

# 2024 CONSOLIDATED FINANCIAL STATEMENTS

Kelowna, BC Canada

For the year ended December 31, 2024

# CITY OF KELOWNA

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## STATEMENT OF MANAGEMENT RESPONSIBILITIES

The City of Kelowna (the “City”) Consolidated Financial Statements for the year ended December 31, 2024 have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

City of Kelowna Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Audit Committee. The Audit Committee meets with management regularly and with the external auditors a minimum of once per year.

The external auditors, Doane Grant Thornton LLP, conduct an independent audit of the City’s Financial Statements in accordance with Canadian auditing standards and, in their opinion, determined them to be presented fairly and not materially misstated.

On behalf of City of Kelowna,

**Joe Sass, CPA, CA**

General Manager, Corporate Services

# Independent auditor's report

**Doane Grant Thornton LLP**  
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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, 2024, 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, 2024, and the results of operations, its remeasurement gains and losses, its changes in 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 1 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2023 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.

Kelowna, Canada  
May 12, 2025

Chartered Professional Accountants

# CITY OF KELOWNA

## Consolidated Statement of Financial Position

### As at December 31, 2024

(in thousands of dollars)

	2024	2023 (Restated - Note 21)
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 44,005	\$ 108,228
Accounts receivable (Note 3)	64,836	76,848
Accrued interest	12,038	8,072
Portfolio investments (Note 3)	890,991	845,875
Long term investments	-	6,000
Assets held for resale	4,371	4,371
	<b>1,016,241</b>	<b>1,049,394</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	112,808	83,474
Performance deposits	41,762	48,247
Deferred revenue (Note 3)	85,086	81,639
Deferred development cost charges (Note 3)	208,132	213,684
Long term debt (Note 3)	57,988	65,720
Asset retirement obligations (Note 18)	40,960	40,014
	<b>546,736</b>	<b>532,778</b>
<b>Net Financial Assets (Debt)</b>	<b>469,505</b>	<b>516,616</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	6,282	6,585
Inventory	1,909	1,553
Work in progress (Note 4)	151,103	73,102
Tangible capital assets (Note 4)	2,123,113	2,011,574
	<b>2,282,407</b>	<b>2,092,814</b>
<b>Accumulated Surplus</b>	<b>\$ 2,751,912</b>	<b>\$ 2,609,430</b>
Accumulated Surplus is comprised of:		
Accumulated surplus (Note 5)	2,731,552	2,576,855
Accumulated remeasurement gains (losses)	20,360	32,575
<b>Accumulated Surplus</b>	<b>\$ 2,751,912</b>	<b>\$ 2,609,430</b>

Contingent liabilities and Commitments (Notes 8 and 9)  
Contractual rights (Note 16)  
Subsequent event (Note 24)

Joe Sass, CPA, CA  
General Manager, Corporate Services

See accompanying notes to the consolidated financial statements.

Tom Dyas  
Mayor, City of Kelowna

# CITY OF KELOWNA

## Consolidated Statement of Operations and Accumulated Surplus For the Year Ended December 31, 2024 (in thousands of dollars)

	Budget 2024 (Note 15)	Actual 2024	Actual 2023 (Restated - Note 21)
<b>Revenue</b>			
Taxation (Note 6)	\$ 207,289	\$ 206,665	\$ 192,053
Fees and charges	179,631	182,479	175,518
Interest earned	12,020	31,763	27,955
Gain on portfolio investments	-	30,426	-
DCC contributions	61,375	40,973	37,555
Government transfers (Note 7)	54,997	59,098	71,453
Other capital contributions	200	16,689	11,231
Gain on disposal of tangible capital assets	-	2,487	484
	<u>515,512</u>	<u>570,580</u>	<u>516,249</u>
<b>Expenses</b>			
General government	59,903	64,735	60,105
Protective services	94,623	101,205	95,612
Transportation	53,202	85,696	71,499
Recreation & cultural	46,236	55,747	49,502
Other services	25,534	30,963	27,976
Airport	26,073	34,255	30,367
Wastewater	15,481	25,162	24,268
Water	14,457	18,241	16,962
Loss on disposal of tangible capital assets	-	109	140
Write down of tangible capital assets	-	355	1,211
	<u>335,509</u>	<u>416,468</u>	<u>377,642</u>
<b>Annual Surplus</b>	180,003	154,112	138,607
Accumulated Surplus, beginning of year as originally reported	2,576,855	2,576,855	2,335,967
Change due to prior period error (Note 21)	-	-	102,281
<b>Accumulated Surplus, beginning of year restated</b>	2,576,855	2,576,855	2,438,248
Adjustment on adoption of the public private partnership (P3) standard (Note 2)	-	585	-
<b>Accumulated Surplus, end of year</b>	<u>\$ 2,756,858</u>	<u>\$ 2,731,552</u>	<u>\$ 2,576,855</u>

See accompanying notes to the consolidated financial statements.

# CITY OF KELOWNA

## Consolidated Statement of Remeasurement Gains and Losses

For the Year Ended December 31, 2024

(in thousands of dollars)

	Actual 2024	Actual 2023
Accumulated remeasurement gains (losses), beginning of year	\$ 32,575	\$ 27,217
Unrealized gains (losses) attributable to:		
Portfolio investments	18,211	5,358
Realized (gains) losses reclassified to the consolidated statement of operations and accumulated surplus:		
Portfolio investments	(30,426)	-
Change in remeasurement gains and (losses)	(12,215)	5,358
Accumulated remeasurement gains (losses), end of year	\$ 20,360	\$ 32,575

See accompanying notes to the consolidated financial statements.



