



# CONNECTED



Kelowna, British Columbia, Canada

2016 Annual Report  
For the year ended December 31, 2016



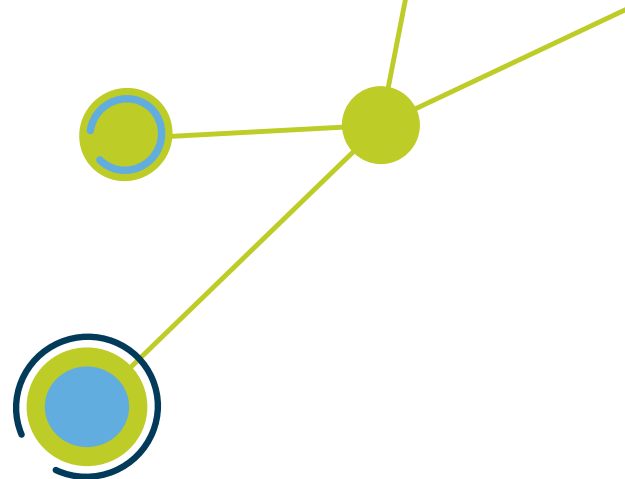
# CITY OF KELOWNA 2016 ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

*The Annual Report is produced by the Communications  
and Financial Services departments of the City of Kelowna,  
in cooperation with all civic departments and agencies.*

Kelowna  
British Columbia  
Canada

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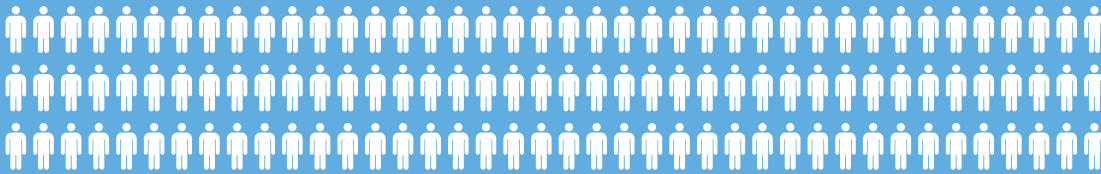
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# BY THE NUMBERS

# POPULATION 127,500



= 1,000

## HIGHLIGHTS OF THE 2015 CITIZEN SURVEY

**95% OF RESIDENTS**  
say their quality of life in Kelowna is good or very good

**94% OF RESIDENTS**  
say they are satisfied with the level and quality  
of services provided by the City of Kelowna

**94% OF RESIDENTS**  
said the city was safe

**84% OF RESIDENTS**  
say they receive good value for their tax dollars

**4** NEW CUSTOMERS  
CONNECTED  
TO CITY'S  
DARK FIBRE NETWORK

TECH SECTOR  
ECONOMIC IMPACT

**\$1.3  
BILLION**

## CONNECTED ONLINE



**5.6M**

Visits to City webpages



**68,500**

Likes, comments shares and mentions on  
Facebook, Twitter and Instagram pages



**26,400**

e-subscribers signed up to receive  
City information

REVIEWED  
AND PROCESSED  
*more than* **900**  
DEVELOPMENT  
APPLICATIONS



52% OF RESIDENTS ON KELOWNA WATER UTILITY

# Y L W

PASSENGER TRAFFIC EXCEEDED  
1.73 MILLION TRAVELERS

## TOURISM



Up  
**10%**

ROOM REVENUE HITS \$90 MILLION \$\$\$

## MAINTAINED



**325 KM**  
BIKE LANES

MAINTAINED  
**115P**

PARKING LOTS

MAINTAINED  
**1,640 LANE**  
KILOMETRES OF  
ROADWAY



WALKING ACCOUNTS FOR 22% of all trips Downtown

**HOUSING**  
MEDIAN SINGLE  
DETACHED HOUSE  
**\$500,000**  
6.8% increase from 2014

MEDIAN HOUSEHOLD INCOME  
**\$67,340**  
Up \$4,754 from 2014



GRANTS APPROVED  
FOR MORE THAN  
**1,000** RENTAL UNITS  
IN 2016  
COMPARED TO MORE THAN  
**300** IN 2015

Completed inspections and repairs to  
**420 KILOMETRES**  
OF SIDEWALK



# MESSAGE FROM THE MAYOR

COLIN BASRAN



Over the next 25 years, we will see the world change in ways we can't entirely predict. Just look at the last three decades to see the pace of unprecedented change.

These changes will affect us in many ways and we need to be ready. They will be driven by shifts in technology, resources, demographics, governance, urban patterns and economic factors, among other global, local and behavioural influences.

It's why in 2016, we started the conversation about what we want our future to look like. Imagine Kelowna is a long-term, strategic community visioning process meant to help align our short and long-term planning priorities, and position us to succeed in a constantly shifting world.

In the Share phase of the process, we heard from more than 2,000 citizens about their desires and aspirations, as well as the challenges we currently face. I saw first-hand how passionate citizens are when they talk about the future of our city. I'm excited about 2017, when the Shape phase will begin to outline priorities from the community's perspective.

I also saw the opportunities and challenges as Kelowna continued to be one of Canada's fastest growing Census Metropolitan Areas — drawing new citizens from across the country and from around the world. It's important to me that everyone, newcomers and long-time residents alike, is able to enjoy the many diverse opportunities this city provides. We are an open, inclusive community.

# MESSAGE FROM THE MAYOR

## CONTINUED

This year, we saw a near-record real estate market and strong construction activity in residential and commercial sectors. We saw passenger levels soar to record levels at Kelowna International Airport. More than 1.73 million people passed through the airport, proving our region as both a destination and a hub for travelers.

Growth is healthy. Our continued growth shows that Kelowna is where people want to be, whether it's to build a career, grow a family, or settle into retirement. It shows we're an attractive place to live. It also poses challenges as we require more infrastructure, programs and services to meet citizens' expectations.

Numerous social issues became more prevalent – homelessness and the need for a variety of housing options in particular were a significant challenge. The City hired a social development manager in 2016 as the first step in a process to develop a Homelessness Strategy and bring together partners within the community for a made-in/for-Kelowna approach to address homelessness and related issues.

In addition to hiring a social development manager, City staff also participated in a number of community projects and strategies to address homelessness and community safety issues, including Partners for a Healthy Downtown; Sharps Action Team (to deal with needle disposal and

clean up); and the Assertive Community Treatment (ACT) Community Advisory Committee to help those living on the streets with mental health and addiction issues.

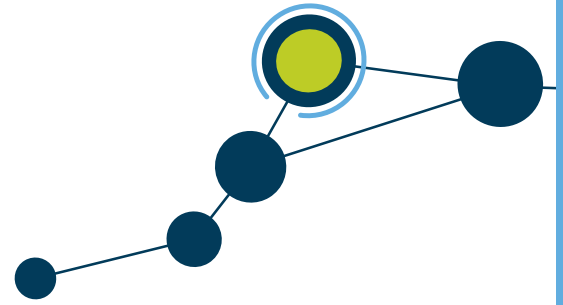
A fair but firm approach to decisions will help balance the needs of all of our residents, recognizing these are complex issues we can't solve alone. We will continue to work with higher levels of government, social agencies and concerned residents to improve the lives of those who need our help the most.

Council's strategic priorities also included a focus on advancing efforts to improve drinking water quality in all areas of Kelowna, creating an inclusive community that welcomed Syrian refugees and serving as a catalyst for business development by working with our many community partners to strengthen and diversify our local economy.

I am particularly proud of the work done this year to create a city where people from all walks of life can find their place. I hope you'll take some time to review this year's annual report to learn more about what we have done, and will continue to do, to shape and connect this great city of ours.

# MESSAGE FROM THE CITY MANAGER

RON MATTIUSSI



We're a better city when we find ways to help residents stay connected and informed. As nothing ever seems to slow down in a growing city, it's more crucial than ever to stay connected on our journey to becoming the best mid-sized city in North America.

Our experience planning for and adapting to change in our community, and in the wider world, positions the City of Kelowna to meet the long-term challenges and opportunities that lay ahead. To do this effectively, we base staff recommendations and decisions on data collected from research and analysis of our operations. These performance measures ensure we continue to deliver the services our citizens need and want.

In 2016, we launched a number of planning exercises to connect the community and ensure Kelowna continues to grow in a healthy and sustainable way. The goal is to find the right balance of investments in new and existing infrastructure and operations, while diversifying revenue sources to minimize the tax demand.

Innovations such as our expanding fibre optic network, a new sponsorship program and large-scale conversion to LED streetlights are examples of how we continually look for new ways to cut costs, generate revenue and maximize our return on investment. We re-launched our online platforms in 2016, recognizing that digital communication is already one of our main venues for citizen interaction – and one that will continue to grow in importance.



# MESSAGE FROM THE CITY MANAGER

## CONTINUED

Like cities around the world, Kelowna is examining how to build a vibrant, healthy and sustainable city in the face of challenges like climate change, chronic health conditions and an aging population. Resiliency is about planning ahead and the City of Kelowna has proven itself to be a resilient organization, one that prides itself on being adaptable in the face of new challenges. And being more technologically agile and open has helped staff deliver on Council's direction to deliver responsive service to residents and businesses.

Infrastructure is critical to the quality of life for citizens who live, work and play in our city. The City invests about \$85 million every year (based on five year average) in capital costs for essentials such as clean drinking water, transportation, parks, buildings, utilities, fire trucks and wastewater treatment. We consulted with the community on the 2030 Infrastructure Plan, a long-term strategy that details all of the City's infrastructure needs for the next 14 years.

This year, the City and Interior Health Authority partnered in developing a Community for All Action Plan, the first chapter of the Healthy City Strategy, a long-term plan focusing on healthy places and spaces, community health and quality of life for all Kelowna residents.

The Pedestrian and Bicycle Master Plan – a major study based on extensive public discussions, stakeholder input and technical analysis – determined necessities for policy, project and program measures to improve walking and cycling throughout the city.

With more than 50 per cent of our land base zoned for agricultural use, we began the important work of updating our Agriculture Plan. We recognize that with climate change pressures, farmland and food producers are more vital than ever to our healthy food system, economy and culture.

Other significant initiatives this year include the final planning phase for John Hindle Drive – a new major east-west link between Glenmore Road to the University of British Columbia Okanagan – along with completion of Phase 2 of the Ethel Street Active Transportation Corridor.

Thank you for taking the time to discover our beautiful city in these pages and learn more about what's happening now and for future generations — building on momentum, balancing infrastructure investments and providing strong financial management and planning excellence.



# STRATEGIC PLANNING THROUGH COUNCIL & CORPORATE PRIORITIES

## WORKING PHILOSOPHY

Led by Mayor Colin Basran, Kelowna City Council is committed to building on the momentum of past Councils and being open for opportunity through community engagement and partnerships. Council will be consistent and transparent in its decisions, creating a favourable environment for customer service, development and business in Kelowna.

