	—	109,726
2,489	1,275	615	—	63,825
—	—	—	—	36,172
8,192	2,981	1,575	—	43,607
13	1,135	749	—	10,433
1,507	1,662	1,251	—	6
(690)	(258)	(730)	—	(16,950)
—	—	—	—	5,969
680	1,534	1,397	—	8,134
—	—	—	—	62
38	—	—	—	218
8,162	10,360	6,502	—	69,278
20	—	14	—	1,496
25,940	23,316	15,621	—	331,976
584	282	268	—	3,762
26,524	23,598	15,889	—	335,738
\$ 24,829	\$ 3,076	\$ 7,240	\$ 2,467	\$ 89,074



SCHEDULE 3 – LONG TERM DEBT

For the Year Ended December 31, 2023 (in thousands of dollars)

Long term debt – General Fund Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/22	Amount of Issue	Debt Balance Dec. 31/23	Sinking Fund Balance Dec. 31/23	Current Interest Rate
Local Improvements						%
2035	Lawrence Ave LAS	\$ 238	\$ 345	\$ 222	\$ 123	3.00
Recreation and Culture						
2027	H2O Centre	9,008	27,500	7,328	20,172	3.90
2027	Kokanee Gymnastic	262	800	213	587	3.90
2028	H2O Centre	772	2,000	655	1,345	4.30
2035	Police Facilities	14,498	20,000	13,599	6,401	2.75
2035	Library Parkade Ext & Memorial Parkade	10,874	15,000	10,199	4,801	2.75
2036	Police Facilities	13,063	17,000	12,324	4,676	2.60
2037	Police Facilities	2,407	3,000	2,278	722	3.15
2038	Police Facilities	1,148	1,360	1,091	269	3.15
Total Debt – General Fund		\$ 52,270	\$ 87,005	\$ 47,909	\$ 39,096	

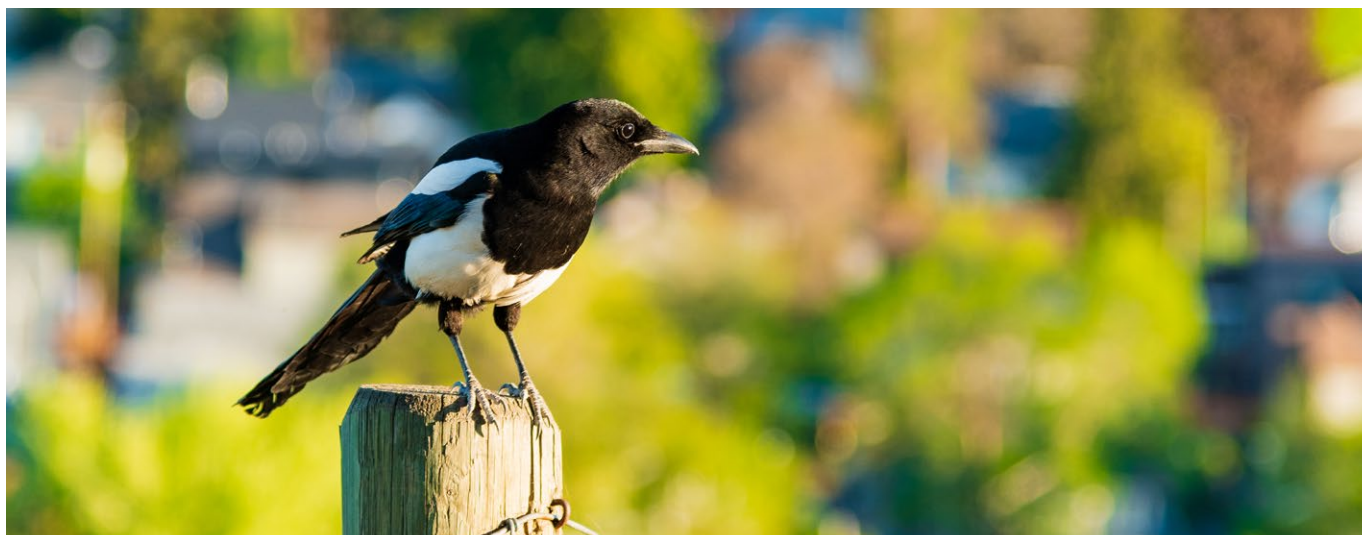


SCHEDULE 3 – LONG TERM DEBT

For the Year Ended December 31, 2023 (in thousands of dollars)

