



Measuring Financial Performance

City of Kelowna's Second Quarter Financial Activity

August 12, 2024



Reporting Cycle 2024

Year-end Reporting

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



Quarter 2 Review

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



Quarter 1 Review

Q1 Activity Performance results to date presented as part of a regular Council Meeting.



Quarter 3 Review

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



Introduction

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

We will examine revenue and expenditure trends, delve into performance against budget and review investment income and capital spending to provide insights into the factors driving our financial performance.



Financial Performance Measures

- Revenue Activity
- Spending Activity
 - Operating
 - Payroll
 - Capital
- Investment Activity
- Performance Summary
- Budget Adjustments



City of Kelowna

Revenue By Source

Revenue by source

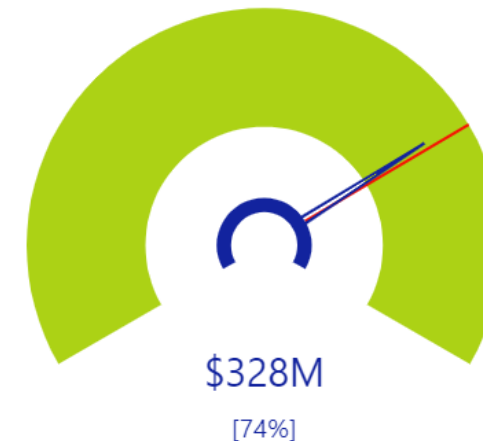
The City of Kelowna has multiple revenue sources including:

- **Property taxes** that are levied on properties based on the municipal taxation demand;
- **Parcel taxes** which are levied through bylaw on properties receiving a specific service;
- **Fees & charges** for public services like water, parking, and building permits and fines for things like bylaw infractions;
- **Grants** are funds awarded to the City by various grantors to be used for a specific purpose;
- **Material and other** revenues earned in interest and through government transfers.

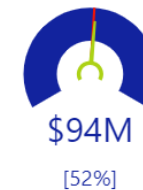
Year-to-date activity includes higher than budgeted investment revenue. Other revenue inflows are trending near target, with anticipated timing variances.

City of Kelowna

Revenue to Budget



Fees and Charges



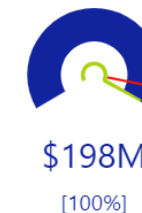
Grants



Material & Other



Property & Parcel Tax



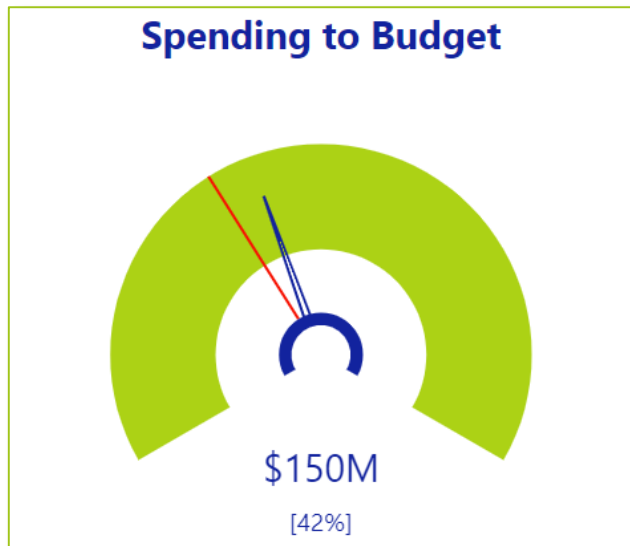
Exclusions: Capital, Transfers and Amortization

Revenue by service

Service revenue is trending on target with observed variances driven by timing.



* Other Services: Arts & Culture, Community Development, Development Planning, Governance & Leadership, Partnerships & Relationships and Stormwater. Exclusions: Capital and Transfers.