# CITY OF KELOWNA

## Consolidated Statement of Changes in Net Financial Assets (Debt)

For the Year Ended December 31, 2024

(in thousands of dollars)

	Budget 2024 (Note 15)	Actual 2024	Actual 2023 (Restated - Note 21)
<b>Annual Surplus</b>	\$ 180,003	\$ 154,112	\$ 138,607
Amortization of tangible capital assets	-	76,527	74,762
Proceeds from disposal of tangible capital assets	-	2,639	3,044
Gain on disposal of tangible capital assets	-	(2,378)	(345)
Write down of tangible capital assets	-	355	1,211
Acquisition of tangible capital assets	(411,431)	(243,984)	(159,812)
Contributions of tangible capital assets	-	(13,730)	(8,287)
Change in asset retirement obligations estimate	-	(946)	(7,691)
Accretion of asset retirement obligations	-	1,412	1,559
Unrealized gains (losses) on portfolio investments	-	(12,215)	32,575
Change in inventory and prepaid expenses	-	(53)	(156)
<b>Increase (decrease) in Net Financial Assets (Debt)</b>	(231,428)	(38,261)	75,467
Net Financial Assets (Debt), beginning of year	516,616	516,616	441,149
Adjustment on adoption of the public private partnership (P3) standard	-	(8,850)	-
<b>Net Financial Assets (Debt), end of year</b>	\$ 285,188	\$ 469,505	\$ 516,616

See accompanying notes to the consolidated financial statements.

# CITY OF KELOWNA

## Consolidated Statement of Cash Flows

### For the Year Ended December 31, 2024

(in thousands of dollars)

	2024	2023 (Restated - Note 21)
<b>Net inflow (outflow) of cash and cash equivalents related to the following activities</b>		
<b>Operating</b>		
Annual surplus	\$ 154,112	\$ 138,607
Adjustment for non-cash items		
Amortization and write down of tangible capital assets	76,882	75,972
Accretion of asset retirement obligations	1,412	1,559
Gain on disposal of tangible capital assets	(2,378)	(345)
Gain on portfolio investments	(30,426)	-
Actuarial adjustment on long term debt	(2,628)	(2,337)
Contributions of tangible capital assets	(13,730)	(8,287)
Public private partnership user fee	(467)	-
Change in non-cash operating assets and liabilities		
Accounts receivable	12,012	(21,718)
Inventory and prepaid expenses	(53)	(156)
Other assets	(3,966)	3,021
Accounts payable and accrued liabilities	12,542	20,945
Deferred development cost charges	(5,552)	65,543
Other liabilities	(3,038)	28,906
	<u>194,722</u>	<u>301,710</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(227,192)	(148,203)
Proceeds from disposal of tangible capital assets	2,639	3,044
	<u>(224,553)</u>	<u>(145,159)</u>
<b>Investing</b>		
Proceeds from disposition of portfolio investments	81,289	-
Purchase of portfolio investments	(108,195)	(136,984)
	<u>(26,906)</u>	<u>(136,984)</u>
<b>Financing</b>		
Proceeds from issuance of long term debt	-	4,902
Repayment of long term debt	(7,486)	(7,765)
	<u>(7,486)</u>	<u>(2,863)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(64,223)</u>	<u>16,704</u>
Cash and cash equivalents, beginning of year	108,228	91,524
<b>Cash and cash equivalents, end of year</b>	<u>\$ 44,005</u>	<u>\$ 108,228</u>
<b>Non-cash capital activities</b>		
Acquisition of tangible capital assets through contributions (Note 4)	\$ 13,730	\$ 8,287
Acquisition of tangible capital assets through accounts payable and accrued liabilities	\$ 16,793	\$ 11,608

See accompanying notes to the consolidated financial statements.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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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.

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### 1. Significant accounting policies

#### Basis of presentation

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the organizations controlled by the City. Interfund and inter-corporate balances and transactions have been eliminated. The reporting entity includes the Kelowna Developments Ltd., a 100% subsidiary, which is currently inactive.

The resources and operations of the City are accounted for in the following funds: General, Airport, Wastewater Utility, Water Utility, Development Cost Charges and Statutory Reserve Funds.

#### 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.

#### 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.

#### Inventory

Inventory is valued at the lower of cost or net realizable value, determined principally on a weighted average and specific item basis, or replacement cost.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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:

	2024	2023
Cash deposits held by MFA	\$ 1,852	\$ 1,854
Demand notes held by MFA	3,907	4,013
	<u>\$ 5,759</u>	<u>\$ 5,867</u>

### Employee future benefits

The City of Kelowna and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed as incurred.

### 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%.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### Financial instruments

Financial instruments 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, long-term payable, and long-term debt. Portfolio investments represent funds held in the City of Kelowna pooled funds.

Financial instruments are initially measured at fair value and subsequently carried at fair value or cost or amortized 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 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 statement of operations

Transaction costs related to financial instruments recorded at their fair value are expensed as incurred.

- Cost category: Investments not quoted in an active market, financial assets and liabilities are recorded at cost or amortized cost (using the effective interest method).

Gains and losses are recognized in the statement of operations when the financial asset is derecognized due to disposal or impairment.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument.

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.

Financial instruments in the fair value category 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.

### Impairment of long lived assets

In the event that facts and circumstances indicate that the city's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The city considers that no circumstances exist that would require such an evaluation.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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 is initially recorded at the best estimate of the expenditures required to retire a tangible capital asset, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset if the asset is recognized and in productive use. This liability is subsequently reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. The changes in the liability for the passage of time are recorded as accretion in the Statement of Operations and all other changes are adjusted to the tangible capital asset.

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.



# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 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:

<u>Asset Type</u>	<u>Useful Life (years)</u>	<u>Asset Type</u>	<u>Useful Life (years)</u>
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.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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.

#### Development Cost Charges (DCC) contributions

Development Cost Charges (DCC) contributions are recognized as revenue during the period in which the related costs are incurred. Development cost charges collected or collectible, but not yet expended, are recorded as unearned revenue.

#### Government transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### 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 when performance obligations are met, which is usually when services are provided or facilities are utilized.

#### 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.

Fees and charges and investment income transactions with performance obligations are recognized when the City satisfies the performance obligations, which occur when control of the benefits associated with the promised goods and services have passed to a payor. Transactions without performance obligations are recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources and a past event has occurred.

### Expenses

Expenses are recorded in the period in which the goods or services are acquired and a liability is incurred.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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 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.

### Capitalization public-private partnerships

Public-private partnership ("P3") projects are delivered by private sector partners selected to design, build, finance, and maintain the assets. The cost of the asset under construction is included in work in progress at cost. When available for operation, the project assets are amortized over their estimated useful life. Correspondingly, an obligation for the cost of capital and financing received to date, net of contributions paid, is recorded as a liability and included in debt. The contract rate on financing was determined using the weighted average cost of capital specific to the public private partnership arrangement. Upon substantial completion, the private partner receives payments for community use time as well as revenue from third party users to cover the partner's operating cost, financing cost and a return of their capital over the term of the agreement.