Long term debt – Wastewater Fund Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/22	Amount of Issue	Debt Balance Dec. 31/23	Sinking Fund Balance Dec. 31/23	Current Interest Rate
Specified Area Programs						%
2024	Spec. Area 21A – McKenzie Bench	\$ 201	\$ 1,350	\$ 103	\$ 1,247	2.25
2024	Spec. Area 22B – Vista Rd	12	80	6	74	2.25
2024	Spec. Area 22C – Hein Rd	40	266	20	246	2.25
2024	Spec. Area 22D – Elwyn Rd	22	149	11	138	2.25
2024	Spec. Area 22E – Dease Rd	14	96	7	89	2.25
2024	Spec. Area 22F – Mills Rd	51	342	26	316	2.25
2024	Spec. Area 29 – Campion Cambro	130	874	67	807	2.25
2024	Spec. Area 30 – Acland	54	364	28	336	2.25
2025	Spec. Area 20 – North Rutland	1,365	6,822	924	5,898	0.91
2025	Spec. Area 28A – Okaview	128	638	86	552	0.91
2028	Spec Area 26 – Fisher Rd	780	2,021	662	1,359	4.30
2028	Spec Area 34 – Country Rhodes	168	435	143	292	4.30
2028	Spec Area 36 – Clifton	103	267	88	179	4.30
Sewer Treatment Plant						
2031	Brandt’s Creek Tradewaste Treatment	1,238	3,800	944	2,856	1.47
Total Debt – Wastewater Fund		\$ 4,306	\$ 17,504	\$ 3,115	\$ 14,389	



SCHEDULE 3 – LONG TERM DEBT

For the Year Ended December 31, 2023 (in thousands of dollars)

Long term debt – Water Fund Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/22	Amount of Issue	Debt Balance Dec. 31/23	Sinking Fund Balance Dec. 31/23	Current Interest Rate
Specified Area Programs						%
2023	Spec Area 16 – Byrns	\$ 3	\$ 39	\$ –	\$ 39	2.85
2024	Spec Area 18 – Lakeshore	4	24	2	22	2.25
2028	Spec Area 26 – Fisher Rd	115	297	97	200	4.30
2038	Local Area Service – Aspen Rd	41	48	38	10	3.20
2042	Local Area Service – Somid	441	441	424	17	3.36
Water Improvement Programs						
2028	Cedar Creek Pump Station	2,923	7,577	2,482	5,095	4.30
2031	Poplar Point Pump Station Upgrade	1,091	2,000	987	1,013	1.47
Total Debt – Water Fund		\$ 4,618	\$ 10,426	\$ 4,030	\$ 6,396	

Long term debt – Airport Fund Debenture Debt

2025	Airport Expansion	\$ 2,527	\$ 7,500	\$ 1,713	\$ 5,787	2.75
2026	Airport Expansion	1,546	3,500	1,179	2,321	2.60
2026	Airport Expansion	1,307	3,000	995	2,005	2.10
2027	Airport Expansion	4,295	8,000	3,486	4,514	2.80
Total Debt – Airport Fund		\$ 9,675	\$ 22,000	\$ 7,373	\$ 14,627	

Long term debt – Other

2029	Airport – Enterprise Rental Car Kiosk	\$ 51	\$ 73	\$ 44		nil
2028	South Perimeter DCC Road B	–	4,902	3,249		nil
Total Debt – Other		\$ 51	\$ 4,975	\$ 3,293		

Total City Long Term Debt **\$ 70,920** **\$ 141,910** **\$ 65,720**

SCHEDULE 4 – COVID-19 SAFE RESTART GRANT FOR LOCAL GOVERNMENTS

For the Year Ended December 31, 2023 (in thousands of dollars)

The COVID-19 Safe Restart Grant was received from the Provincial Government in 2020. The schedule below provides disclosure of funds received, spent and remaining as well as any interest earned on unused funds. A balance at the end of the year represents unused funds received and is included in the General fund reserve.