### OPEN FOR OPPORTUNITY

Council wants to lead a community known for being open for opportunity. Opportunities may arise in the form of innovation and partnerships to deliver and expand services and amenities.

### BUILD ON MOMENTUM

Kelowna has momentum and Council is committed to building on this through consistent and transparent governance. Council will focus on long-term planning, policy development and project/service delivery to continue to meet the needs of citizens.

### FAIR BUT FIRM

As Kelowna becomes better known worldwide as a destination and a great place to live and invest, Council anticipates growth and development pressures. Council recognizes the importance of maintaining a great quality of life in Kelowna. A high standard of expectations set by Council actions and decisions attracts investment because investors have clear expectations of what they will experience when doing business with the City.

## COUNCIL PRIORITIES 2014-2018

*Each Council works to determine how they will do business during its term, agrees on focus areas and projects that will support its priorities and meet the needs of the community.*

## PRAGMATIC LEADERSHIP

Council is committed to active listening and being open to new ideas because it knows engaged residents and key stakeholders are essential to community building and decision making. This will be balanced with the need for leadership, particularly when difficult decisions are needed for the long-term benefit of the community.

## TRANSPARENCY IN DECISION MAKING

Council understands we build trust through engagement and timely and transparent decision making. The City of Kelowna will continue to foster an open government, with civic information made easily understandable and accessible to the public.

## BALANCED INFRASTRUCTURE INVESTMENTS

Each year, the City of Kelowna invests in facilities and major infrastructure. By integrating a long-term financial plan with an asset management strategy, Council balances investment between new and existing infrastructure while improving community assets.

## RESPONSIVE CUSTOMER SERVICE

Council places high value on planning for the public good and a strong commitment to customer service. To encourage thoughtful investment in the community, Council expects high quality outcomes throughout City of Kelowna operations and customer service levels.

## PLANNING EXCELLENCE

Council wants to ensure a strong foundation is in place for the short- and long-term needs of the community. This requires a focus on long-term planning that is innovative, while based on best practices.

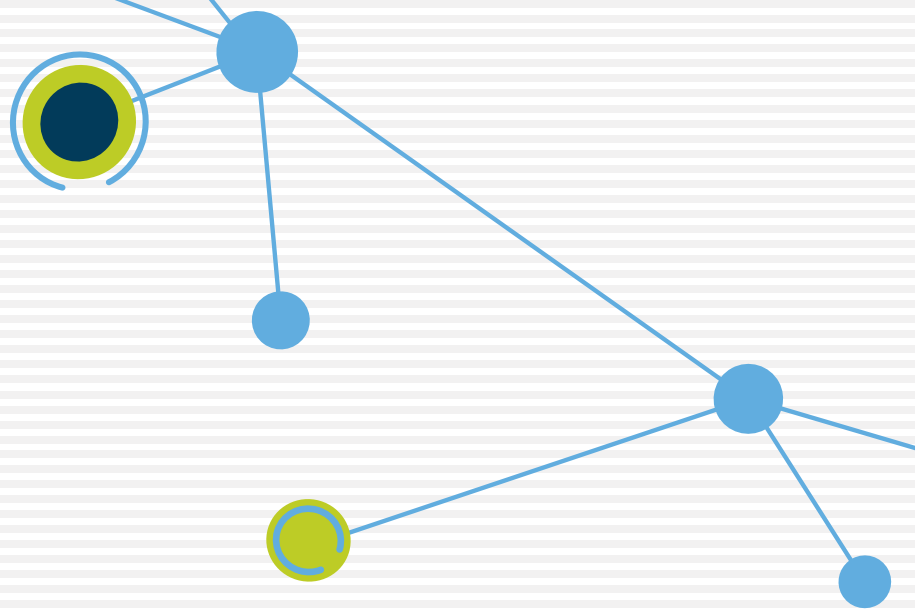
## FOCUS & PRIORITY PROJECTS

Council identified six focus areas for its term:

- clean drinking water
- building vibrant urban centres
- ensuring a healthy, safe, active & inclusive community
- delivering a balanced transportation network
- acting as a catalyst for business
- providing strong financial management

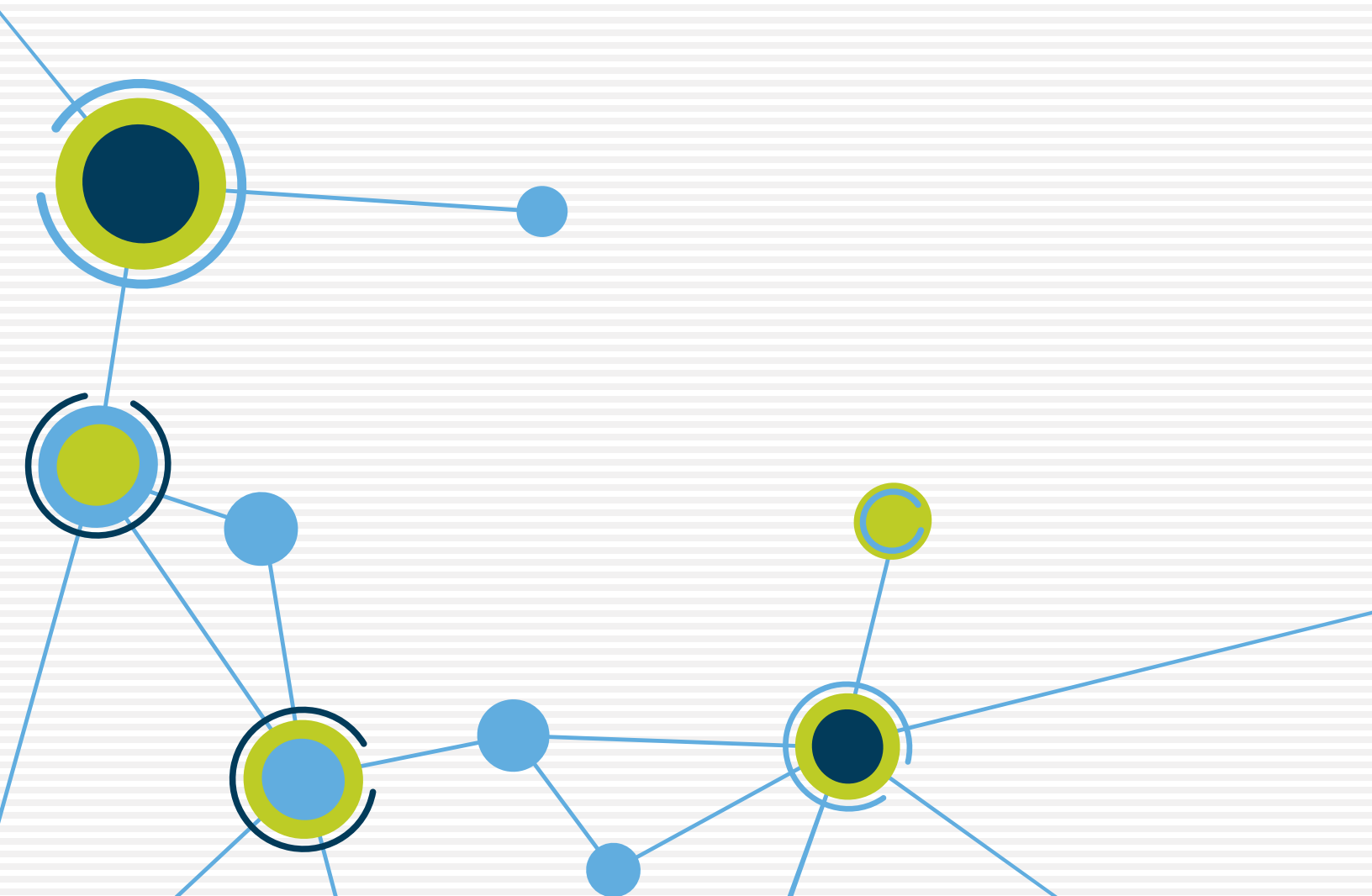
For more information and a list of priority projects, review the [Council Priorities](#) on [kelowna.ca](http://kelowna.ca).





# CONNECTING

RESIDENTS, BUSINESSES AND VISITORS  
TO SERVICES, PROGRAMS AND PROJECTS





# A WELL-RUN CITY

## UNDERWAY/ONGOING

- Business licence review
- Dark Fibre network expansion and marketing
- Finding new ways to generate revenue and reduce costs
- Building reserves

## COMPLETE

- New web platform
- Phase 1 (Share) of Imagine Kelowna
- Development Cost Charge program update

## PLANNED

- Review of water, wastewater and landfill fees

The City of Kelowna will be well-run through strong financial management, performance excellence, responsive customer service, passionate public service, pioneering leadership and community engagement.

# The City of Kelowna is on its way to becoming the best mid-sized city in North America.

## AWARDS & RECOGNITION

The City of Kelowna received a number of awards and recognition in 2016 including:

- Received the Government Finance Officers Association's Distinguished Budget Presentation Award for our 2016 Financial Plan
- For the fourteenth year in a row, received the Government Finance Officers Association's Canadian award for Financial Reporting for our 2015 Annual Report
- Received a PERC Award for Management Innovation and Ingenuity at the 2015 BC Recreation and Parks Association provincial awards for the Strong Neighbourhoods Program. The award is presented to a project or program that has demonstrated creativity in its objectives and implementation, demonstrating benefits that are new to the community being served, and creating opportunities for other organizations to adapt it for implementation in other settings.
- Received a 2016 Tommie silver finalist award – Best "outside-the-box" construction for the Queensway Transit Exchange (Sawchuk Developments)
- Received the Best of the Okanagan for the Queensway Transit Exchange at the Urban Development Institute Awards for Excellence

## CITY COUNCIL

Kelowna City Council consists of the mayor and eight councillors, all of whom are elected city-wide and serve four-year terms. Council's role is to establish policies to guide the growth, development and operation of the city, set budgets and levy taxes to provide services. Municipal services include water and sewer, fire prevention, parks



and recreation, public transportation, public infrastructure, building and planning, and public safety.

*City Council* consists of Mayor Colin Basran and Councillors Maxine DeHart, Ryan Donn, Gail Given, Tracy Gray, Charlie Hodge, Brad Sieben, Mohini Singh and Luke Stack.

Council *meets regularly* and the public is welcome to attend any open meeting. Citizens can provide input on items or issues being considered by Council by sending comments to [mayorandcouncil@kelowna.ca](mailto:mayorandcouncil@kelowna.ca).