### 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, the value of contributed tangible capital assets, tangible capital assets estimated useful life and related amortization, allowance for doubtful accounts, contaminated site liabilities, and settlement costs associated with outstanding legal actions.

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# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

**December 31, 2024**

**(in thousands of dollars)**

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### **2. Change in accounting policies**

#### **PS 3400 Revenue and PS 3160 Public-Private Partnerships**

Effective January 1, 2024, The City of Kelowna adopted new accounting standards issued by the Public Sector Accounting Board, including PS 3400 Revenue and PS 3160 Public-Private Partnerships.

- PS 3400 Revenue establishes principles for recognizing revenue in public sector entities, distinguishing between exchange and non-exchange transactions. Exchange transactions involve one or more performance obligations, requiring the transfer of goods or services to a payor in exchange for consideration, whereas non-exchange transactions do not have a direct transfer of goods or services.
- PS 3160 Public Private Partnerships can exist in transactions where public sector entities procure infrastructure using private sector partners. The standard provides guidance on the recognition, measurement, presentation, and disclosure of transactions related to public-private partnerships.

The City has applied PS 3400 prospectively, meaning prior periods have not been restated.

PS 3160 was applied retroactively, without restatement of prior periods. The adoption of this standard resulted in the following adjustments as of January 1, 2024:

- An increase to buildings capital assets of \$18,500
  - An increase in buildings accumulated amortization of \$9,065
  - A decrease in long term investments of \$6,000
  - An increase in long term debt of \$2,850
  - An increase in accumulated surplus for the year of \$585
  - A decrease in net assets of \$8,850
-

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 3. Financial assets and liabilities

#### Cash and cash equivalents

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. At December 31, 2024 the balance outstanding was \$nil (2023 - \$nil).

#### Accounts receivable

<u>Type of receivable</u>	<u>2024</u>	<u>2023</u>
Property tax	\$ 11,829	\$ 9,417
Trade receivables	24,102	21,708
Due from federal government	2,275	3,474
Due from provincial government	-	2,754
Due from regional government	187	54
Utilities	7,781	6,581
Deferred development cost charges	18,844	32,863
Allowance for doubtful accounts	(182)	(3)
	<u>\$ 64,836</u>	<u>\$ 76,848</u>

#### Portfolio investments

	<u>Level</u>	<u>2024</u>	<u>2023</u>
<u>Portfolio investments in the fair value category</u>			
Municipal Finance Authority investment funds	2	\$ 334,272	\$ 235,726
Publicly traded shares	1	53,757	120,997
Total portfolio investments reported at fair value		<u>388,029</u>	<u>356,723</u>
<u>Portfolio investments in the cost and amortized cost category</u>			
Guaranteed Investment Certificates and deposit notes		409,887	392,533
Provincial and bank issued bonds		93,075	96,619
Total portfolio investments reported at cost and amortized cost		<u>502,962</u>	<u>489,152</u>
Total Portfolio investments		<u>\$ 890,991</u>	<u>\$ 845,875</u>

Included in portfolio investments are designated assets related to the City's Legacy Endowment Fund. At December 31, 2024 the fair market value of these internally restricted funds was \$180,883 (2023 - \$157,821).

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 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

	<u>2023</u>	<u>Receipts</u>	<u>Interest</u>	<u>Transfers Out</u>	<u>2024</u>
Tax prepayments	\$ 23,381	\$ 47,070	\$ -	\$ 44,909	\$ 25,542
Construction	21,065	1,011	946	1,442	21,580
Grants	24,044	10,375	39	10,656	23,802
Other	9,195	10,784	65	9,390	10,654
Local Area Service	3,954	230	-	676	3,508
Total	<u>\$ 81,639</u>	<u>\$ 69,470</u>	<u>\$ 1,050</u>	<u>\$ 67,073</u>	<u>\$ 85,086</u>

### 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.

	<u>2023</u>	<u>Receipts</u>	<u>Interest</u>	<u>Transfers Out</u>	<u>2024</u>
Parks Land/Development	\$ 71,133	\$ 13,962	\$ 2,056	\$ 28,408	\$ 58,743
Roads	104,030	9,279	3,943	8,660	108,592
Water	22,770	341	889	1,584	22,416
Wastewater	15,587	4,129	534	1,615	18,635
Drainage	164	297	(9)	706	(254)
Total Deferred DCC	<u>\$ 213,684</u>	<u>\$ 28,008</u>	<u>\$ 7,413</u>	<u>\$ 40,973</u>	<u>\$ 208,132</u>

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.



# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 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>
2025	\$ 11,138
2026	8,176
2027	7,372
2028	4,773
2029	3,244
2030 and thereafter	23,285
Total	<u>\$ 57,988</u>

Total outstanding debt issued was \$154,371 and total debt payable at December 31, 2024 was \$57,988 (2023 - \$68,570). Total interest paid in 2024 was \$5,089 (2023 - \$4,907). Prior period balances have been restated, described in Note 2.

Schedule 3 provides a breakdown of long term debt.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 4. Tangible capital assets (TCA) and work in progress

	2024 Work in progress	2024 Tangible capital assets (NBV)	2023 Work in progress	2023 Tangible capital assets (NBV) (Restated - Note 21)
Land	\$ -	\$ 453,979	\$ -	\$ 407,186
Land improvements	7,522	39,373	1,571	36,134
Buildings	77,729	215,706	25,291	203,658
Infrastructure	61,260	1,321,196	42,457	1,281,998
Machinery and equipment	4,592	92,859	3,783	82,598
	<u>\$ 151,103</u>	<u>\$ 2,123,113</u>	<u>\$ 73,102</u>	<u>\$ 2,011,574</u>

Contributions received in 2024 include:

<u>Type of contribution</u>	2024	2023 (Restated - Note 21)
Land	\$ 3,819	\$ 1,335
Infrastructure	9,911	6,952
Total Contributed tangible capital assets	<u>\$ 13,730</u>	<u>\$ 8,287</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 \$355 (2023 - \$1,211) were written off due to impairment.

During the year, no interest was capitalized \$nil (2023 - \$nil).