Spending by type

Operational expenditures by type can be grouped in the following categories:

- **Salaries & wages** payroll and fringe expenditures;
- **Materials & other** largely comprised of materials, supplies, travel, training and repairs;
- **Contract services** for operational contracts;
- **Debt servicing** including principal and interest payments.

Year-to-date activity is trending on target, with anticipated timing variances.

Exclusions: Capital, Transfers, and Amortization.

Spending by service

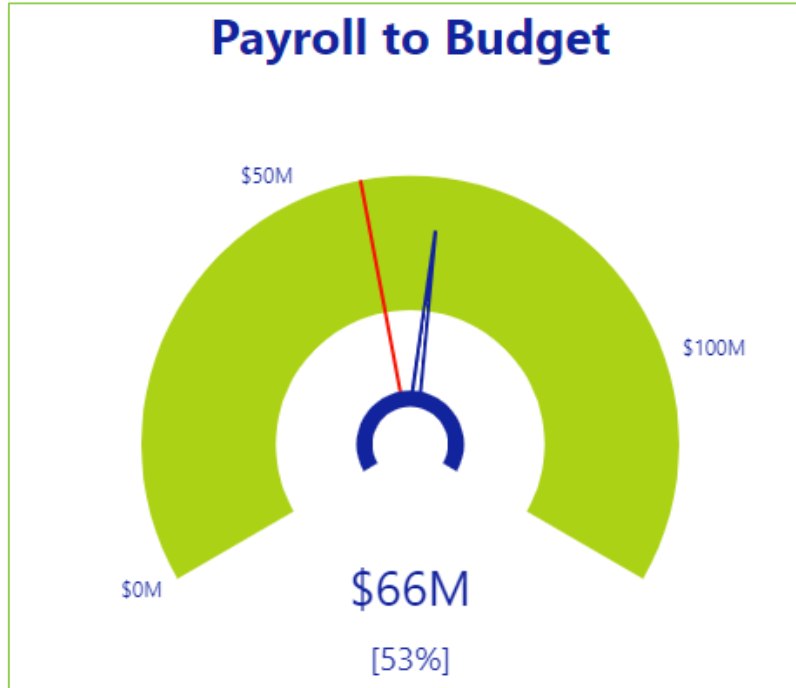
Service spending is trending on target with expected variance driven by timing.



* Other Services: Arts & Culture, Community Development, Development Planning, Governance & Leadership, Partnerships & Relationships and Stormwater. Exclusions: Capital, Transfers, and Amortization.

Payroll

Budget Analysis



Payroll Expenditures

A significant portion of the annual operating budget is for staffing. The City of Kelowna has four collective agreements for municipal staff, and a contract for RCMP services:

- **CUPE Local 338** – collective agreement ratified in 2023 for the term 2024 to 2025;
- **IAFF Local 953** – collective agreement was renewed in 2022 for 2020 to 2024;
- **CUPE Local 338 - Airport** – collective agreement was ratified in 2022 for the term 2020 to 2026;
- **IBEW Local 213** – collective agreement ratified in 2021 for the term;
- **RCMP contract** - the current RCMP collective agreement expired on March 31, 2023;
 - The 2024 contract staffing is at 240 members with a budgeted vacancy factor for 15 members.

Payroll expenditure are trending near budget with timing variances.

Capital Spending

The City of Kelowna's capital structure includes twelve capital cost centres:

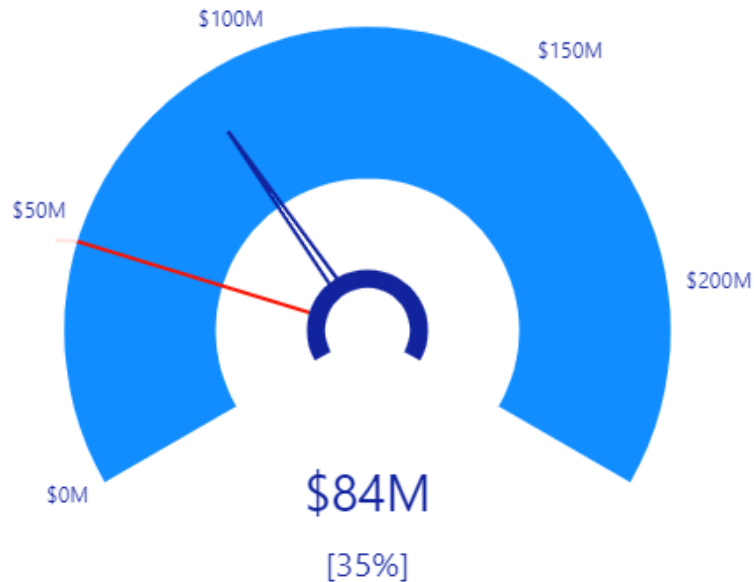
- Airport
- Fire Equipment
- Information Services
- Real Estate & Parking
- Buildings
- Parks
- Vehicles & Equipment
- Transportation
- Water
- Wastewater
- Solid Waste
- Storm Drainage

Funding for projects within these cost centres could come from a variety of sources including utility revenues, financial reserves, borrowing, grants or taxation.

Capital activities are expected to increase in the next two quarters.

City of **Kelowna**

Capital Projects



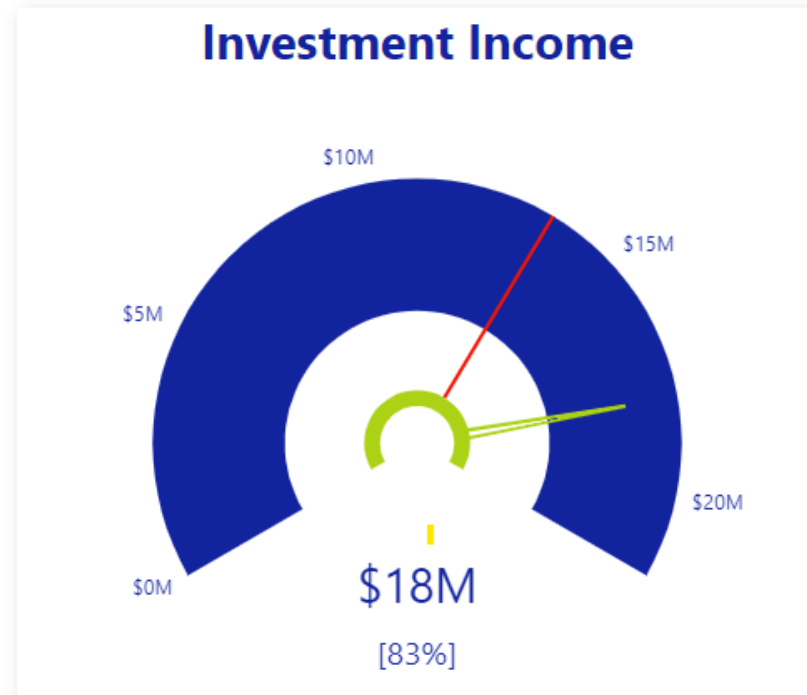
Capital budget has been annualized.

Capital
Budget Analysis

Investment Income

Investment income is generated through interest on the City's investments and banks accounts. Like other own source revenues, investment income serves as a reduction of taxation demand.

Investment income to date is trending above budget.



City of Kelowna

Performance Summary

Actual activity

- Income streams are diversified in support of our City's economic resilience
- Anticipated variance in grant revenue from the prior year
- Overall revenues and expenses are up over the prior year, as budgeted

Budget utilization

- Tax collection rates are strong
- Investment income is exceeding the budget
- Operational budget utilization is on target, excluding timing variances
- Capital projects are underway

Budget Adjustments

Second quarter budget adjustments are comprised of fourteen items totaling \$16.3M. This includes a \$426k budget redeployment. The amendments impact multiple service areas and, in all cases, do not impact the approved taxation demand.



A separate Report to Council will detail the second quarter budget adjustments and transfers.





Questions?

For more information, visit kelowna.ca.