	2023	2022
Balance, beginning of year	\$ 370	\$ 1,716
Interest earned	12	37
Less funds used to support:		
Community services revenue losses	(107)	(204)
Technological costs	(170)	(210)
Support for vulnerable persons	–	(285)
Enforcement and protection services	(105)	(684)
	<u>(370)</u>	<u>(1,346)</u>
Balance, end of year	\$ –	\$ 370



SCHEDULE 5 – BC GROWING COMMUNITIES FUND GRANT

For the Year Ended December 31, 2023 (in thousands of dollars)

The BC Growing Communities Fund Grant was received from the Provincial Government in 2023 and was included in the Government transfers Revenue line (Note 7) under Operating transfers, Provincial. The schedule below provides disclosure of funds received, spent and remaining. A balance at the end of the year represents unused funds received and is included in the General fund reserve.

	2023	2022
BC Growing Communities Fund Grant received	\$ 26,228	\$ –
Interest earned	241	–
Less use of funds:		
Public safety equipment	(213)	–
	<u>28</u>	<u>–</u>
Balance, end of year	\$ 26,256	\$ –



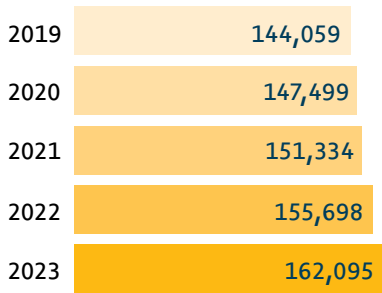




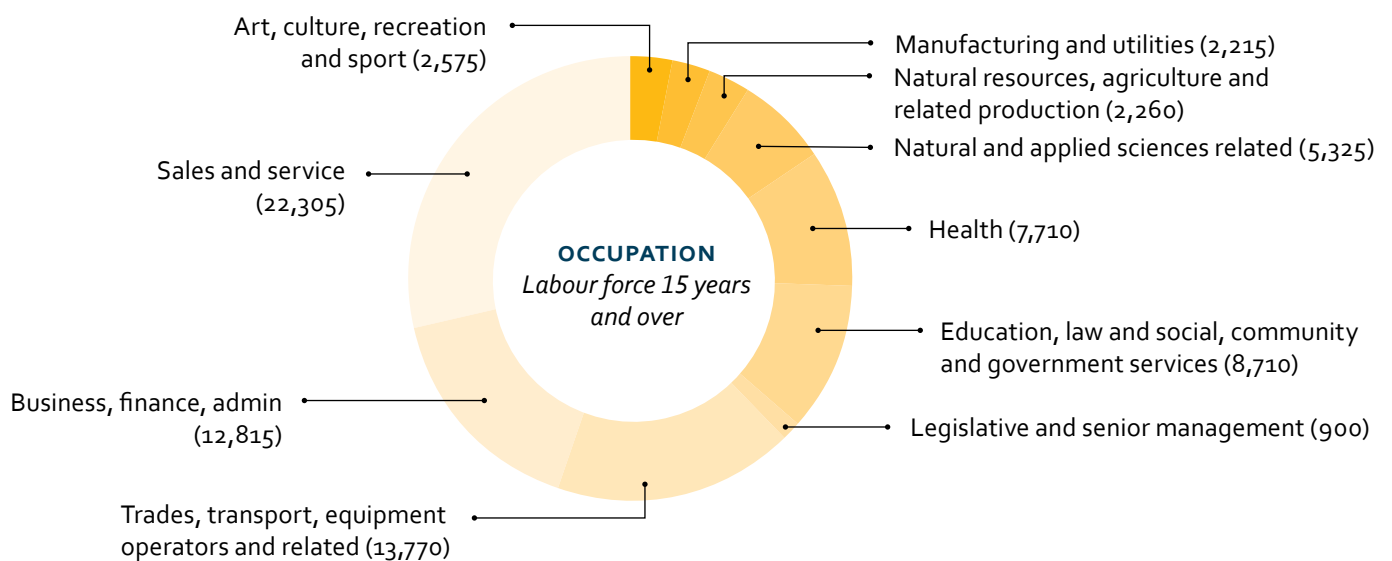
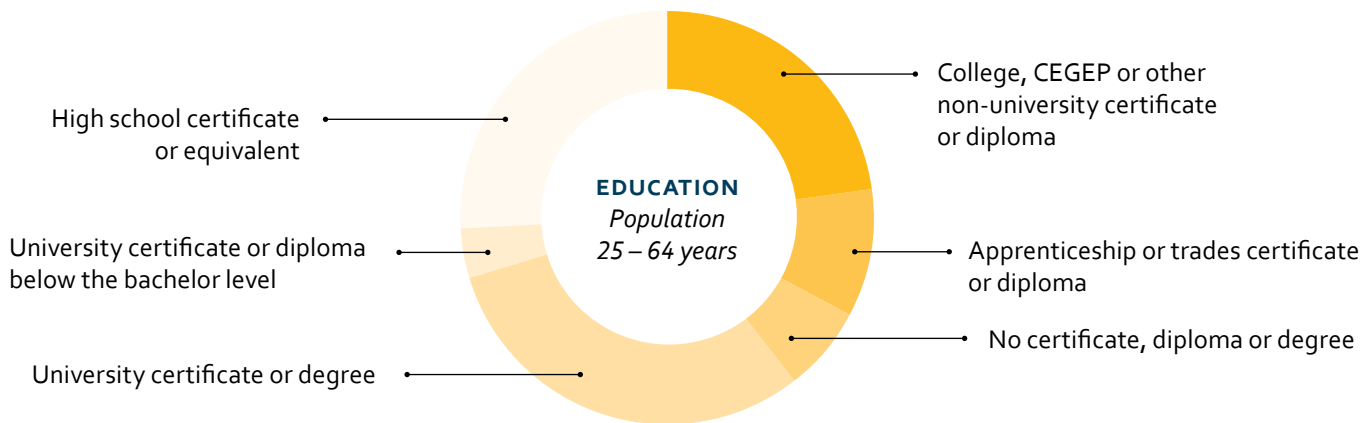
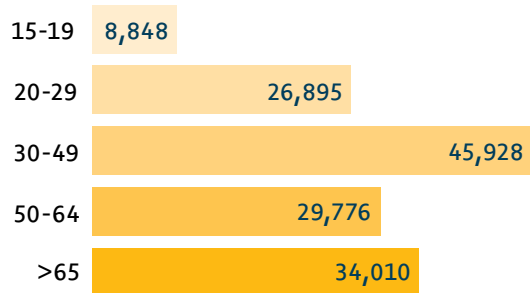
▶▶ **STATISTICAL REVIEW
2019 – 2023**

STATISTICAL REVIEW 2019 – 2023

POPULATION

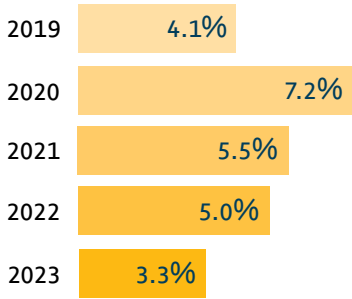


AGE OF POPULATION



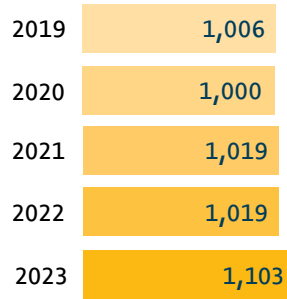
Note: The population and age of population statistics on this page are updated each year from data from Environics Analytics. The education and occupation graphs on this page are updated from Census information available every 5 years.