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 5. Accumulated surplus

	Reserves for Future Expenditures	Statutory Reserves	Fund Surpluses	Investment in Tangible Capital Assets	Total 2024 (Restated - Note 2)	Total 2023 (Restated - Note 21)
Accumulated surplus, beginning of year	\$ 371,409	\$ 146,438	\$ 69,693	\$ 1,989,900	\$ 2,577,440	\$ 2,438,248
Annual surplus (deficit)	12,416	6,911	130,487	4,298	154,112	138,607
Transfers	(2,207)	22,342	(20,135)	-	-	-
Acquisition of tangible capital assets, net	(75,297)	-	(99,756)	175,053	-	-
Repayment of long term debt	-	-	(7,953)	7,953	-	-
<b>Accumulated surplus, end of year</b>	<b>\$ 306,321</b>	<b>\$ 175,691</b>	<b>\$ 72,336</b>	<b>\$ 2,177,204</b>	<b>\$ 2,731,552</b>	<b>\$ 2,576,855</b>

Accumulated Surplus detail as follows:

Description	Balances, Beginning of Year	Transfer From	Transfer To	Annual Surplus	Balances, End of Year
<b><u>Non-Statutory Reserves</u></b>					
General Fund reserve	\$ 272,964	\$ 126,300	\$ 79,344	\$ 9,401	\$ 235,409
Airport Fund reserve	51,978	60,791	32,897	1,922	26,006
Waste Water Fund reserve	19,190	4,313	-	169	15,046
Water Fund reserve	27,277	1,930	3,589	924	29,860
	<u>371,409</u>	<u>193,334</u>	<u>115,830</u>	<u>12,416</u>	<u>306,321</u>
<b><u>Statutory Reserves</u></b>					
Parking reserve	14,997	5,616	4,704	606	14,691
Land reserve	15,092	7,107	2,407	1,118	11,510
Capital works, machinery and equipment reserve	106,400	80,155	108,559	4,119	138,923
Septic removal specified area reserve	9,420	1,791	1,341	918	9,888
Public amenity and streetscape reserve	529	-	-	150	679
	<u>146,438</u>	<u>94,669</u>	<u>117,011</u>	<u>6,911</u>	<u>175,691</u>
<b><u>Surplus by Fund</u></b>					
General Fund surplus	5,251	210,484	132,755	77,766	5,288
Airport Fund surplus	2,407	34,992	8,262	26,730	2,407
Waste Water Fund surplus	48,813	12,774	(13)	14,409	50,435
Water Fund surplus	13,222	11,025	427	11,582	14,206
Accumulated Surplus	<u>69,693</u>	<u>269,275</u>	<u>141,431</u>	<u>130,487</u>	<u>72,336</u>
<b><u>Investment in Non Financial Assets</u></b>					
Investment in tangible capital assets	<u>1,989,900</u>	<u>2,825</u>	<u>185,831</u>	<u>4,298</u>	<u>2,177,204</u>
<b>Accumulated Surplus</b>	<b>\$ 2,577,440</b>	<b>\$ 560,103</b>	<b>\$ 560,103</b>	<b>\$ 154,112</b>	<b>\$ 2,731,552</b>

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 6. Taxation

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

	<u>2024</u>	<u>2023</u>
<b>Taxes collected</b>		
Property taxes	\$ 335,198	\$ 309,169
Local improvement levies	145	262
Frontage tax - water	1,744	1,744
Specified sewer area recoveries	1,275	1,237
Grants in lieu of taxes	636	652
Levies - library	7,859	7,325
Levies - other	2,324	2,140
	<u>349,181</u>	<u>322,529</u>
<b>Less transfers to other governments</b>		
Province of BC (school taxes)	106,489	97,265
BC Assessment Authority	3,017	2,765
Regional Hospital District	15,592	14,643
Regional District of Central Okanagan	17,418	15,803
	<u>142,516</u>	<u>130,476</u>
<b>Net taxes available for municipal purposes</b>	<u><u>\$ 206,665</u></u>	<u><u>\$ 192,053</u></u>

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 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 \$777 (2023 - \$22,825) remained as deferred revenue for future expenditures. In 2024 the City received and recorded as revenue the following transfers:

	<u>2024</u>	<u>2023</u>
<b>Operating transfers</b>		
Federal	\$ 9,035	\$ 7,158
Provincial	28,182	50,654
Other governments	114	165
	<u>37,331</u>	<u>57,977</u>
<b>Capital transfers</b>		
Federal	13,864	5,460
Provincial	7,800	7,659
Other governments	103	357
	<u>21,767</u>	<u>13,476</u>
<b>Total Government transfers</b>	<u>\$ 59,098</u>	<u>\$ 71,453</u>

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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.

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### 9. Commitments

#### Agreements, contracts and purchase orders

The City has entered into various agreements and contracts for services and construction projects. As of December 31, 2024, the City has open purchase orders that have outstanding commitments. The total balance of these commitments are currently undetermined. They span multiple years, and funding for these obligations has been allocated to reserves. The commitments will be reduced and the expense will be recorded upon receipt of the related goods and services.

#### 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, 2024, the outstanding loan balance was \$378 (2023 - \$431). The City does not expect to make any payments on the guarantee and no amounts have been accrued in the financial statements.



# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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.

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### 10. Public-private partnership

The City of Kelowna entered into a Tripartite Agreement in 1999 with the Royal Bank of Canada, RG Arenas (Kelowna) Ltd., RG Properties Ltd., and Prospero Canadian Land Investment Fund Ltd. group of companies. Under this agreement, the private sector partner designed, built, financed, and maintained the multi-purpose facility. The multi-purpose facility was capitalized and is included in the City's tangible capital assets. The public-private partnership debt associated with this facility is included in the City's long-term debt (Schedule 3). The loan is repaid through a combination of a portion of the City's community use time payments and revenue through the user pay model for non community use time. As part of the agreement, the City invested \$6,000 in preferred shares with RG Arenas (Kelowna) Ltd. representing the City's investment in the Multi-Purpose facility. This investment was a required payment under the agreement and was recorded as a reduction of the public-private partnership debt. The City has the option to purchase the facility for \$1.00 and surrender the preferred shares within the 10-year period beginning 30 years and one week from the date of substantial completion (November 19, 2029).