Mayor and Council give administrative responsibility to the City Manager who oversees City operations and ensures that staff work to meet community, corporate and Council priorities. [kelowna.ca/council](http://kelowna.ca/council)

## CITY ADMINISTRATION

Eight City Divisions and the RCMP Superintendent report to the City Manager. Divisions are teams that deliver community services or corporate services. Community-focused divisions work to deliver civic services based on a plan, build and operate model. The Corporate divisions provide support for the organization. City Manager Ron Mattiussi works closely with the City's Senior Leadership Team to make Council and community priorities a reality:

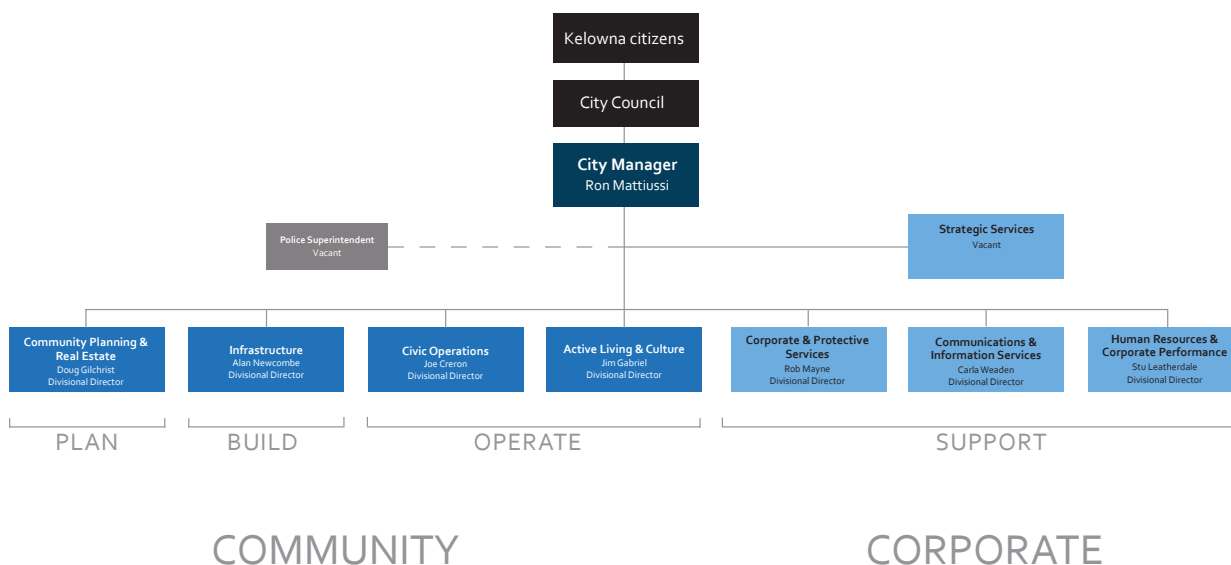
- Joe Creron, Civic Operations Divisional Director
- Jim Gabriel, Active Living & Culture Divisional Director
- Doug Gilchrist, Community Planning & Real Estate Divisional Director
- Stu Leatherdale, Human Resources & Corporate Performance Divisional Director
- Rob Mayne, Corporate & Protective Services Divisional Director
- Alan Newcombe, Infrastructure Divisional Director
- Carla Weaden, Communications & Information Services Divisional Director
- Vacant, Deputy City Manager and Strategic Services Divisional Director [kelowna.ca/cityhall](http://kelowna.ca/cityhall)

## RECRUITMENT

The City of Kelowna is on its way to becoming the best mid-sized city in North America thanks to more than 900 hard-working and passionate employees. To recruit and retain the best, the City is a competitive employer, offering career advancement, professional development, progressive employment practices and a competitive compensation and benefits package, with a focus on workplace safety and wellness.

Supporting Kelowna's educational institutions, the City attended major career events at UBC Okanagan campus and Okanagan College, hiring several co-op, practicum and summer students throughout the year.

Career opportunities are posted to [kelowna.ca/careers](http://kelowna.ca/careers), Twitter, LinkedIn and through regular City e-updates.



[kelowna.ca/cityhall](http://kelowna.ca/cityhall)



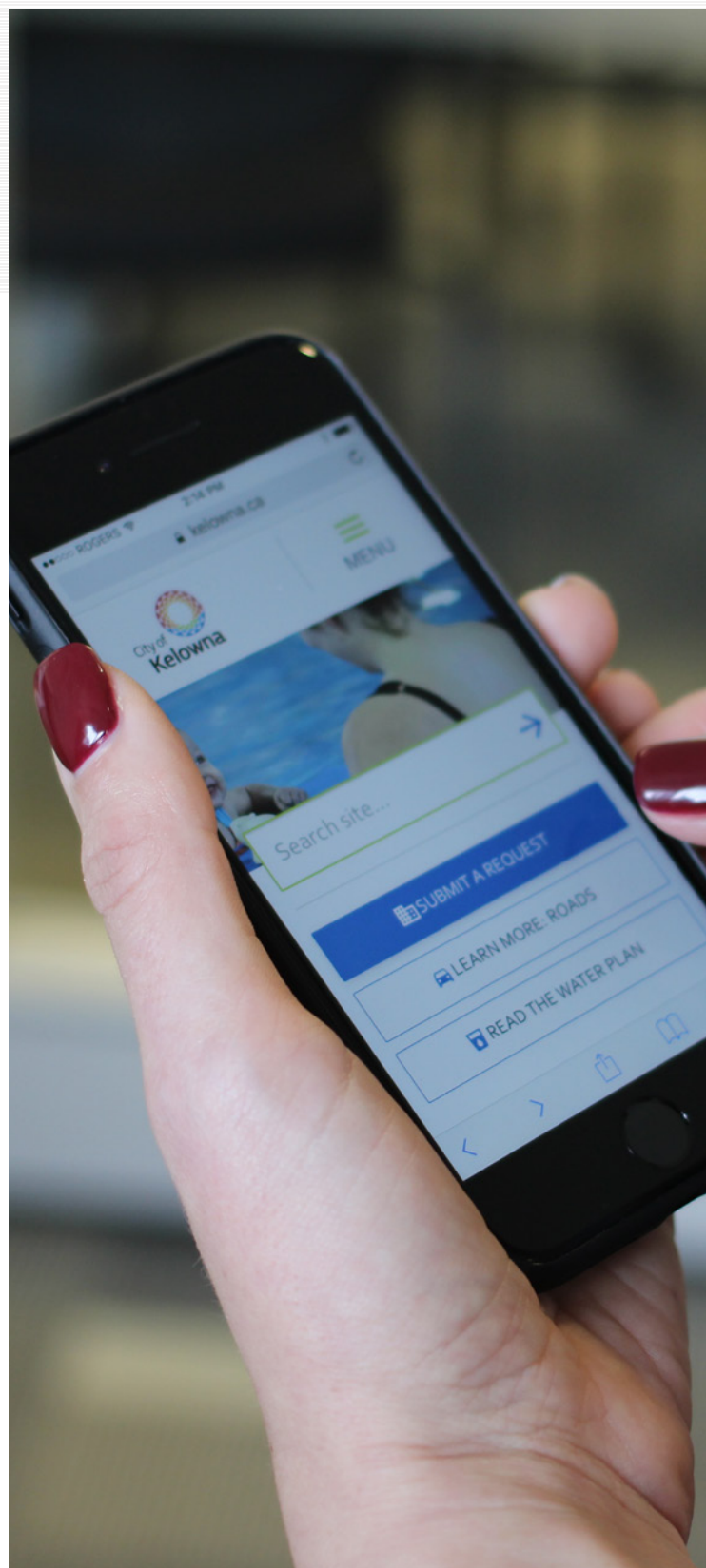
## NEW WEBSITE

The City launched a new web platform in December, improving how we deliver services online and making information more accessible. [Kelowna.ca](http://Kelowna.ca) was modernized and created to be mobile-friendly with better search capabilities, providing results categorized by services, information and forms/documents. The City's other online platforms, including [Kelowna Community Theatre](#), [Kelowna International Airport](#), [smartTRIPS](#) and [Central Okanagan Emergencies](#), were also updated.

## CITIZEN PARTICIPATION

The largest ever city-wide conversation began in 2016 – [Imagine Kelowna](#) sought input from the community about a vision for the future of the city. More than 2,000 citizens contributed through one-on-one interviews with community leaders, Council's Speaker Series, community-led discussion forums, online and social media input opportunities, events around the city and a school curriculum initiative. Over the next year, this community vision will focus City and community efforts on our ambitions and goals for the coming 25 years, positioning the City to succeed in a constantly shifting world.

Other public engagement activities were developed and implemented for projects including the Okanagan Rail Corridor, Infill Challenge, Pedestrian and Bicycle Master Plan, Cameron House Idea Fair, Agriculture Plan Update and Healthy City Strategy.



## DARK FIBRE STRATEGY & TECHNOLOGY

*Attracting investment*



### NEW REVENUE

Council agreed to a new Corporate Sponsorship and Advertising pilot project as an avenue to increase revenues. Over the next five years, the City expects to generate about \$800,000 in new net revenue annually. This combined with the \$750,000 currently derived from sponsorship and advertising sales, will provide the City with more than \$1.5 million annually. Additionally, staff researched and pursued funding from Provincial, Federal and other sources, successfully receiving \$325,000 in funding support for 15 capital projects.

The *Development Cost Charges* bylaw was amended and updated to reflect new growth and generate the revenue necessary to construct the required infrastructure. The City continued to implement the *Dark Fibre Strategy*, both to encourage new businesses to settle in the city and as an added source of revenue. Four new customers joined, bringing the monthly revenue to \$7,000; the City offices in the Library Parkade were connected to the fibre network resulting in a cost savings of \$1,200 a month, and additional fibre conduit was installed in the downtown core. For a business or institution, the City's dark fibre offering has no limits on bandwidth, so organizations that need to move large amounts of data can now do so at high speeds for an economical price.



# AN ACTIVE, INCLUSIVE CITY

## PLANNED

- Glenmore Recreation Park Phase 1
- Rowcliffe Park Phase 1
- \$4 million for walking, cycling and transit infrastructure in 2017

## COMPLETE

- Active by Nature program
- Pedestrian and Bicycle Master Plan
- Rutland Centennial Park playground and sports field
- Ethel Street active transportation corridor Phase 2 Underway/ongoing
- Construction & design of Sutherland and next phase of Ethel Street active transportation corridor

## UNDERWAY/ ONGOING

- Construction & design of Sutherland and next phase of Ethel Street active transportation corridor

## INCLUSIVE, NEIGHBOURLY ACTIVITIES

Connecting through  
city programs

The City of Kelowna will build an active, inclusive city through active living opportunities, considering diverse community needs, housing diversity, strengthening neighbourhoods, providing spectacular parks, cultural experiences and honouring our history.





