



Measuring Financial Performance

City of Kelowna's Third Quarter Financial Activity

November 18, 2024



Purpose

- Present an understanding of our financial performance
- Provide insights into the factors driving our financial performance.
 - Revenue and expenditure trends
 - Performance against budget
 - Investment income
 - Capital spending



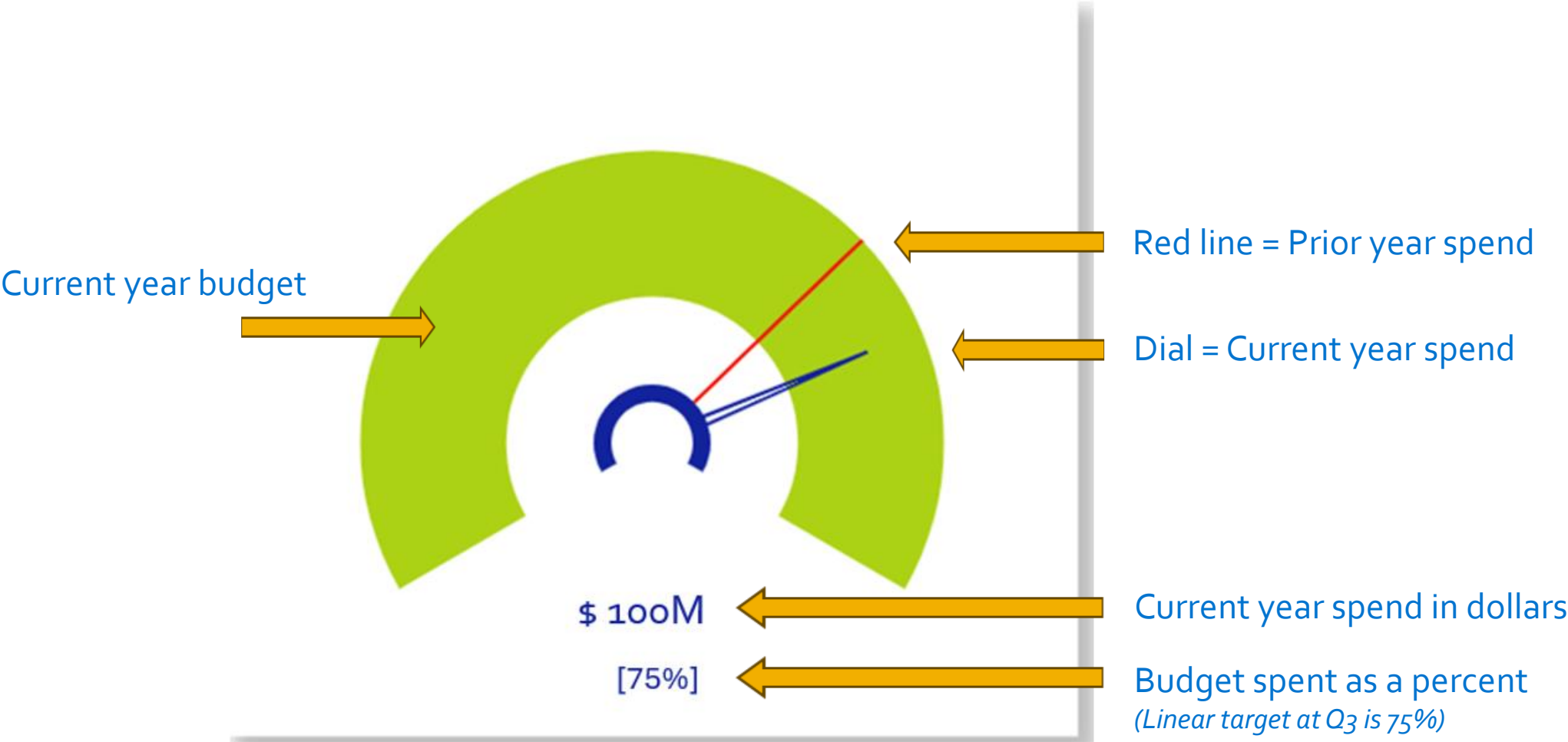
Financial Performance Measures

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



City of Kelowna

Graphic explanation



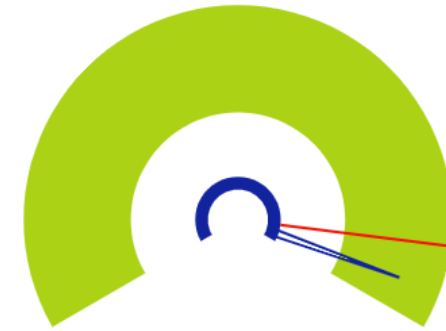
Revenue By Source

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 some economic fluctuations.