As part of the agreement the City 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 the years 6, 11, 16, 21, 26, commencing with the year of substantial completion (November 10, 1999).

In 2019 (Year 21), the City exercised its option to make a lump sum payment of \$6,727 as prepayment for community use time. Consequently, no further amounts are payable under the Tripartite Agreement until November 9, 2029. The balance of \$3,364 (2023 - \$4,036) in prepaid community use time is included in prepaid expenses.

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### 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 \$92,725 (2023 - \$89,908) 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 \$92,725, the City is holding irrevocable Letters of Credit in the amount of \$18,931 (2023 - \$23,932) which are received from developers to ensure payment of development cost charges in future years.

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### 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, 2024 the Trust Fund balance is \$4,096 (2023 - \$3,796).

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# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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 the 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 Museums Society, Kelowna Library, Kelowna Art Gallery, MNP Place 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.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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 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.

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## 14. Expenses by object

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

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# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 15. Budget data

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15<sup>th</sup> of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law. The table below reconciles the statutory financial plan and the financial plan surplus presented on the Consolidated Statement of Operations:

	<u>Budget Amount</u>
<b>Financial plan bylaw surplus</b>	\$ -
<b>Adjust for non-operating items:</b>	
Acquisition of tangible capital assets	411,431
Proceeds from long term debt	(4,522)
Repayment of long term debt	7,139
Reserve transfers, net	(234,045)
<b>Annual surplus per statement of operations</b>	<u><u>\$ 180,003</u></u>

### 16. Contractual rights

#### Lease revenue

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, 2024, the City of Kelowna had 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.

#### Airport sublease revenue

The Airport's contractual rights arise from rights to receive payments from sublease agreements. During 2023, the Airport entered into two long-term sublease agreements which include the construction of a hotel ("the hotel sublease"), and a parkade structure ("the parkade sublease"), with lease payments commencing upon substantial completion of the buildings. The long-term leases expire on December 31, 2054, with an automatic extension up to 99 years upon renewal of the Airport's Ground Lease with the Government of Canada.

Under the hotel sublease, the Airport expects to receive a prepayment of \$2,333, estimated to be received in 2025, with the remaining consideration of \$124 annually estimated to commence in 2026. Annual revenues under the parkade sublease are estimated to commence beginning in 2026, but cannot be reasonably estimated at this time.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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.

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# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 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 102 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, 2024 using a discount rate of 4.43% (2023 – 4.41%) 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. The City recognized an obligation relating to the removal and post-removal care of the asbestos in these structures. 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 4.43% (2023 – 4.41%) per annum.

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

	Landfill closure	Asbestos obligation	2024	2023
Balance, beginning of year	\$ 34,887	\$ 5,127	\$ 40,014	\$ 32,323
Liabilities incurred during year	-	620	620	-
Liabilities settled during year	-	(27)	(27)	-
Change in estimate	(989)	(70)	(1,059)	6,132
Accretion expense	1,538	(126)	1,412	1,559
Balance, end of year	<u>\$ 35,436</u>	<u>\$ 5,524</u>	<u>\$ 40,960</u>	<u>\$ 40,014</u>

### 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 2020-2024 and further work will be undertaken in 2025 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 \$93 (2023 - \$36) is based on contractor estimates of the remaining work required to be undertaken.

The City's liability of \$93 (2023 - \$36) for contaminated sites is included in accounts payable and accrued liabilities.

In addition, the City owns two potentially remediated sites. At this point the City has not recognized these obligations, as the level of contamination is unknown. The total expected future costs of remediation and post remediation will be recognized as a liability in the period when their value can be reasonably estimated.

# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 next valuation will be as at December 31, 2024.

The City of Kelowna paid \$10,243 (2023 - \$8,764) for employer contributions while employees contributed \$8,911 (2023 - \$7,661) to the plan in fiscal 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.

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# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

### 21. Prior period adjustment for contributed assets

The City has determined that the developer contributed tangible capital assets had not been recognized in the City's tangible capital assets and revenue since 2009. As such, both the revenue and tangible capital assets had been understated in the prior years. As a result of the correction, the following financial statement items as at December 31, 2023 have been adjusted as below:

	<u>As originally stated</u>	<u>As restated</u>
<b>Consolidated Statement of Financial Position</b>		
Tangible capital assets	\$ 1,907,673	\$ 2,011,574
Accumulated surplus	2,505,529	2,609,430
<b>Consolidated Statement of Operations and Accumulated Surplus</b>		
Other capital contributions	4,296	11,231
Transportation	66,622	71,499
Recreation & cultural	49,468	49,502
Wastewater	24,007	24,268
Water	16,819	16,962
Annual Surplus	136,987	138,607
Change due to prior period error	-	102,281
<b>Consolidated Statement of Changes in Net Financial Assets (Debt)</b>		
Annual Surplus	136,987	138,607
Amortization of tangible capital assets	69,449	74,762
Contributions of tangible capital assets	(1,352)	(8,287)
<b>Consolidated Statement of Cash Flows</b>		
Annual Surplus	136,987	138,607
Amortization and write down of tangible capital assets	70,660	75,972
Contributions of tangible capital assets	\$ (1,352)	\$ (8,287)

### 22. Comparative figures

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



# CITY OF KELOWNA

## Notes to the Consolidated Financial Statements

December 31, 2024

(in thousands of dollars)

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### 23. Future accounting changes

#### 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.

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### 24. Subsequent event

Subsequent to the year end, the Glenmore Ellison Improvement District (GEID) officially joined the City of Kelowna on January 1, 2025, with a full transition expected by 2028.

In March 2024, the GEID board unanimously signed a Transition Agreement with the goal of transferring the operation of GEID to the City of Kelowna. An Order in Council was signed by the Province in June 2024, making the transition official.