## GET ACTIVE

Introduced in 2015, the *Active by Nature* program highlights our extensive network of pathways, shared trails, roadways, parks and beaches. Program promotion in 2016 included the launch of *Knox Your Sox Off!* and the *Knox Challenge* — two interactive ways to enjoy a hike up Knox Mountain Park along the Apex Trail. Participants only need a mobile phone (GPS on), water and some good shoes.

## STRONG NEIGHBOURHOODS

Neighbourhoods matter. The City of Kelowna is home to many diverse and unique neighbourhoods and the Strong Neighbourhood program is designed to help build connections, where people feel a sense of pride and belonging.

In 2016, we continued to develop and build the Strong Neighbourhood Program, introducing the *Youth Development and Engagement Grant* and *Neighbour Day*. On May 15, Neighbour Day encouraged residents to meet new neighbours, perform a random act of neighbourliness and/or hold a neighbourhood get-together.

## CHANGE THE GAME

In October, this inaugural Community Youth Fair brought together nearly 1,700 Grade 6 students from across the Central Okanagan, as well as dozens of charities and

non-profit organizations, putting the youth in touch with community groups in a learning environment. Designed to empower youth to get involved with and support charities and initiatives that they're passionate about within their community, Strong Neighbourhoods staff attended and worked with the students to brainstorm ways to be neighbourly.

## CANADA 150

In 2017, Canada celebrates its Sesquicentennial, the 150th anniversary of Confederation. This milestone is an opportunity to celebrate Canada's history as well as build excitement for the future both on a national and local level. In February, Council approved the *Canada 150 program*, which includes the Sesquicentennial Grant, *Incentive Grant*, enhanced community celebrations and other community engagement initiatives. Many local *activities and events* are planned in 2017 to celebrate Canada 150.

## ON THE MOVE

The City's *Pedestrian and Bicycle Master Plan* was completed in April 2016 under the banner Kelowna On The Move. This major study, based on extensive public engagement, stakeholder input and technical analysis, identifies necessary policy, project and program measures related to improving walking and cycling opportunities within the city. As part of the plan, the City plans to invest \$62 million in pedestrian and bicycling infrastructure in the next 10 years (2017-2026).

Phase 2 of the *Ethel Street active transportation corridor* between Cawston and Bernard Avenues was also completed and included construction of a separated cycle track on both sides of the road, new sidewalks, landscaping and utilities improvements. Eventually, the active transportation corridor on Ethel Street will connect with the Casorso, Rose, Sutherland and Cawston active transportation corridors, running north-south between downtown and the South Pandosy Area with a number of schools, parks, health care institutions and businesses en route or nearby.

A \$900,000 investment to connect the Hollywood Road/ John Hindle Drive roundabout to Bulman Road, under Highway 97, with a four-metre wide multi-use pathway provides faculty, students and staff with a safe and direct link to UBC Okanagan. Twelve kilometres of buffered bike lane markings (two parallel lines) were installed along Lakeshore Road, Springfield Road, Dilworth Drive and KLO Road.

## CULTURE GALORE

In 1962, the town of Kelowna's 15,000 residents celebrated the opening of a brand new theatre. More than 50 years later, residents and visitors are still entertained and regaled at the Kelowna Community Theatre. In 2016, 2,580 performers graced the theatre stage in 147 different events, entertaining some 84,906 attendees.

Event highlights include The Wailers, David Crosby, Chantal Kreviazuk, Jesse Cook, Natalie MacMaster and Red Green Live, as well as sold-out performances by Vance Joy, Raffi, Just for Laughs' Danny Bhoj and Okanagan Symphony's performance of Carmina Burana.

## TRANSIT DISRUPTION

Transit users faced a two-week disruption in November when unionized employees for First Canada went on strike between November 10-24. Essential handyDART service remained in place. The contract dispute was between the Union and First Canada, which holds the transit operating contract with BC Transit.

Following the job action, the BC government, BC Transit and the City partners provided free transit service for the remainder of November. Customers had a choice of purchasing a 3-week discounted December pass or receiving a refund of three weeks for the November transit pass. The City's revenue department was responsible for refunding/discounting transit passes for some 3,300 residents over the course of a week, once the labour disruption ended.

## WORKING TOWARDS HOUSING FOR ALL

Through land zoning, long-term plans and developer incentives, the City is doing its part to increase housing types and price ranges.

The City created a new zone called RU7, which will allow new housing within existing neighbourhoods (infill housing), began work on updating another zone (RM5) to include six-storey wood frame buildings, and rezoned 1,100 properties across Kelowna to allow for secondary suites.

When possible, development approvals for rental housing projects are given priority. Grants and incentives were provided for more than 1,000 rental units in 2016, and the incentive for larger units was increased to encourage construction of family-friendly housing.

## HOMELESSNESS STRATEGY

Kelowna faces the same challenges that cities across the country are experiencing related to homelessness and a shortage of non-market and affordable housing to meet community needs. Hiring a Social Development Manager in 2016 was the first step in a process to develop a [Homelessness Strategy](#) and bring together partners within the community to help address the issue of homelessness. The long-term goal is to develop a made-in/for-Kelowna approach to address homelessness and related issues.

While no one individual or agency is able to solve these complex social issues on their own, this dedicated City presence will contribute to the joint efforts of government, community groups, businesses and social agencies to address our community's issues and develop a coordinated, strategic approach.

## 42ND ANNUAL CIVIC & COMMUNITY AWARDS

*Kelowna's Civic and Community Awards* honour individuals and organizations for outstanding contributions and achievements in 2016 that directly benefitted the community, making Kelowna a better place to live, work and play.

The following recipients were recognized at the awards gala on May 10, 2017 at the *Kelowna Community Theatre*.

### ARTS AWARDS

#### HONOUR IN THE ARTS

Karen Close

#### TEEN HONOUR IN THE ARTS

Andrew Kates

### SPORTS AWARDS

#### BOB GIORDANO MEMORIAL

Kendall Gross

#### BRYAN COULING MEMORIAL

#### ATHLETIC TEAM OF THE YEAR

Kelowna Senior Secondary Owls (AAAA)

Senior Boys Basketball Team

#### MALE ATHLETE OF THE YEAR

Rostam Turner

#### FEMALE ATHLETE OF THE YEAR

Taylor Ruck

#### AUGIE CIANCONE MEMORIAL - MALE

Fynn McCarthy

#### AUGIE CIANCONE MEMORIAL - FEMALE

Ashlyn Day

### CITIZENSHIP AWARDS

#### CENTRAL OKANAGAN FOUNDATION

#### VOLUNTEER ORGANIZATION OF THE YEAR AWARD

Kelowna Gospel Mission

#### YOUNG FEMALE VOLUNTEER

Gabriela Rubio

#### YOUNG MALE VOLUNTEER

Andrew Kates

#### SARAH DONALDA TREADGOLD MEMORIAL AWARD

#### WOMAN OF THE YEAR

Kelly Taverner

#### FRED MACKLIN MEMORIAL AWARD

#### MAN OF THE YEAR

Garry Benson

#### CORPORATE COMMUNITY OF THE YEAR

#### (SMALL / MEDIUM / AND LARGE)

Third Space Coffee & Costco Wholesale, Kelowna

#### CHAMPION FOR THE ENVIRONMENT

#### (INDIVIDUAL AND BUSINESS)

Nancy Mora Castro and Spider Agile Technology

#### ANITA TOZER MEMORIAL AWARD

Murli Pendharkar



# A SAFE CITY

## PLANNED

- Update Asset Management Plan
- Implement Corporate Asset Management System
- Update Design and Construction Standards in Subdivision, Development and Servicing Manual
- North Glenmore fire hall, Rutland and Water St. fire hall upgrades

## UNDERWAY/ONGOING

- Police Services building
- Transitional storage pilot program for homeless

## COMPLETE

- Additional downtown patrols
- Crime Reduction Strategy

The City of Kelowna will build a safe city through public safety programs, fire protection & prevention, effective & targeted policing, flood protection, clean drinking water and maintaining order.

## City Council's top strategic priority in 2016 was to work toward a city-wide water system that provides clean, sustainable water to Kelowna residents.

### WATER SAFETY

City Council's top strategic priority in 2016 was to work toward a city-wide water system that provides clean, sustainable water to Kelowna residents. The City continued to work with the provincial government to maximize grant funding to address drinking water quality and supply. Residents currently receive water from the City of Kelowna water utility, or from four independent major water providers or the 27 small suppliers operating throughout the city.

This year, the City assisted the Cedar Creek Water Users Group and the South Okanagan Mission Irrigation District (SOMID) when these two small, independent water systems were unable to continue operating on their own.

### CRIME REDUCTION

Creating a safe, healthy, and vibrant community is the responsibility of all citizens — everyone has a role to play. In addition to the RCMP, it's essential that community participation, coordination between community and social agencies, and the continued work of courts and corrections all contribute to increased community safety and improved perceptions of safety. The Kelowna RCMP and the City of Kelowna worked collaboratively to develop the 2016-2019 [Crime Reduction Strategy](#) that will guide our collective efforts.

The strategy outlines Kelowna RCMP's goals and targets, as well as key performance measures, to significantly reduce crime and improve public safety over the period 2016-2019.

The City hired an additional four Bylaw officers to help with the increase in downtown foot patrols, bike patrols and related complaints during the summer months.

### FIRE SAFETY & PREVENTION

In March, Council supported the [2016-2030 Kelowna Fire Department Strategic Plan](#), which establishes a framework to guide the Kelowna Fire Department (KFD) over the next 14 years to deliver protective services to the citizens of Kelowna. The report includes a comprehensive analysis of all programs and services delivered by the KFD.

The Regional Emergency Operations Centre (EOC) was activated three times for wildfires in Bear Creek, Cinnabar Creek and Scott Crescent in West Kelowna. The City's Community Wildfire Protection Plan was updated with funding from the provincial government. Fire mitigation work was also completed for Tower Ranch Park.

The Quail Ridge neighbourhood maintained its FireSmart Community Recognition Program status for a second year and the Gallagher's Canyon community achieved FireSmart Community Recognition for the first time. These two Kelowna neighbourhoods are examples of how residents can work together to mitigate wild fire threat to their properties.

With fire prevention as one of its key objectives, the KFD conducted 181 public safety presentations to more than 10,600 participants, nearly 70 per cent of whom were children. The North Glenmore Smoke Alarm Campaign visited 518 private homes.

## TRANSIT SAFETY

*Kelowna Regional Transit* consists of partners City of Kelowna, City of West Kelowna, the Districts of Peachland and Lake Country, the Regional District of Central Okanagan and Westbank First Nation. Together with our Provincial partner BC Transit, the transit system in the region is planned and managed. Enhanced effort and innovation by transit partners has improved safety for passengers and employees. In 2016, closed-circuit video cameras were installed onboard transit buses, improving safety and security for riders both on the bus and at transit stations.