Revenue to Budget



\$429M
[96%]

Fees and Charges



\$140M
[78%]

Grants



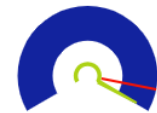
\$20M
[64%]

Other



\$72M
[182%]

Property & Parcel Tax



\$198M
[100%]

City of Kelowna

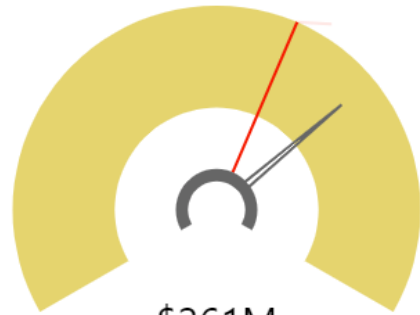
Exclusions: Capital, Transfers and Amortization

Service revenue: trending near target with some economic fluctuations from target.



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

Spending to Budget



\$261M

[71%]

Contract Services



\$80M

[73%]

Debt Services



\$9M

[62%]

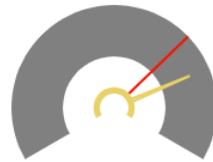
Material & Other



\$71M

[62%]

Salaries & Wages



\$102M

[78%]

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 near target, with some economic fluctuations.

Spending
By Type

Exclusions: Capital, Transfers, and Amortization.

City of Kelowna

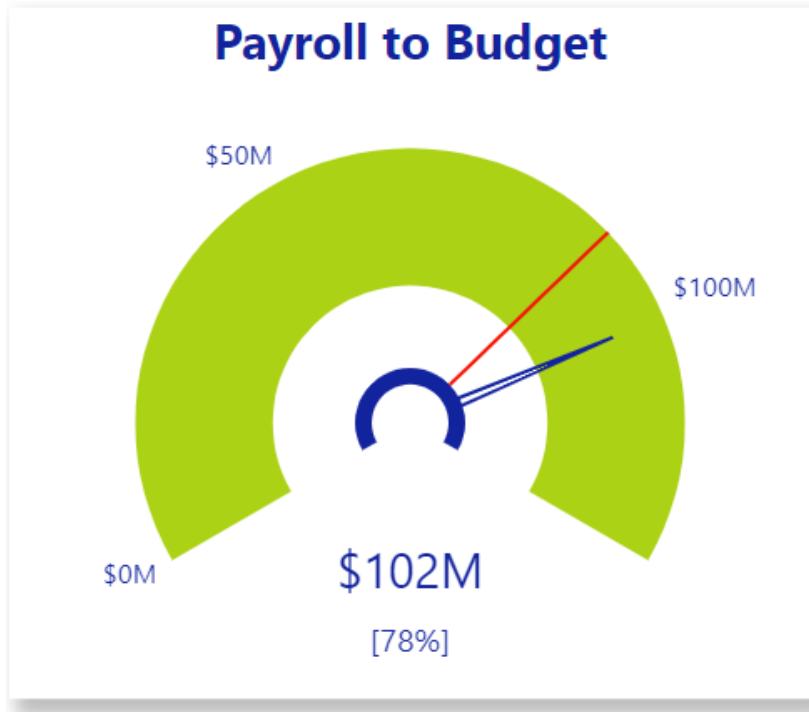
Service spending: trending near target with some economic fluctuations from target