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**Schedule 1 - Tangible Capital Assets**  
**For the Year Ended December 31, 2024**  
**(in thousands of dollars)**

	Machinery & Equipment						
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computers	Subtotal Machinery & Equipment
<b>Cost</b>							
Balance, beginning of year	\$ 407,186	\$ 81,017	\$ 415,405	\$ 45,198	\$ 123,419	\$ 26,340	\$ 194,957
Add: additions during the year	46,793	455	8,496	4,650	7,804	1,076	13,530
Add: transfers to tangible capital assets	-	6,344	2,773	136	5,392	2,330	7,858
Less: assets held for resale	-	-	-	-	-	-	-
Less: disposals during the year	-	-	(381)	(3,807)	(40)	-	(3,847)
	453,979	87,816	426,293	46,177	136,575	29,746	212,498
Asset retirement obligation	-	6,253	1,995	-	-	-	-
<b>Balance, end of year</b>	<b>453,979</b>	<b>94,069</b>	<b>428,288</b>	<b>46,177</b>	<b>136,575</b>	<b>29,746</b>	<b>212,498</b>
<b>Accumulated Amortization</b>							
Balance, beginning of year	-	51,414	203,400	25,010	66,856	20,493	112,359
Add: amortization	-	2,508	9,089	3,072	6,035	1,739	10,846
Less: accumulated amortization on disposals	-	-	(361)	(3,566)	-	-	(3,566)
	-	53,922	212,128	24,516	72,891	22,232	119,639
Accumulated amortization on asset retirement obligation	-	774	454	-	-	-	-
<b>Balance, end of year</b>	<b>-</b>	<b>54,696</b>	<b>212,582</b>	<b>24,516</b>	<b>72,891</b>	<b>22,232</b>	<b>119,639</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 453,979</b>	<b>\$ 39,373</b>	<b>\$ 215,706</b>	<b>\$ 21,661</b>	<b>\$ 63,684</b>	<b>\$ 7,514</b>	<b>\$ 92,859</b>

# CITY OF KELOWNA

## Schedule 1 - Tangible Capital Assets For the Year Ended December 31, 2024 (in thousands of dollars)

	Infrastructure							Total 2024 (Restated-Note 2)	Total 2023 (Restated - Note 21)
	Plant & Facilities	Roads, Lanes, Sidewalks & Bike Paths	Bridges, Tunnels & Overpasses	Underground, Overhead & Other Networks	Airport Infrastructure	Subtotal Infrastructure	Work In Progress		
<b>Cost</b>									
Balance, beginning of year	\$ 245,821	\$ 733,186	\$ 37,793	\$ 1,280,427	\$ 102,938	\$ 2,400,165	\$ 73,102	\$ 3,571,832	\$ 3,391,927
Add: additions during the year	2,031	16,966	721	13,759	5,354	38,831	149,608	257,713	160,460
Add: transfers to tangible capital assets	18,559	4,705	-	30,072	1,296	54,632	(71,607)	-	-
Less: assets held for resale	-	-	-	-	-	-	-	-	8,095
Less: disposals during the year	-	-	-	(315)	-	(315)	-	(4,543)	(7,152)
	266,411	754,857	38,514	1,323,943	109,588	2,493,313	151,103	3,825,002	3,553,330
Asset retirement obligation	31	-	-	116	-	147	-	8,395	8,871
<b>Balance, end of year</b>	<b>266,442</b>	<b>754,857</b>	<b>38,514</b>	<b>1,324,059</b>	<b>109,588</b>	<b>2,493,460</b>	<b>151,103</b>	<b>3,833,397</b>	<b>3,562,201</b>
<b>Accumulated Amortization</b>									
Balance, beginning of year	120,124	441,425	11,945	498,988	45,775	1,118,257	-	1,485,430	1,404,413
Add: amortization	8,423	21,600	593	19,356	3,999	53,971	-	76,414	74,737
Less: accumulated amortization on disposals	-	-	-	-	-	-	-	(3,927)	(2,785)
	128,547	463,025	12,538	518,344	49,774	1,172,228	-	1,557,917	1,476,365
Accumulated amortization on asset retirement obligation	8	-	-	28	-	36	-	1,264	1,161
<b>Balance, end of year</b>	<b>128,555</b>	<b>463,025</b>	<b>12,538</b>	<b>518,372</b>	<b>49,774</b>	<b>1,172,264</b>	<b>-</b>	<b>1,559,181</b>	<b>1,477,526</b>
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 137,887</b>	<b>\$ 291,832</b>	<b>\$ 25,976</b>	<b>\$ 805,687</b>	<b>\$ 59,814</b>	<b>\$ 1,321,196</b>	<b>\$ 151,103</b>	<b>\$ 2,274,216</b>	<b>\$ 2,084,675</b>

# CITY OF KELOWNA

## Schedule 2 - Segmented Information For the Year Ended December 31, 2024 (in thousands of dollars)

	General Government	Protective Services	Transportation	Recreation & Cultural	Other Services	Airport	Wastewater	Water	Statutory Reserves	2024
<b>Revenue</b>										
Taxation	\$ 202,675	\$ -	\$ 145	\$ -	\$ -	\$ -	\$ 1,275	\$ 2,570	\$ -	\$ 206,665
Fees and charges	12,586	9,472	22,552	8,314	31,142	51,814	25,827	19,650	1,122	182,479
Interest earned	20,365	-	-	-	-	2,036	2,119	1,454	5,789	31,763
Gain on portfolio investments	30,426	-	-	-	-	-	-	-	-	30,426
DCC contributions	-	-	8,660	29,114	-	-	1,615	1,584	-	40,973
Government transfers	21,659	4,365	16,542	4,752	1,570	3,872	5,127	1,211	-	59,098
Other capital contributions	5,472	-	7,823	-	-	479	1,570	1,345	-	16,689
Gain on disposal of tangible capital assets	1,107	-	194	-	1,186	-	-	-	-	2,487
	<u>294,290</u>	<u>13,837</u>	<u>55,916</u>	<u>42,180</u>	<u>33,898</u>	<u>58,201</u>	<u>37,533</u>	<u>27,814</u>	<u>6,911</u>	<u>570,580</u>
<b>Expenses</b>										
Salaries and benefits	32,926	44,858	12,238	16,516	10,413	7,577	5,122	4,840	-	134,490
Contract and professional services	15,597	1,948	41,216	9,322	10,842	4,487	1,527	1,375	-	86,314
RCMP Contract	-	51,332	-	-	-	-	-	-	-	51,332
Materials and supplies	11,091	2,826	8,901	16,011	1,316	10,422	3,424	2,682	-	56,673
Equipment	826	491	4,626	1,946	2,776	51	1,107	834	-	12,657
Allocations	(7,385)	(210)	183	(196)	2,467	2,121	1,822	1,205	-	7
Cost recoveries	(2,169)	(2,772)	(12,462)	(931)	(1,699)	(651)	(270)	(1,552)	-	(22,506)
Grants and external transfers	4,232	340	-	657	183	-	-	-	-	5,412
Utilities	227	369	1,437	2,685	248	722	1,398	1,667	-	8,753
Loss on disposal of tangible capital assets	89	-	7	5	8	-	-	-	-	109
Write down of tangible capital assets	-	-	-	315	-	40	-	-	-	355
Amortization of tangible capital assets	5,564	2,022	29,558	9,736	2,879	9,269	10,711	6,788	-	76,527
Accretion	184	-	-	-	1,538	(327)	-	17	-	1,412
<b>Total before Debt</b>	<u>61,182</u>	<u>101,204</u>	<u>85,704</u>	<u>56,066</u>	<u>30,971</u>	<u>33,711</u>	<u>24,841</u>	<u>17,856</u>	<u>-</u>	<u>411,535</u>
Debt interest and fiscal services	3,644	-	-	-	-	584	320	385	-	4,933
<b>Total operating expenses</b>	<u>64,826</u>	<u>101,204</u>	<u>85,704</u>	<u>56,066</u>	<u>30,971</u>	<u>34,295</u>	<u>25,161</u>	<u>18,241</u>	<u>-</u>	<u>416,468</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ 229,464</u>	<u>\$ (87,367)</u>	<u>\$ (29,788)</u>	<u>\$ (13,886)</u>	<u>\$ 2,927</u>	<u>\$ 23,906</u>	<u>\$ 12,372</u>	<u>\$ 9,573</u>	<u>\$ 6,911</u>	<u>\$ 154,112</u>