UNEMPLOYMENT RATE FOR KELOWNA



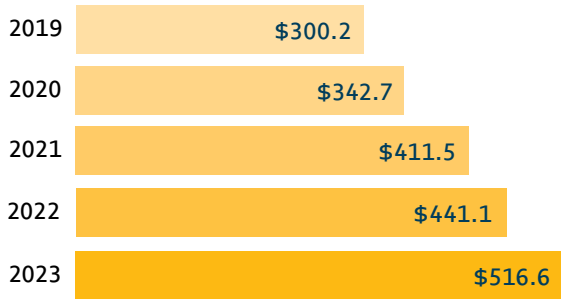
Source: Statistics Canada, Labour Force Survey as prepared by BC Stats: BC Unemployment Rate by Region.

NUMBER OF CITY OF KELOWNA EMPLOYEES

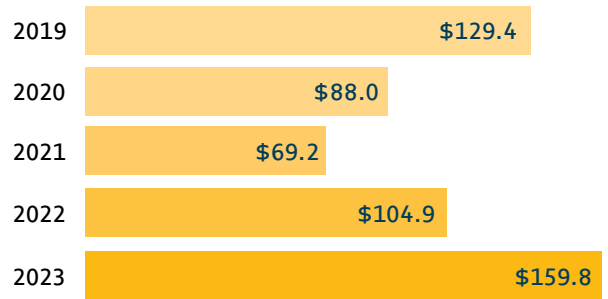


Note: Full Time Employees (FTE) at the City of Kelowna

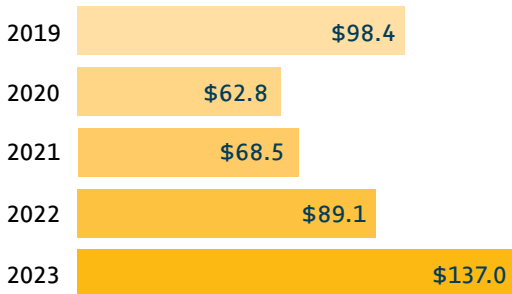
NET FINANCIAL ASSETS (DEBT) millions



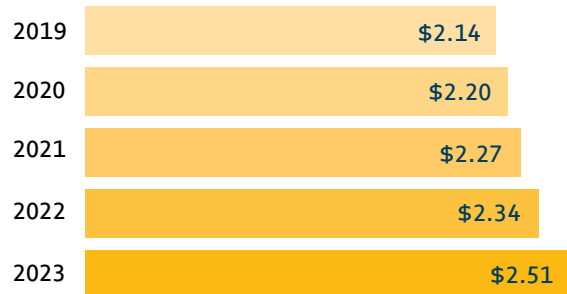
ACQUISITION OF TANGIBLE CAPITAL ASSETS millions



ANNUAL SURPLUS millions



ACCUMULATED SURPLUS billions



Source: City of Kelowna Financial Services Department.

CONSOLIDATED REVENUES*millions*

2019	\$396.1
2020	\$350.3
2021	\$379.1
2022	\$424.8
2023	\$509.3

CONSOLIDATED REVENUES**PER CAPITA**

2019	\$2,749
2020	\$2,375
2021	\$2,505
2022	\$2,728
2023	\$3,142

CONSOLIDATED EXPENSES*millions*

2019	\$297.6
2020	\$287.6
2021	\$310.6
2022	\$335.7
2023	\$372.3

CONSOLIDATED REVENUES BY TYPE*millions*

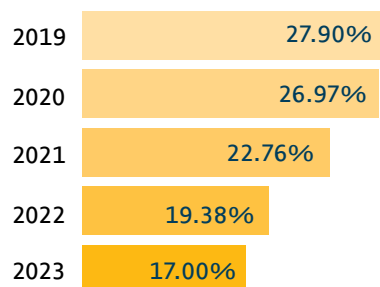
	2019	2020	2021	2022	2023
Taxation	\$ 155.62	\$ 162.40	\$ 171.37	\$ 184.63	\$ 192.05
Fees and charges	150.52	118.15	142.19	161.82	181.42
Interest earned	14.32	13.20	11.54	16.31	27.95
DCC contributions	16.84	14.39	11.71	16.78	37.56
Government transfers	53.02	34.58	35.83	38.75	65.55
Other capital contributions	4.52	4.71	4.56	5.15	4.30
Gain on disposal of tangible capital assets	1.24	2.89	1.87	1.37	0.48
Total	\$ 396.08	\$ 350.32	\$ 379.05	\$ 424.81	\$ 509.31