## POLICE SERVICES BUILDING

Construction continued on the new \$39-million, 100,000-square-foot *Police Services building*. When complete in 2017, the new three-storey facility will provide a centralized detachment, improving the efficiency and effectiveness of police services in Kelowna, as well as a flexible space for long-term growth. Features of the building include office space, meeting rooms, staff areas, exhibit storage, forensic workspaces and equipment, secure communications and computer services, plus a cell block containing 29 detention cells.

## THEFT PREVENTION

*Project 529 Garage* was implemented with the goal of reducing bicycle theft and increasing the number of recovered bicycles that police can return to their rightful owner. Project 529 Garage is a website and mobile application which is a bicycle registration, reporting and recovery network that allows cyclists, bicycle shops, and police to join forces against bike theft. This program was used in addition to the bait bike program.

The *Don't be an easy target* anti-theft campaign was in its second year and encouraged residents to remove valuables from vehicles, lock vehicle doors and report suspicious activity.





# A STRONG ECONOMY

## COMPLETE

- CN Rail corridor acquisition
- Community Health and Services Centre
- Okanagan Centre for Innovation

## UNDERWAY/ONGOING

- Major projects at Kelowna International Airport
- Increased focus on economic development activities
  - New Memorial parkade and expanded Library parkade

## PLANNED

- Tourism Kelowna Visitor Centre

## A STRONG ECONOMY

*Supporting partnerships  
for growth*

The City of Kelowna will build a strong economy through international airport development, business development, open, transparent & consistent governance, building & maintaining partnerships, healthy & productive agriculture, fostering higher learning, and tourism interest.



## SOARING GROWTH AT YLW

*Kelowna International Airport (YLW)* served a record 1,732,113 passengers in 2016, an increase of 8.7 per cent over 2015. That represents nearly 140,000 additional travelers who passed through the airport. December proved to be YLW's busiest month ever, with 166,537 passengers, surpassing the previous record-breaking month of August 2016.

In November, City Council approved and adopted the final *YLW Master Plan 2045*, a key strategic planning tool to guide future airport development to 2045. It will also provide guidance to the aviation and land use planning component of the City's 2030 Official Community Plan. Forty-five stakeholder meetings and open houses, as well as some 300 feedback surveys, were completed as part of the final plan. Nine priorities were identified through these public consultations: More direct flights and flights overseas; Greater parking, Shuttle and Accessibility; Additional public transit to and from YLW; Outdoor signage and lighting enhancements; Improved arrivals area and expanded baggage carousels; Enhanced community greenspaces and noise protection; Greater food and beverage choices inside the terminal; Faster security screening; and Low service fees.

In 2016, the City purchased the Shadow Ridge Golf Course property to support future airport development needs. The golf course will continue to operate until it is needed for future growth. This is a legacy purchase for the citizens of Kelowna to protect the long-term interests of the airport.

Phase 1 of the Departures Lounge renovation was also completed, resulting in a newly renovated concessions area and a new Kid's Zone area.

The *Farm to Flight program* was launched in July and is the first of its kind in Canada. YLW and Skyway Group teamed with De Simone Farms Ltd., a local producer that grows, grades and packages Okanagan fruit, to provide travelers with fresh fruit packaged in special YLW containers they can take anywhere in Canada.



## STRONG CONSTRUCTION ACTIVITY

The City reviewed and processed more than 900 development applications in 2016. Highlights include approval of the first mixed-use Industrial/Residential development, and tax and development incentives that spurred multiple rental housing projects, providing more than 1000 rental units.

Staff expanded the fast-track permit service in many building permit application categories for smaller projects. Kelowna is the only known B.C. municipality to have a fast-track system in place. In 2016, 32 per cent of 2016 Building Permits were issued in two days or less. Staff also created a same-day permitting process for some plumbing and natural gas permits.

	2015 YEAR END	2016 YEAR END
Construction Value (million)	\$ 464	\$ 537
Permits	7,228	7,358

## NEW BUSINESS

The City of Kelowna issued 10,014 business licences in 2016, an increase of two per cent over 2015. Main industries include fruit growing, tourism, light industrial, forestry and manufacturing. Key growth industries for Kelowna include information and high technology, film, viticulture and wine production as well as aviation and health care.

With significant available business resources, Kelowna is an ideal destination for business start-ups, expansion and relocation. The Okanagan has become a prime destination for residential and small business relocations due to its moderate climate, transportation options, trained labour force and availability of diverse recreational opportunities.

Key economic drivers in the region include the University of British Columbia Okanagan campus, YLW Kelowna International Airport, Kelowna Flightcraft, Sun-Rype Products, Kelowna General Hospital and Okanagan College.

## BUSINESS DEVELOPMENT

Other strategic initiatives are undertaken thru the City's annual financial support for the Central Okanagan Economic Development Commission. These activities include:

- Connecting directly to hundreds of businesses across sectors with one-on-one interviews through the Workforce Development Program
- Okanaganjobmatch.com is one tool that has been created to connect jobseekers and employers
- Communicating industry needs to School District 23, Okanagan College and UBC Okanagan to develop skills training programs that align with industry demand
- Supporting the growth of existing businesses in the region through a host of programs including Export Development, industry-specific initiatives and one-on-one expertise, allowing businesses to create more jobs and hire more employees
- Marketing the region across Canada and globally to attract high growth firms and entrepreneurs to the Central Okanagan
- Providing networking opportunities, job search resources and direct connections for young professionals looking for careers in the region through the Okanagan Young Professionals Collective.



# A CLEAN, HEALTHY ENVIRONMENT

## COMPLETE

- Citywide watering restrictions
- Mission Creek Restoration initiative
- Partnered with OGO Carshare program for City Hall fleet vehicles

## PLANNED

- Annual Business Planning
- Corporate Performance Measurement Project
- Updating Employee Performance Review system

## UNDERWAY/ ONGOING

- Reduce corporate GHGs
- Healthy City Strategy

The City of Kelowna will build a clean, healthy environment through improved air quality, energy conservation, greenhouse gas reduction, protecting our natural land & water resources, solid waste reduction, and water conservation.



## The Healthy City Strategy is a long-term plan that focuses on healthy places and spaces, community health, and quality of life for all Kelowna residents.

### HEALTHY CITY STRATEGY

The *Healthy City Strategy* is a long-term plan that focuses on healthy places and spaces, community health, and quality of life for all Kelowna residents. The City and Interior Health have partnered in a Healthy City Strategy Steering Committee with an overall vision of “Working together to create built environments in which people and places thrive.”

How communities are planned and built, along with the services and resources provided within them, directly impacts people’s physical and social health. When strategically designed, this built environment, including homes, neighbourhoods, schools, streets, workplaces and parks, can reduce obesity and chronic diseases such as asthma, heart disease and diabetes, by affecting air quality, activity levels of residents and access to healthy food. The built environment can also improve the well-being and social connection of residents.

In 2016, the Strategy focused on the first of six areas: Community for All. This theme has a vision of “creating a city that is healthy, safe, active and inclusive for seniors, children and those with diverse abilities.” A draft action plan was endorsed by Council.

The Healthy City Strategy Steering Committee has reviewed the remaining theme areas — Healthy Housing; Healthy Transportation Networks; Healthy Neighbourhood Design; Healthy Natural Environment; and Healthy Food Systems — and support housing as the next theme area for the Healthy City Strategy.

### AGRICULTURE PLAN

After extensive community consultation in 2016, an update to the City’s 1998 *Agriculture Plan* is expected to address the almost 12,000 hectares of land zoned for agriculture within the area (including 8,600 hectares in the *Agricultural Land Reserve*) and how we manage that land for future generations. Ultimately the final Plan will provide clear policies that serve to protect and promote agriculture while preserving the character of Kelowna. We believe farmland and food producers are integral to our healthy food system, economy and culture.

### PARKS FOR ALL

The City wants all residents and visitors to enjoy the great outdoors, whether it’s cycling, running, walking, or swimming, in any of Kelowna’s stunning parks, beaches and public spaces. In 2016, the City acquired the new 2.9-acre Lakeshore Beach Park that complements existing City waterfront properties in the area. In total, this acquisition will mean the creation of a 1.6 hectares waterfront park with more than 200 metres of sandy beachfront located next to the commercial area along Lakeshore Road.

Some 7,900 Ponderosa pine seedlings were planted in Rockview Park, Kuipers Park and Knox Mountain Park, helping increase the urban forest canopy and improve air quality, as trees remove atmospheric carbon dioxide, absorb pollutants and produce oxygen.



## DOG PARKS

There are parks in all areas of Kelowna that permit dogs either on or off leash. In 2016, the City asked the public their thoughts on *dog parks* as part of developing a long-term dog park management plan. Survey data and feedback received online and through public information sessions helped determine decisions regarding new off-leash and on-leash areas.

Three off-leash beaches were approved by Council including Poplar Point Drive beach access located near the entrance to Knox Mountain Park; Downtown Sails on Bernard Avenue as a cooling off beach; and Lake Avenue beach access on a two-year trial period.

## ELECTRIC VEHICLES

The City purchased its first electric vehicle in 2016. The Nissan Leaf was selected due to its zero emissions, low maintenance costs, price and great consumer rating. It also has one of the better range limits in its class, at 175 kilometres per charge. The electric vehicle is just one way the City is working to be more sustainable and achieve its Greenhouse Gas (GHG) reduction goals. Since 2007, we've

reduced our corporate emissions by five per cent, or more than 400 tonnes of CO<sub>2</sub>.

Other GHG-reducing initiatives include nine hybrid cars, bicycle fleet, electric bicycles that are used by Parks and Roadways, the Smart Driver program and the City's engine idling policy (no more than three minutes).

Also in 2016, the City partnered with FortisBC to install two electric vehicle charging stations in the Kelowna Museum parking lot — one charging station is dedicated to an OGO Car share electric vehicle and the other for the public.

### MISSION CREEK RESTORATION INITIATIVE

*Connecting with the  
natural environment*





# RESILIENT, WELL-MANAGED INFRASTRUCTURE

## UNDERWAY/ONGOING

- Hospital Area Parking Management Plan
- Construction of John Hindle Drive extension

## COMPLETE

- 2030 Infrastructure Plan
- Transit improvements

## PLANNED

- AVL Technology for Transit
- \$260 million investment in infrastructure renewal in next 10-years (2017-2026)

The City of Kelowna will build resilient, well-managed infrastructure through planning excellence, balanced transportation systems, livable urban density, distinctive community identities, well-maintained utilities, efficient civic buildings and facilities, and connected communities.