# CITY OF KELOWNA

## Schedule 2 - Segmented Information For the Year Ended December 31, 2023 (in thousands of dollars)

	General Government	Protective Services	Transportation	Recreation & Cultural	Other Services	Airport	Wastewater	Water	Statutory Reserves	2023 (Restated - Note 21)
<b>Revenue</b>										
Taxation	\$ 188,042	\$ -	\$ 262	\$ -	\$ -	\$ -	\$ 1,237	\$ 2,512	\$ -	\$ 192,053
Fees and charges	10,058	17,931	19,506	6,494	30,455	47,884	23,632	18,909	649	175,518
Interest earned	18,636	-	-	-	-	1,917	1,796	1,155	4,451	27,955
DCC contributions	-	-	13,193	27,285	-	-	192	(3,115)	-	37,555
Government transfers	42,001	4,365	12,456	3,362	294	5,178	3,789	8	-	71,453
Other capital contributions	2,571	-	5,594	-	-	604	1,279	1,183	-	11,231
Gain on disposal of tangible capital assets	258	8	217	1	-	-	-	-	-	484
	<u>261,566</u>	<u>22,304</u>	<u>51,228</u>	<u>37,142</u>	<u>30,749</u>	<u>55,583</u>	<u>31,925</u>	<u>20,652</u>	<u>5,100</u>	<u>516,249</u>
<b>Expenses</b>										
Salaries and benefits	29,525	39,789	10,846	13,974	9,607	6,168	4,860	4,623	-	119,392
Contract and professional services	14,225	1,465	28,893	7,764	11,560	3,367	1,525	871	-	69,670
RCMP Contract	-	52,541	-	-	-	-	-	-	-	52,541
Materials and supplies	11,384	2,620	7,789	14,048	1,145	9,736	3,040	1,779	-	51,541
Equipment	828	450	3,932	1,706	2,630	91	1,100	754	-	11,491
Allocations	(6,783)	(211)	240	(196)	2,451	1,559	1,729	1,219	-	8
Cost recoveries	(2,884)	(3,341)	(11,101)	(165)	(4,040)	(699)	(261)	(775)	-	(23,266)
Grants and external transfers	3,997	111	1	1,032	416	-	-	-	-	5,557
Utilities	209	345	1,405	2,588	259	677	1,355	1,471	-	8,309
Loss on disposal of tangible capital assets	39	4	97	-	-	-	-	-	-	140
Write down of tangible capital assets	985	-	13	-	-	213	-	-	-	1,211
Amortization of tangible capital assets	5,878	1,842	29,495	8,751	2,575	8,864	10,638	6,719	-	74,762
Accretion	153	-	-	-	1,372	20	-	14	-	1,559
<b>Total before Debt</b>	<u>57,556</u>	<u>95,615</u>	<u>71,610</u>	<u>49,502</u>	<u>27,975</u>	<u>29,996</u>	<u>23,986</u>	<u>16,675</u>	<u>-</u>	<u>372,915</u>
Debt interest and fiscal services	3,573	-	-	-	-	584	282	288	-	4,727
<b>Total operating expenses</b>	<u>61,129</u>	<u>95,615</u>	<u>71,610</u>	<u>49,502</u>	<u>27,975</u>	<u>30,580</u>	<u>24,268</u>	<u>16,963</u>	<u>-</u>	<u>377,642</u>
<b>Annual Surplus (Deficit)</b>	<u>\$ 200,437</u>	<u>\$ (73,311)</u>	<u>\$ (20,382)</u>	<u>\$ (12,360)</u>	<u>\$ 2,774</u>	<u>\$ 25,003</u>	<u>\$ 7,657</u>	<u>\$ 3,689</u>	<u>\$ 5,100</u>	<u>\$ 138,607</u>

# CITY OF KELOWNA

## Schedule 3 - Long Term Debt

For the Year Ended December 31, 2024

(in thousands of dollars)