CONSOLIDATED EXPENSES BY FUNCTION*millions*

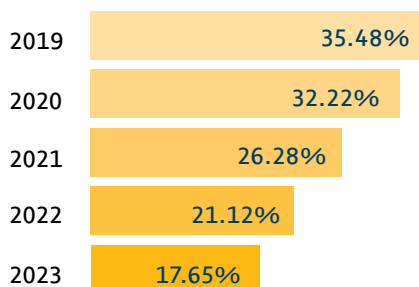
	2019	2020	2021	2022	2023
General government	\$ 31.81	\$ 33.69	\$ 41.44	\$ 49.22	\$ 60.10
Protective services	65.55	65.07	73.91	77.48	95.61
Transportation	64.44	63.78	66.47	68.88	66.62
Recreational & cultural	45.46	41.71	44.10	46.82	49.47
Other services (Incl Natural Gas Legacy)	27.71	24.03	25.38	27.08	27.98
Airport	24.50	21.91	22.00	26.49	30.37
Wastewater	22.55	21.91	21.42	23.60	24.01
Water	13.38	14.57	15.26	15.89	16.82
Loss on disposal of tangible capital assets	1.09	0.82	0.04	0.06	0.14
Write down of tangible capital assets	1.16	0.08	0.54	0.22	1.21
Total	\$ 297.65	\$ 287.57	\$ 310.55	\$ 335.74	\$ 372.33

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



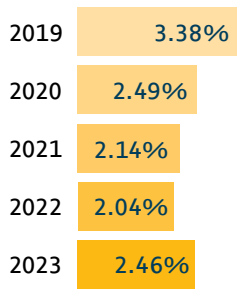
CONSOLIDATED EXPENSES BY OBJECT

millions

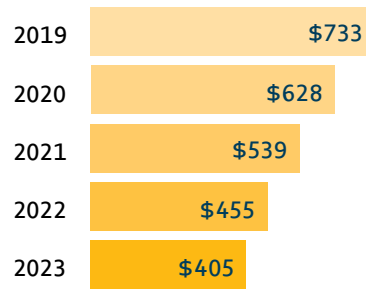
	2019	2020	2021	2022	2023
Salaries and benefits	\$ 90.54	\$ 92.47	\$ 101.53	\$ 109.73	\$ 119.39
Contract and professional services	58.21	51.90	56.89	63.83	69.67
RCMP Contract	31.23	29.75	36.78	36.17	52.54
Materials and supplies	39.07	35.64	36.42	43.60	51.54
Equipment	9.45	10.13	10.40	10.43	11.49
Allocations	0.09	0.09	0.01	0.01	0.01
Cost recoveries	(18.90)	(16.58)	(16.84)	(16.95)	(23.27)
Grants and external transfers	5.75	4.13	4.93	5.97	5.56
Utilities	6.99	6.93	7.37	8.13	8.31
Loss on disposal of tangible capital assets	1.09	0.82	0.04	0.06	0.14
Write down of tangible capital assets	1.16	0.08	0.54	0.22	1.21
Amortization of tangible capital assets	67.70	68.16	68.82	69.28	69.45
Accretion	–	–	–	1.50	1.56
Debt interest and fiscal services	5.27	4.05	3.67	3.76	4.73
Total	\$ 297.65	\$ 287.57	\$ 310.55	\$ 335.74	\$ 372.33

Source: City of Kelowna Financial Services Department.

