

# Report to Council



**Date:** November 18, 2024  
**To:** Council  
**From:** City Manager  
**Subject:** Third Quarter 2024 Financial Performance  
**Department:** Financial Services

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**Recommendation:**

THAT Council receives, for information, the Report from Financial Services dated November 18, 2024, with respect to Third Quarter 2024 Financial Performance.

**Purpose:**

To provide Council with information summarizing the City of Kelowna’s third quarter financial activity in alignment with the presentation of the 2024 Financial Plan reflecting activities through a service-based model.

**Background:**

The Financial Services Department is committed to continuous improvement. As we navigate economic changes and a shifting macro environment, staff provide regular performance reporting throughout the year to improve governance and financial oversight. This report presents the third quarter financial performance against the budget and prior year activity.

**Discussion:**

Performance to date

The performance against budget, as seen in the table below, indicates that consolidated revenues and spending are trending near target, with some economic variances from budget. Investment revenue is exceeding the target, while service area revenues and expenses have seen some fluctuation from target. The timing of taxation revenue collection sees nearly 100% to budget in the third quarter. This is an anticipated variance as taxation collection predominantly occurs in the second quarter.

End of year budget variance projections follow the table below:

Activity Ratio	Description	Third Quarter Performance
Revenue to Budget	Measures revenue performance against original and amended net budget. This metric allows management/Council to identify revenue gaps or surpluses, and to adjust where required to reach financial goals.	<b>Group: Revenue</b> <ul style="list-style-type: none"> <li>➤ <b>\$429M (96%)</b> <ul style="list-style-type: none"> <li>○ <b>Top Source: Property &amp; Parcel Tax (\$198M)</b></li> <li>○ <b>Top Service: Enabling Services (\$282M)</b></li> </ul> </li> </ul>
Spending to Budget	Measures performance against original and amended net budget. This measure provides an indication of progress toward planned outcomes.	<b>Group: Spending</b> <ul style="list-style-type: none"> <li>➤ <b>\$261M (71%)</b> <ul style="list-style-type: none"> <li>○ <b>Top Source: Salaries &amp; Wages (\$102M)</b></li> <li>○ <b>Top Service: Enabling Services (\$56M)</b></li> </ul> </li> </ul>
Payroll Spending to Budget	Measures salary performance, the City's largest expenditure, against original and amended budget. This measure assesses the extent of staff resources utilized for service delivery relative to the planned needs outlined in the budget.	<b>Group: Spending Source</b> <ul style="list-style-type: none"> <li>➤ <b>\$102M (78%)</b> <ul style="list-style-type: none"> <li>○ <b>Top Service: Enabling Services (\$25M)</b></li> </ul> </li> </ul>
Capital Spending Burn Rate	Measures the percentage of annual capital budget being used and indicates the City's ability to deliver on its capital program.	<b>Group: Capital Projects</b> <ul style="list-style-type: none"> <li>➤ <b>\$151M (61%)</b></li> </ul>
Investment Income to Budget	As a rapidly growing city, investment income will continue to be a greater part of our annual budget. A more specific metric than Revenue Earned/Budget, this metric specifically measures investment returns to allow management/Council to manage the ongoing impacts of economic volatility.	<b>Group: Revenue Source</b> <ul style="list-style-type: none"> <li>➤ <b>\$29M (133%)</b></li> </ul>

### Service Area budget projections by year-end

Airport	Expenses under target
Arts & Culture	Near Budget
Community Development	Revenues and expenses under target
Community Safety & Bylaw	Near Budget
Development Planning	Near Budget
Development Services	Revenue and expenses under target
Enabling Services	Investment income above target
Fire Safety	Near Budget
Governance & Leadership	Near Budget
Parking	Revenue above target
Parks	Near Budget
Partnerships & Relationships	Revenues and expenses under target
Police Services	Expense above target
Solid Waste & Landfill	Near Budget
Sport & Recreation	Near Budget
Stormwater	Near Budget
Transit	Near Budget
Transportation	Near Budget
Wastewater Utility	Near Budget
Water Utility	Revenue and expenses under target

### Risks Identified

The financial activities and progress to date have been stable and reveal no indication of potential future risks.

### Budget adjustments

Third quarter budget adjustments and transfers will be presented through a separate Report to Council. This will include one adjustment totaling \$4M (*2024 Budget: \$400k, 2025 Budget: \$3.6M*) with no impact to taxation demand.

### **Conclusion:**

The third quarter's financial performance reflects a positive outlook for the organization. The performance across multiple service areas demonstrates the effectiveness of our financial planning and resource allocation strategies.

### **Internal Circulation:**

Financial Planning Manager

**Considerations not applicable to this report:**

***Legal/Statutory Authority:***

***Legal/Statutory Procedural Requirements:***

***Existing Policy:***

***Financial/Budgetary Considerations:***

***Consultation and Engagement:***

***Communications Comments:***

**Submitted by:** M. Friesen, Controller, Financial Services

**Approved for inclusion:** M. Warrender, Deputy Chief Financial Officer, Financial Services

**Attachments:**

Appendix A. Presentation to council

cc:

J. Sass, General Manager, Corporate Services Division