### Long term debt - General Fund

#### Debenture Debt

<u>Year of Maturity</u>	<u>Purpose</u>	<u>Debt Balance December 31, 2023</u>	<u>Amount of Issue</u>	<u>Debt Balance December 31, 2024</u>	<u>Sinking Fund Balance December 31, 2024</u>	<u>Current Interest Rate</u>
	<b>Local Improvements</b>					%
2035	Lawrence Ave LAS	\$ 222	\$ 345	\$ 206	\$ 139	4.10
	<b>Recreation and Cultural</b>					
2027	H2O Centre	7,328	27,500	5,590	21,910	3.90
2027	Kokanee Gymnastic	213	800	162	638	3.90
2028	H2O Centre	655	2,000	534	1,466	4.30
2035	Police Facilities	13,599	20,000	12,667	7,333	2.75
	Library Parkade Ext & Memorial					
2035	Parkade	10,199	15,000	9,500	5,500	2.75
2036	Police Facilities	12,324	17,000	11,559	5,441	2.60
2037	Police Facilities	2,278	3,000	2,145	855	3.15
2038	Police Facilities	1,091	1,360	1,033	327	3.15
<b><u>Total Debt - General Fund</u></b>		<b><u>\$ 47,909</u></b>	<b><u>\$ 87,005</u></b>	<b><u>\$ 43,396</u></b>	<b><u>\$ 43,609</u></b>	

# CITY OF KELOWNA

## Schedule 3 - Long Term Debt

For the Year Ended December 31, 2024

(in thousands of dollars)

### Long term debt - Wastewater Fund

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance December 31, 2023	Amount of Issue	Debt Balance December 31, 2024	Sinking Fund Balance December 31, 2024	Current Interest Rate
	Specified Area Programs					%
2024	Spec. Area 21A - McKenzie Bench	\$ 103	\$ 1,350	\$ -	\$ 1,350	2.25
2024	Spec. Area 22B - Vista Rd	6	80	-	80	2.25
2024	Spec. Area 22C - Hein Rd	20	266	-	266	2.25
2024	Spec. Area 22D - Elwyn Rd	11	149	-	149	2.25
2024	Spec. Area 22E - Dease Rd	7	96	-	96	2.25
2024	Spec. Area 22F - Mills Rd	26	342	-	342	2.25
2024	Spec. Area 29 - Campion Cambro	67	874	-	874	2.25
2024	Spec. Area 30 - Acland	28	364	-	364	2.25
2025	Spec. Area 20 - North Rutland	924	6,822	469	6,353	0.91
2025	Spec. Area 28A - Okaview	86	638	44	594	0.91
2028	Spec Area 26 - Fisher Rd	662	2,021	540	1,481	4.30
2028	Spec Area 34 - Country Rhodes	143	435	116	319	4.30
2028	Spec Area 36 - Clifton	88	267	71	196	4.30
	Sewage Treatment Plant					
	Brandt's Creek Tradewaste					
2031	Treatment	944	3,800	640	3,160	1.47
<b>Total Debt - Wastewater Fund</b>		<b>\$ 3,115</b>	<b>\$ 17,504</b>	<b>\$ 1,880</b>	<b>\$ 15,624</b>	

# CITY OF KELOWNA

## Schedule 3 - Long Term Debt

For the Year Ended December 31, 2024

(in thousands of dollars)

### Long term debt - Water Fund

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance December 31, 2023	Amount of Issue	Debt Balance December 31, 2024	Sinking Fund Balance December 31, 2024	Current Interest Rate
	Specified Area Programs					%
2024	Spec Area 18 - Lakeshore	\$ 2	\$ 24	\$ -	\$ 24	2.25
2028	Spec Area 26 - Fisher Rd	97	297	79	218	4.30
2038	Local Area Service - Aspen Rd	38	48	36	12	3.20
2042	Local Area Service - Somid	424	441	406	35	3.36
	Water Improvement Programs					
2028	Cedar Creek Pump Station	2,482	7,577	2,024	5,553	4.30
2031	Poplar Point Pump Station Upgrade	987	2,000	878	1,122	1.47
<b>Total Debt - Water Fund</b>		<b>\$ 4,030</b>	<b>\$ 10,387</b>	<b>\$ 3,423</b>	<b>\$ 6,964</b>	

### Long term debt - Airport Fund

#### Debenture Debt

2025	Airport Expansion	\$ 1,713	\$ 7,500	\$ 871	\$ 6,629	2.75
2026	Airport Expansion	1,179	3,500	799	2,701	2.60
2026	Airport Expansion	995	3,000	673	2,327	2.10
2027	Airport Expansion	3,486	8,000	2,652	5,348	2.80
<b>Total Debt - Airport Fund</b>		<b>\$ 7,373</b>	<b>\$ 22,000</b>	<b>\$ 4,995</b>	<b>\$ 17,005</b>	

### Long term debt - Public-private partnership

	Prospera Place, 30-year agreement to December 2028 with RG Arenas (Kelowna) Ltd., payable annually	\$ 2,850	\$ 12,500	\$ 2,384		nil
<b>Total Debt - Public Private Partnership</b>		<b>\$ 2,850</b>	<b>\$ 12,500</b>	<b>\$ 2,384</b>		

### Long term debt - Other

2029	Airport - Enterprise Rental Car Kiosk	\$ 44	\$ 73	\$ 36		nil
2028	South Perimeter DCC Road B	3,249	4,902	1,874		nil
<b>Total Debt - Other</b>		<b>\$ 3,293</b>	<b>\$ 4,975</b>	<b>\$ 1,910</b>		

<b>Total City Long Term Debt</b>	<b>\$ 68,570</b>	<b>\$ 154,371</b>	<b>\$ 57,988</b>
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Prior period balances have been restated, described in Note 2.



# CITY OF KELOWNA

## Schedule 4 - COVID-19 Safe Restart Grant for Local Governments

### For the Year Ended December 31, 2024

(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.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ -	\$ 370
Interest earned	-	12
Less funds used to support:		
Community services revenue losses	-	(107)
Technological costs	-	(170)
Enforcement and protective services	-	(105)
	<u>-</u>	<u>(370)</u>
<b>Balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# CITY OF KELOWNA

## Schedule 5 - BC Growing Communities Fund Grant

### For the Year Ended December 31, 2024

(in thousands of dollars)

The BC Growing Communities Fund Grant was received from the Provincial Government in 2023. 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.

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 26,256	\$ -
BC Growing Communities Fund Grant received	-	26,228
Interest earned	1,025	241
Less use of funds:		
Public safety equipment	-	(213)
Active transportation infrastructure	(4,480)	-
Local road improvements	(821)	-
Recreation infrastructure	(2,697)	-
Wastewater infrastructure	(1,656)	-
	<u>(8,629)</u>	<u>28</u>
<b>Balance, end of year</b>	<u><u>\$ 17,627</u></u>	<u><u>\$ 26,256</u></u>



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