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

Payroll

Budget Analysis

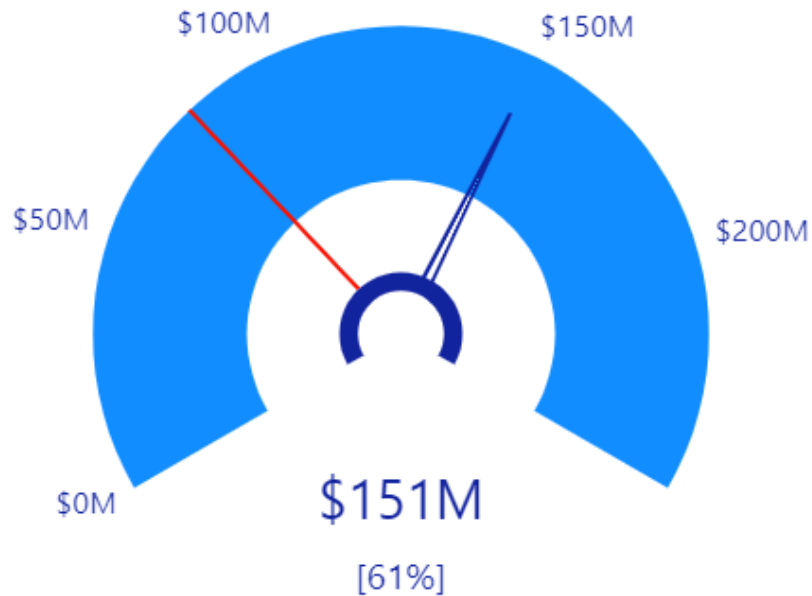


A significant portion of the annual operating budget is for staffing. The City of Kelowna has four collective agreements for municipal staff, and a contract for RCMP services:

- **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.

Capital Spending to Budget



Capital budget has been annualized.

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

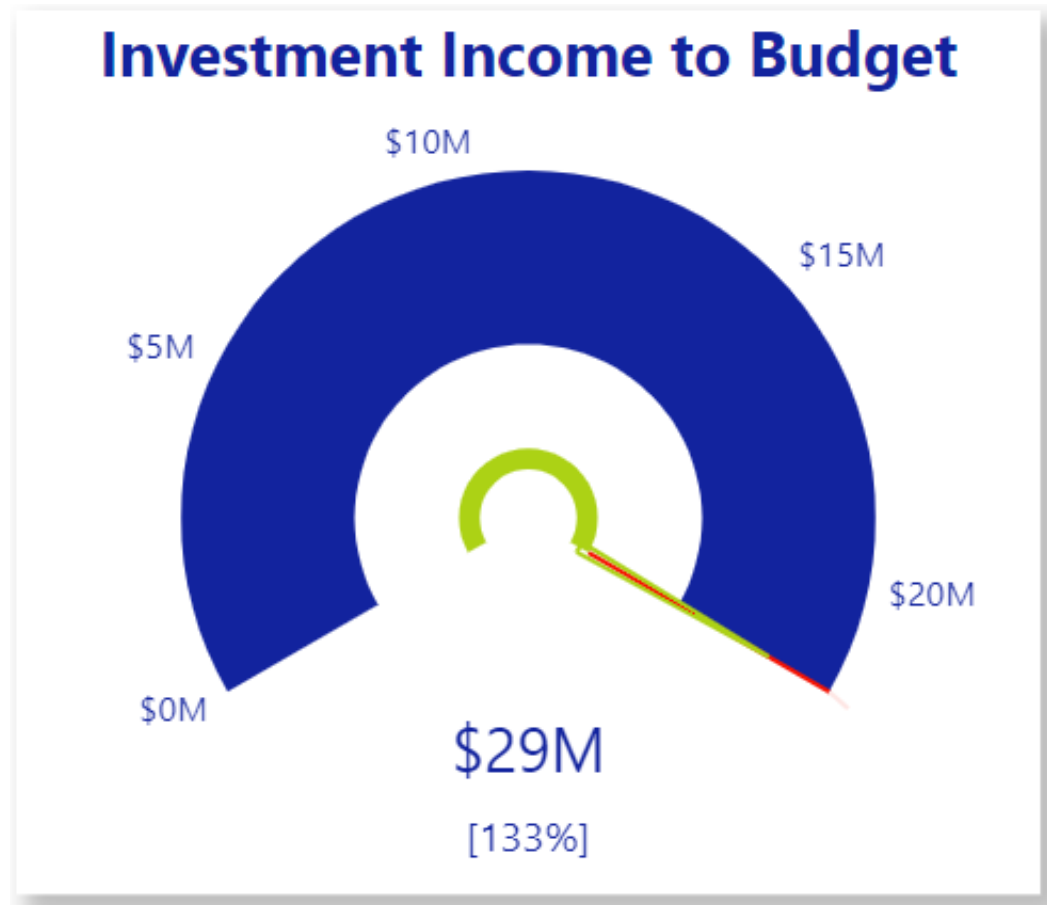
Funding for projects within these cost centres could come from a variety of sources including utility revenues, financial reserves, borrowing, grants or taxation.

Capital activities have increased over previous year.

Capital Budget Analysis

Investment Income

Budget Analysis



- 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.

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 includes some variation to expectations, resulting from economic fluctuations
- Rate of capital delivery continues to improve

Budget Adjustments

- One third quarter budget adjustment for \$4M
 - 2024 budget: \$4.0M
 - 2025 budget: \$3.6M
- Does not impact the approved taxation demand.
- A separate Report to Council to present the details





Questions?

For more information, visit kelowna.ca.