## Imagine Kelowna is a long-term community visioning process that will help align the City's short and long-term planning priorities.

### IMAGINE KELOWNA

What kind of community do we aspire to be? *Imagine Kelowna* is a long-term community visioning process that will help align the City's short and long-term planning priorities. In 2016, significant public engagement was completed in the first of four phases in the Imagine Kelowna planning process.

### MAJOR PLANNING

The City's *2030 Infrastructure Plan* was finalized in 2016. The plan outlines the City's infrastructure needs from now to 2030 and will be used to develop the 10-year Capital Plan that will be updated annually to reflect emerging issues and the community's changing priorities.

### LIGHTING THE WAY

Street lighting is an important community service, but can consume as much as 40 per cent of a City's energy budget. Council approved a complete retrofit after a study recommending all street lights be converted to LED showed a four-year payback of original capital cost with grant programs and electricity savings and a \$13 million savings over the lifetime of the LED lights.

### TRANSIT IMPROVEMENTS

In 2016, seven transit stops were outfitted with new, or expanded, boarding platforms and benches, including an accessible boarding platform and bus shelter on Leathead Road westbound, at Franklyn.

Council formally committed to participating in the Transit Automated Vehicle Location (AVL) technology project, allowing riders to access real-time information about their bus arrival. The system will also allow for monitoring of routes and performance for service improvements and efficiencies. The project is expected to be implemented in late 2017.





## INFRASTRUCTURE UPGRADES

Keeping traffic — and people — moving is important. A \$1-million investment at Valley, Cross and Longhill roads resulted in significant improvements that included a roundabout, curb and gutter, sidewalks, a bus pullout, watermain upgrades, street lighting, crosswalks with accessible letdowns, road and drainage improvements, as well as upgraded ditching and culvert for Brandt's Creek.

A number of measures were taken to increase safety on Kelowna roads: speed humps were installed on Gaggin Road, Drysdale Road and Appaloosa Road; new sidewalks were added on Bernard between Lakeview and Burtch, and High Road between Glengarry and Tronson; traffic calming was installed in northeast Rutland, including raised crosswalks, traffic circles and speed humps; audible pedestrian signals were added at Glenmore and Kane

Road, Glenmore and Yates Road, Clement Avenue and Clifton Road, Richter Street and Lakeshore Road; crosswalk and bike lane improvements on Abbott between Leon and Lawrence; pedestrian safety flashers were installed in two locations; and, traffic signals were upgraded as part of road reconstruction projects at Clement Avenue and Richter Street, Doyle Avenue and Ellis Street.

A number of parks and public spaces maintenance projects were completed, including a re-surfacing of the Basil Meikle tennis courts at the Parkinson Recreation Centre, upgraded play equipment at the Southridge Park Playground and expanded cigarette butt receptacles along Bernard Avenue.

### FUTURE READY

*Municipalities  
helping communities  
build resiliency*







# SOUND FISCAL MANAGEMENT

## FINANCIAL INFORMATION

# FINANCIAL SERVICES

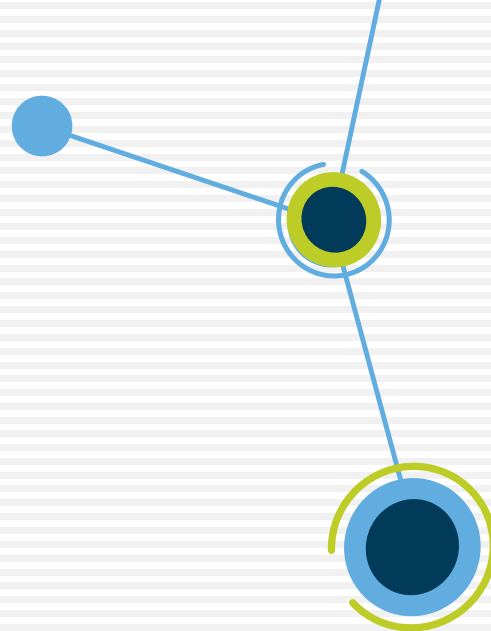
The City of Kelowna is committed to financial strength and stability. The City defines this as the ability to acquire and manage a portfolio of financial and physical assets that meet the current and future needs of our community. This commitment to excellence was recognized again by the Government Finance Officers Association. In 2016 and for the fourteenth year in a row, the City was awarded the Canadian Award for Financial Reporting and, for the fifteenth year the Distinguished Budget Presentation Award.

## CANADIAN AWARD FOR FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Kelowna for its annual financial report for the fiscal year ended December 31, 2015. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to the GFOA.



Government Finance Officers Association

## Canadian Award for Financial Reporting

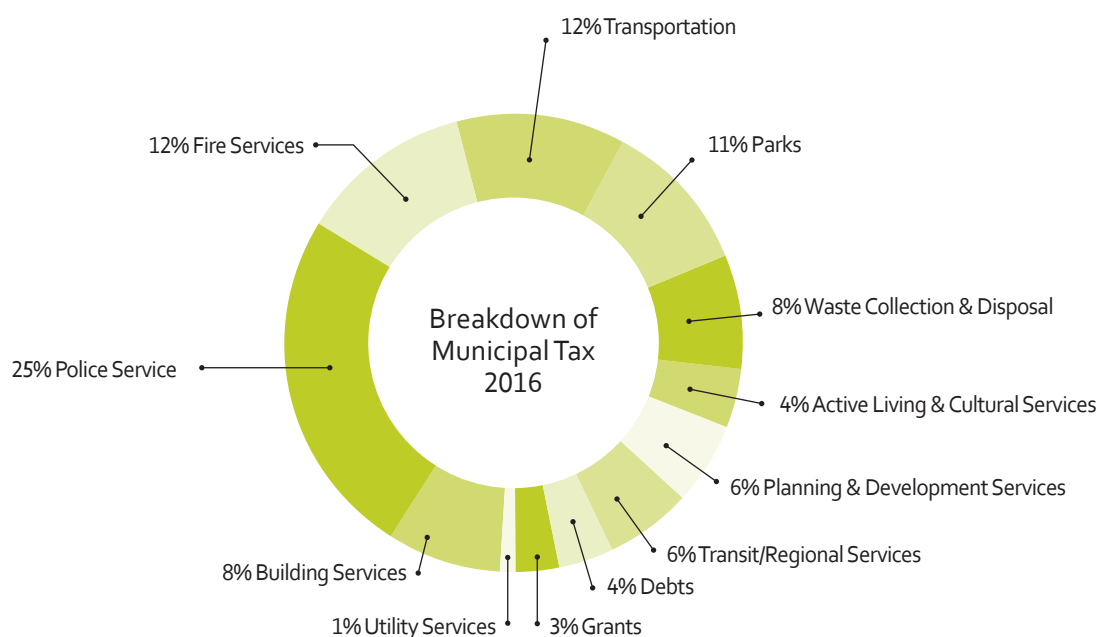
Presented to

**City of Kelowna  
British Columbia**

For its Annual  
Financial Report  
for the Year Ended

**December 31, 2015**

Executive Director/CEO



### PROVISION OF SERVICES & SUPPORT FOR GROWTH

The 2016 taxation increase averaged 4.11 per cent for all property classes, an increase to reflect the costs of the new Police Services building, employment contracts and annualization of six new RCMP members but still support the current level of services delivered to the citizens of Kelowna. The use of tax revenue and development cost charges generated from new growth assisted in providing a balanced approach to the expansion of services and infrastructure required to accommodate growth within the municipality.

The City budgeted to collect a total of \$222.1 million in taxation revenues, 55 per cent of which was retained for municipal purposes. The remaining 45 per cent is levied on behalf of other governments and agencies to provide funding for schools, the Regional District of Central Okanagan shared services, libraries, regional hospital, Kelowna business improvement areas, and for BC Assessment to cover the City's share of costs associated with providing assessment information.

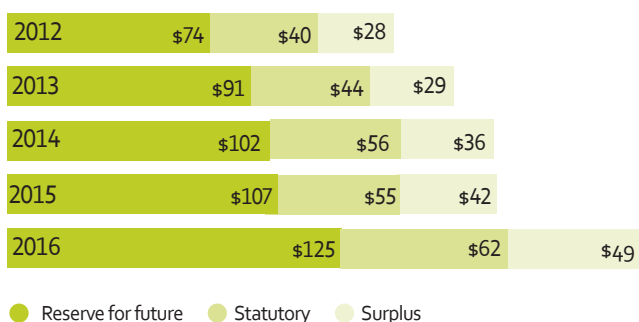
The City has historically relied on pay-as-you-go rather than debt financing for major infrastructure needs wherever possible in achieving strategic servicing goals. In 2016, 5.4 cents of each municipal tax dollar collected was budgeted for tax-supported debt servicing programs. The 0.5 cent increase from 2015 is due to the Police Services Building and Parkades. Pay-as-you-go capital project funding represented 10 per cent of the 2016 taxation requirement.

### CITY RESERVES

City reserves provide a financial mechanism for saving money to finance all or part of future infrastructure, equipment and other requirements. Reserve funds can also provide a degree of financial stability, by reducing reliance on indebtedness to finance capital projects and acquisitions, flexibility to leverage opportunities as they arise, or safeguards to extraordinary tax increases.

## Consolidated Reserves & Surplus

millions



## DEVELOPMENT COST CHARGES

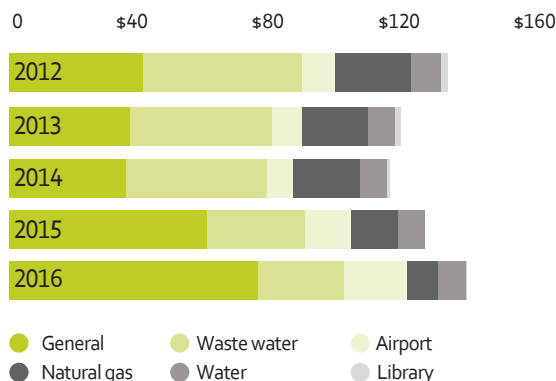
Development cost charges (DCCs) are fees that municipalities collect from new development to help pay the cost of infrastructure services that are needed for growth. Imposed by bylaw pursuant to the *Local Government Act*, the charges are intended to facilitate development by providing a method to finance capital projects related to roads, drainage, sewer, waterworks, and parkland.

The City's DCC program supports community development and integrates with longer-term plans. Infrastructure requirements are based on the Official Community Plan that estimates a resulting population of 161,701 by the end of 2030. The 20-Year Servicing Plan and Financing Strategy provides the infrastructure requirements to 2030 along with the cost sharing for various projects. Cost sharing methodologies reflect the level of benefit to existing taxpayers and new growth. Charges are based on the demand placed on services by different residential types, commercial, industrial, and institutional growth.