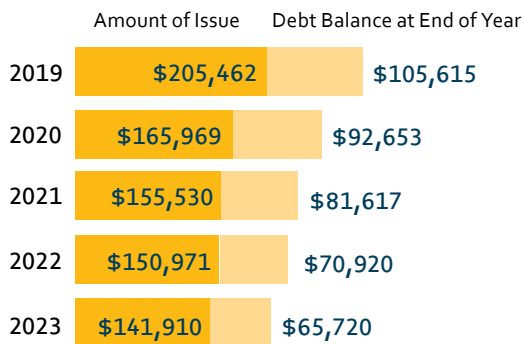
**CONSOLIDATED DEBT CHARGES
AS A PERCENTAGE OF TAXATION**



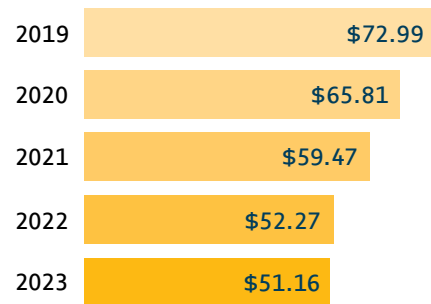
**CONSOLIDATED LONG TERM DEBT
PER CAPITA**



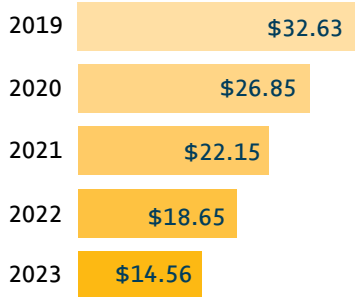
LONG TERM DEBT
thousands



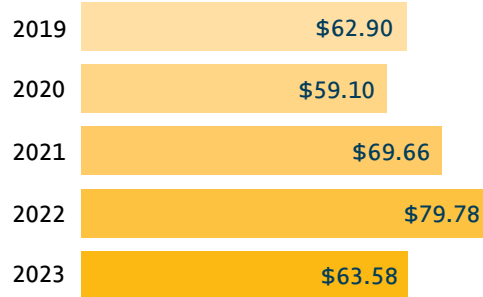
TOTAL DEBT SUPPORTED BY TAXES
millions



**TOTAL DEBT SUPPORTED BY UTILITIES
AND OTHER**
millions



TOTAL DEBT SERVICING CAPACITY AVAILABLE
millions



Source: City of Kelowna Financial Services Department.

ASSESSMENT FOR GENERAL TAXATION

billions

2019	\$39.1
2020	\$40.1
2021	\$41.5
2022	\$53.4
2023	\$62.1

TOTAL PROPERTY TAX LEVIES

thousands

	2019	2020	2021	2022	2023
City of Kelowna	\$ 155,624	\$ 162,405	\$ 171,366	\$ 184,627	\$ 192,053
Tax levies transferred to:					
School Tax	72,384	60,941	79,658	86,616	97,265
Regional Hospital	12,147	13,105	13,630	13,884	14,643
Regional District	12,465	13,004	13,506	13,993	15,803
BC Assessment	2,038	2,262	2,272	2,488	2,765
Total Property Tax Levies	\$ 254,658	\$ 251,717	\$ 280,432	\$ 301,608	\$ 322,529

TOTAL CURRENT YEAR PROPERTY TAXES COLLECTED

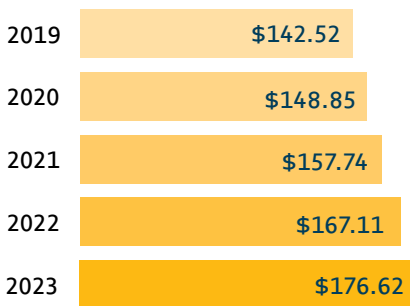
thousands

	2019	2020	2021	2022	2023
City of Kelowna	\$ 152,588	\$ 158,696	\$ 167,361	\$ 179,213	\$ 185,775
Taxes transferred for:					
School Tax	72,384	60,941	79,658	86,616	97,265
Regional Hospital	12,147	13,105	13,630	13,884	14,643
Regional District	12,465	13,004	13,506	13,993	15,803
BC Assessment	2,038	2,262	2,272	2,488	2,765
Total Current Year Property Taxes Collected	\$ 251,622	\$ 248,008	\$ 276,427	\$ 296,194	\$ 316,251

Source: City of Kelowna Financial Services Department

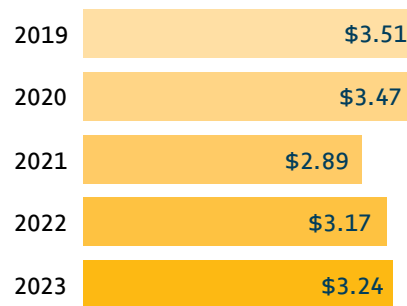
MUNICIPAL TAX DEMAND

millions

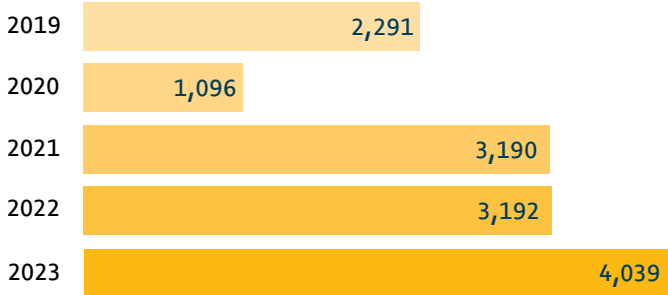


NEW CONSTRUCTION REVENUE

millions

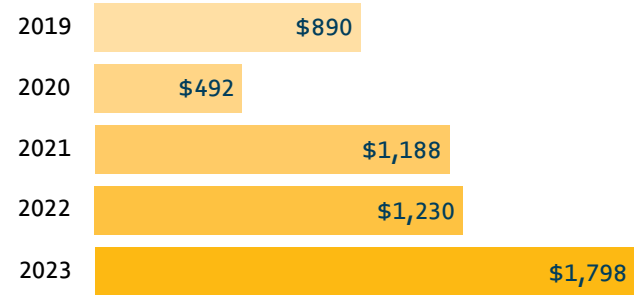


HOUSING STARTS



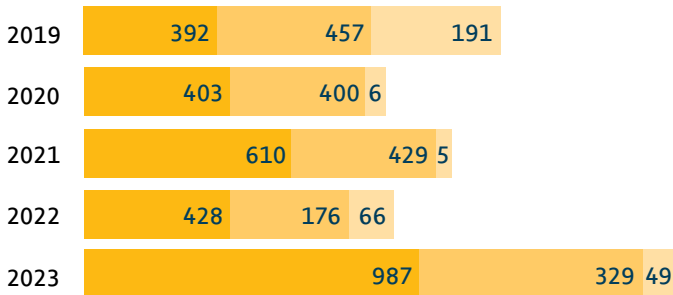
VALUE OF NEW DEVELOPMENT

millions



DEVELOPMENT FLOOR SPACE

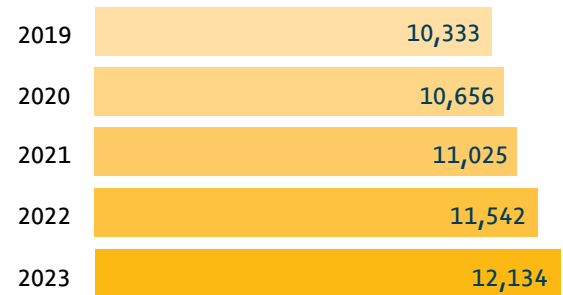
Square footage (thousands)



● Commercial ● Industrial ● Institutional

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

NUMBER OF BUSINESS LICENSES



Source: City of Kelowna Development, Corporate Services Department



City Hall
1435 Water Street
Kelowna, BC
V1Y 1J4

Tel 250-469-8500
kelowna.ca/annualreport