The latest update to the 20-Year Servicing Plan impacted DCC rates with the changes taking effect in July 2016. The DCC rates were updated to reflect current construction and land costs. The total cost of the DCC program increased by approximately 10

## Long Term Debt

millions



per cent from 2011 to \$785 million. The funding for the program is 66 per cent from Development, 28 per cent from City, and 6 per cent from senior levels of government. Arterial Roads accounts maintain the largest share of the program at \$461 million; followed by Park Land acquisition at \$136 million, Wastewater Treatment at \$86 million, Water Distribution at \$60 million, and Wastewater Trunks at \$41 million.

Local governments are permitted to temporarily lend available money from one DCC reserve fund to another. The money, along with appropriate interest, must be returned to the original reserve fund. For 2016, a deficit in Water Sector B and Water Sector D reserve fund was covered from Water Sector A, a deficit in Sewer Sector A was covered from Sewer Sector B and a deficit in the Wastewater Treatment reserve was covered by Roads Sector A reserve fund.

## MUNICIPAL ASSIST FACTOR

The *Local Government Act* requires local governments to assist in the cost of new infrastructure. The municipal assist factor reflects Council and the community's support towards the financing costs of new infrastructure. The level of the assist, determined by City Council, reflects a benefit to the existing population while encouraging development and housing affordability.



**City of Kelowna assist factor**

Roads	15%
Parks	8%
Water and Wastewater	2%

**MAJOR PROJECT EXPENDITURES IN 2016****Parks**

\$1.5 million - Parkland Acquisition at Glenmore Highlands, Burne Avenue, and Guisachan Road.

**Roads**

\$3.3 million - Ethel Street Active Transportation Corridor, McCulloch Area Roads improvement, John Hindle Drive, Clement Avenue, and debt repayment.

**Water**

There were no major 2016 DCC project expenditures in the water sector.

**Wastewater Trunks and Treatment**

\$5.7 million - Raymer Avenue Lift Station Replacement, Commonage Road Land Acquisition, and debt repayment.

**FUTURE PLANS**

Total program expenditures are projected at \$15.1 million.

**Parks**

\$1.8 million - Dewdney parkland development and planned parkland acquisition.

**Roads**

\$6.5 million - McCulloch Road (KLO, Hall, Spiers) improvements, debt repayment, John Hindle Drive, and Sector B Top Lift Paving.

**Water**

\$30 thousand - Offsite and Oversize.

**Wastewater Trunks and Treatment**

\$6.8 million - Debt repayment and Airport Gravity Main Bypass.

**Development Cost Charge reserve funds**

(thousands of dollars)

	Opening Balance	Receipts	Interest	Transfers Out	Closing Balance	Reductions/ Waivers*
Parks	\$ (3,843)	\$ 7,490	\$ (42)	\$ 1,507	\$ 2,098	\$ 85
Roads	13,450	10,993	371	3,273	21,541	76
Water	10,195	897	248	26	11,314	5
Wastewater	(8,818)	5,105	(194)	5,671	(9,578)	43
<b>Total</b>	<b>\$ 10,984</b>	<b>\$ 24,485</b>	<b>\$ 383</b>	<b>\$ 10,477</b>	<b>\$ 25,375</b>	<b>\$ 209</b>

\*Waivers are for Affordable Rental Housing and are paid for through taxation.

The DCC program underwent a minor update in 2016 and was reviewed and approved by Council. On April 18, 2016, Council approved the 2030 Infrastructure Plan, which identifies all the City's infrastructure investment needs for the next 15 years (2016 – 2030).

# FINANCIAL MANAGEMENT STRATEGIES

Principles and Strategies for Financial Strength and Stability have been adopted by Council establishing guidelines for how the City will acquire and manage a portfolio of financial and physical assets that meets the current and future needs of our community.

The 10 financial management strategies are:

## Assets – New

Expenditures for new assets will be prioritized based on social, economic and environmental factors and life cycle cost implications. Emergent opportunities will be evaluated against existing priorities.

Investment in new assets should follow the long-term capital plan. The decision-making process for new asset investment will be documented, transparent and clearly communicated to Council, staff and the community.

## Assets – Renew

The City will invest in existing infrastructure renewal in accordance with the long-term capital plan. Funding for asset renewal will be balanced against service levels and risk tolerance. Life cycle costs should be managed through preventative maintenance and renewal strategies.

## Debt

General Fund debt servicing costs will be maintained at or below a targeted level of annual taxation demand. The City's debt capacity will be preserved by limiting the use of debt to fund only one-time major capital projects. If possible and when beneficial, debt will be paid down earlier. Financing for less than a five-year term will be completed through internal financing. Impacts on overall City debt levels from "self-funded" cost centres and Funds will be reviewed and understood.

## Development financing

Developers will pay their fair share for growth-related infrastructure through DCCs and other tools. Where appropriate, other funding can be used to provide

additional capacity over and above the current OCP horizon. Taxation-funded DCC's through grant programs may be used to encourage economic development and community projects.

## Grants

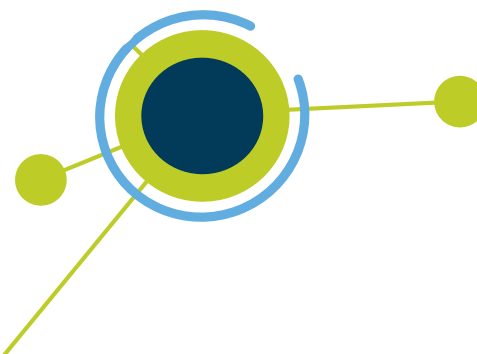
Grants will only be pursued for the City's priority projects. Grant funding will not increase the scope of a project without Council endorsement. Annual project funding must be sufficient without conditional grants. Long-term financial planning will rely on unconditional grant opportunities only.

## Operations

All services, including new services, must be aligned with the City's priorities and reviewed regularly. The full financial cost of service and staff requirements will be understood by Council and administration. Future changes in operating costs, including personnel resourcing requirements, will be considered in long-term capital and financial planning. Ongoing operating activities will only be funded through taxes, fees and charges.

## Partnerships and enterprise

The City will pragmatically partner with other entities to deliver community services and amenities. The City will explore access to new sources of capital and revenue streams. The City will leverage existing assets to attract private sector involvement. The City will leverage the expertise of outside partners. Services from partnerships will be reviewed regularly to ensure the needs of the City continue to be met. The City supports organizations within the community that enhance the quality of life.



### Property taxation

Property taxes will remain as stable as possible over time. Property taxes will be comparative with similar communities. Increases to property taxes will be balanced among assessment classes. Property tax information will be transparent and easy to understand. Property taxes will reflect the infrastructure, services and service levels that the community believes are important.

### Reserves and surplus funds

The purpose of each reserve will be documented and reviewed regularly. Ongoing operating requests will not be funded from reserves. Accumulated surplus will only be used as an emergency funding source.

### User fees and charges

Everyone will pay a fair amount for the services they receive. Services will be reasonably accessible by all citizens. User fees will be transparent and easy to understand.

## TOP 10 PRINCIPAL CORPORATE TAXPAYERS

### 2016

#### Legal name

1. Orchard Park Shopping Centre
2. FortisBC Inc
3. Delta Hotels No 48 Holdings Ltd
4. Inland Natural Gas Co Ltd
5. McIntosh Properties Ltd
6. Victor Projects Ltd
7. 4231 Investments Ltd
8. Dilworth Shopping Centre Ltd
9. Wal-Mart Canada Corp
10. Al Stober Construction Ltd

#### Type of Property

- Shopping Mall
- Electrical Utility
- Hotel
- Gas Utility
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Commercial Building

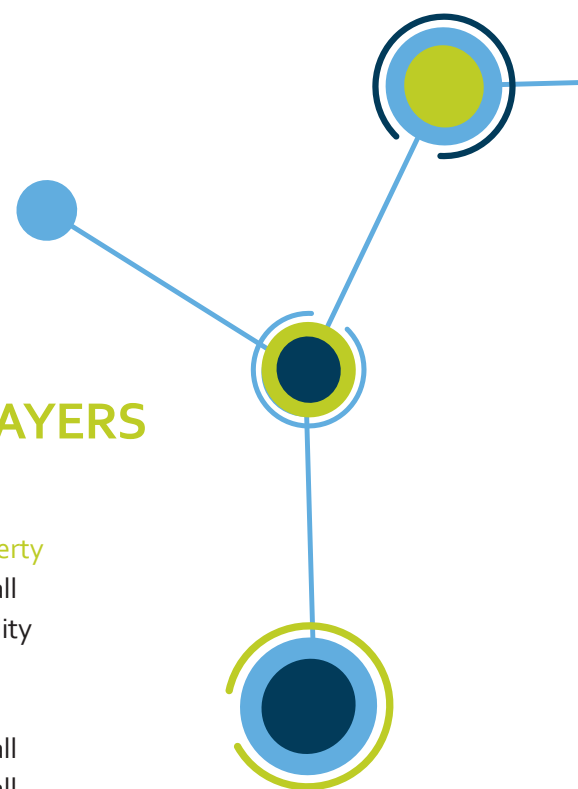
### 2015

#### Legal name

1. Orchard Park Shopping Centre
2. Delta Hotels No 48 Holdings Ltd
3. Inland Natural Gas Co Ltd
4. FortisBC Inc
5. McIntosh Properties Ltd
6. 4231 Investments Ltd
7. Victor Projects Ltd
8. Dilworth Shopping Centre Ltd
8. Wal-Mart Canada Corp
10. Al Stober Construction Ltd

#### Type of Property

- Shopping Mall
- Hotel
- Gas Utility
- Electrical Utility
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Shopping Mall
- Commercial Building



## PERMISSIVE TAX EXEMPTIONS

### Art Gallery, Museum, Heritage, Cultural Purpose

Centre Culturel Francais De L' Okanagan	\$2,727
Central Okanagan Heritage Society	\$5,935
City of Kelowna Library Society	\$82,803
German - Canadian Harmonie Club	\$4,684
Kelowna Art Gallery	\$60,689
Kelowna Canadian Italian Club	\$2,735
Kelowna Community Music Society	\$3,307
Kelowna Museum - The Okanagan Heritage Museum	\$29,843
Kelowna Museums Society (Laurel Packing House)	\$24,097
Kelowna Visual and Performing Arts Centre Society	\$73,437
Okanagan Military Museum Society	\$19,589
Okanagan Symphony Society	\$9,674
Roman Catholic Bishop of Nelson Pandosy Mission	\$2,061
Westbank First Nation	\$6

### Athletic or Service Club

Central Okanagan Heritage Society	\$3,723
Central Okanagan Land Trust	\$6,592
Central Okanagan Small Boat Association	\$27,672
East Kelowna Community Hall Association	\$1,956
H20 Centre	\$213,648
Kelowna & District Fish & Game Club	\$4,337
Kelowna Badminton Club	\$7,227
Kelowna Cricket Club	\$408
Kelowna Curling Club	\$29,813
Kelowna Lawn Bowling Club	\$7,671
Kelowna Major Men's Fastball Association	\$18,928
Kelowna Minor Fastball Society	\$1,430
Kelowna Outrigger Racing Canoe Club Society	\$19,692
Kelowna Riding Club	\$4,057
Kelowna United Football Club	\$363
Kelowna Yacht Club	\$6,912
Nature Trust of BC	\$42,932
Okanagan Gymnastic Centre	\$12,014
Okanagan Mission Community Hall Association	\$5,120
Rutland Park Society	\$16,823
Scouts Canada	\$9,363

### Charitable or Philanthropic

Adult Integrated Mental Health Services Society	\$1,564
Arion Therapeutic Riding Association	\$5,638



BC Society for Prevention of Cruelty to Animals	\$9,463
BHF Building Healthy Families Society	\$1,720
Big Brothers Big Sisters of the Okanagan Society	\$3,381
Bridges to New Life Society	\$3,494
Canadian Mental Health Association	\$5,994
Central Okanagan Emergency Shelter Society	\$3,818
Columbus Holding Society	\$3,363
Father DeLestre Columbus Society	\$3,448
Kalano Club of Kelowna	\$5,025
Kelowna & District S.H.A.R.E. Society	\$9,590
Kelowna & District Safety Council Society	\$2,160
Kelowna Centre for Positive Living Society	\$1,648
Kelowna Child Care Society	\$3,299
Kelowna Community Food Bank Society	\$9,999
Kelowna Community Resources & Crisis	\$3,758
Kelowna Gospel Mission Society	\$15,339
Kelowna Sr. Citizens Society of BC	\$5,645
Kelowna Yoga House Society	\$5,314
Kelowna(#26) Royal Canadian Legion	\$2,084
KGH - Rutland Auxiliary Thrift Shop	\$7,882
Ki-Low-Na Friendship Society	\$13,586
MADAY Society for Seniors	\$2,993
National Society of Hope	\$4,286
New Opportunities for Women (NOW) Canada Society	\$2,358
Okanagan Boys & Girls Clubs	\$65,059
Okanagan Halfway House Society Inc	\$6,521
Okanagan Mental Health Services Society	\$1,640
Pathways Abilities Society	\$14,738
Reach Out Youth Counselling & Services Society	\$3,555
Resurrection Recovery Resource Society Inc.	\$6,557
Resurrection Recovery Resource Society Inc. d.b.a. Freedom's Door	\$1,556
Salvation Army Community Resource Centre	\$22,930
Society of St. Vincent De Paul of Central Okanagan	\$3,535
Starbright Children's Development Centre Assoc.	\$14,785
The Bridge Youth & Family Services Society	\$9,477
The Society of Housing Opportunities and Progressive Employment	\$1,633
<b>Hospital Licensed Under Community Care Facility Act</b>	
Canadian Cancer Society	\$15,789
<b>Partnering</b>	
Capital News Centre	\$71,216
Prospera Place	\$206,365

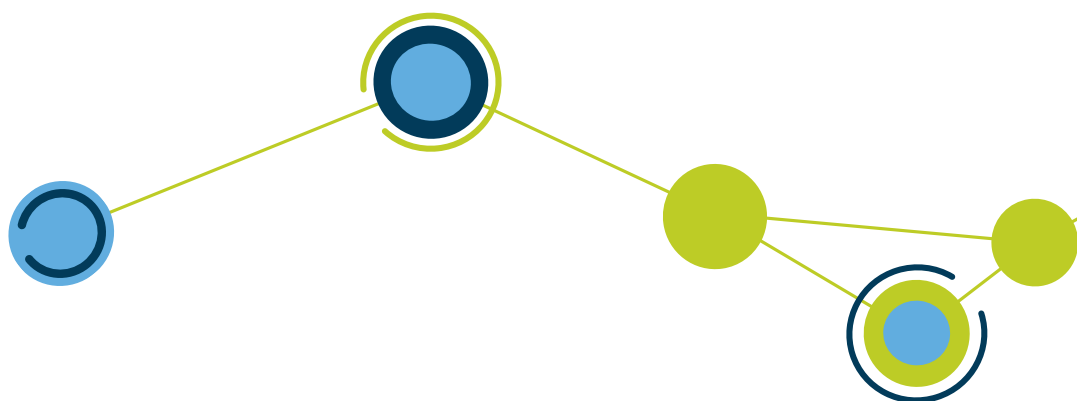
**Private Schools**

Aberdeen Hall Preparatory School Society	\$22,148
Immaculata Regional High School	\$39,586
Kelowna Christian Centre School	\$7,733
Kelowna Christian School	\$3,776
Kelowna Society for Christian Education	\$9,293
Lutheran Church - Private School	\$7,021
Okanagan Montessori Elementary	\$5,688
Seventh Day Adventist Church (Private School)	\$38,438
St. Joseph Elementary School	\$10,035
Studio9 Independent School of the Arts (Private School)	\$3,894
Waldorf School	\$11,565

**Public Worship**

Assumption Of Blessed Virgin Mary's Parish	\$2,925
BC Assn of Seventh Day Adventist	\$1,337
Bethel United Pentecostal Church	\$1,067
C3 Church	\$2,230
Christ Evangelical Lutheran Church	\$3,448
Christian Science Society of Kelowna	\$2,785
Church of the Nazarene	\$2,362
Evangel Tabernacle Church	\$3,776
Evangelical Church	\$2,809
Faith Lutheran Church	\$3,567
First Baptist Church	\$4,122
First Lutheran Church of Kelowna	\$7,021
First Mennonite Church	\$2,985
First United Church	\$5,028
German Church of God Dominion of Canada	\$2,243
Glenmore Congregation of Jehovah's Witnesses	\$3,791
Grace Baptist Church	\$7,087
Guisachan Fellowship Baptist	\$1,820
Gurdwara Guru Amardas Darbar Sikh Society	\$1,959
Holy Spirit Parish	\$5,270
Immaculate Conception Parish	\$7,398
Kelowna Bible Chapel	\$4,190
Kelowna Buddhist Society	\$4,829
Kelowna Christian Centre Church (School)	\$7,733
Kelowna Christian Reformed Church	\$4,996
Kelowna Congregation of Jehovah's Witnesses	\$2,020
Kelowna Free Methodist Church	\$2,207
Kelowna Full Gospel Church	\$3,922
Kelowna Gospel Fellowship Church	\$4,194
Kelowna Tabernacle Congregation Church	\$893
Kelowna Trinity Baptist Church	\$31,847

KLO Baptist Church	\$7,037
Mennonite Brethren Churches (Willow Park Church)	\$7,175
Mission Creek Alliance Church	\$13,539
New Apostolic Church	\$1,875
New Life Vineyard Fellowship	\$24,445
Okanagan Chinese Baptist Church	\$1,842
Okanagan Jewish Community Association	\$2,085
Okanagan Sikh Temple & Cultural Society	\$4,828
The Embassy Church	\$2,376
Rutland United Church	\$3,928
Salvation Army Community Church	\$7,977
Serbian Orthodox Par-Holy Proph St Ilija (Parish)	\$790
Seventh Day Adventist Church	\$12,658
Spring Valley Congregation of Jehovah's Witnesses	\$4,309
St. Aidan's Anglican Church	\$2,124
St. Andrew's Church	\$4,892
St. Charles Garnier Parish	\$1,726
St. David's Presbyterian Church	\$5,179
St. Mary's Anglican Church	\$843
St. Michaels Anglican Church	\$4,968
St. Peter & Paul Ukrainian Greek Orthodox Church	\$4,166
St. Pius X Parish	\$4,218
St. Theresa's Parish	\$3,204
The BC Muslim Association	\$1,079
The Church of Jesus Christ of Latter-Day Saints	\$5,475
The Congregation of Bethel Church	\$3,379
The Union of Slavic Churches of Evangelical Christians	\$917
Unitarian Fellowship of Kelowna Society	\$1,423
<b>Total Municipal portion of Permissive Tax Exemption</b>	<b>\$1,783,968</b>



## REVITALIZATION TAX EXEMPTIONS

Tax Incentive Area #1	269 Lawrence Ave	\$21,298
Tax Incentive Area #2	596 Leon Ave	\$4,863
	552 - 554 Leon Ave	\$23,662
Tax Incentive Area #4	110 Highway 33 W	\$47,102
Purpose-Built Rental Housing	598 Sutherland Ave	\$8,854
	1155 Brookside Ave.	\$35,913
<b>Total Revitalization Tax Exemptions</b>		<b>\$141,692</b>

## HERITAGE BUILDING PROPERTY TAX EXEMPTIONS

Copeland House	784 Elliot Ave	\$3,863
<b>Total Heritage Building Tax Exemptions</b>		<b>\$3,863</b>
<b>Total value of municipal taxes exempted</b>		<b>\$1,929,523</b>





# REPORT FROM THE DIVISIONAL DIRECTOR, FINANCIAL SERVICES

MAY 16, 2017

GENELLE DAVIDSON

Mayor Basran and members of Council,

I am pleased to present the City of Kelowna's 2016 Annual Financial Report for the year ended December 31, 2016. The purpose of this report is to publish the City of Kelowna's Consolidated Financial Statements, Auditor's Report and provide an update on City services, programs and projects, pursuant to Sections 98 and 167 of the Community Charter.

Preparation of the Consolidated Financial Statements is the responsibility of City Council and City of Kelowna management. These statements are prepared by City staff in accordance with Canadian public sector accounting standards. Management is also responsible for implementing and maintaining a system of internal controls for the safeguarding of assets and to provide reasonable assurance that reliable information is produced.

External auditors, Grant Thornton LLP, conducted an independent examination in line with Canadian auditing standards to express their opinion on the Consolidated Financial Statements. The City's Audit Committee also reviewed the financial statements to ensure they are comprehensive, reliable and understandable.

Council adopted Principles & Strategies for Financial Strength & Stability continue to be used to establish guidelines for how the City will acquire and manage a portfolio of financial and physical assets that meets the current and future needs of our community.

The City ended the year with a \$33-million increase to accumulated surplus, which now sits at more than \$1.88 billion. Revenues decreased over 2015 by \$33 million, mainly due to a 2015 donation of property, decrease in Development Cost Charge contributions and Government grants. Expenses at \$260 million



increased by 3.12 per cent from 2015. The General Fund ended 2016 with a \$4.3M unappropriated surplus from operations. \$4.1M was appropriated to reserve with the remainder added to accumulated surplus now at \$2.4M which is two per cent of the 2016 taxation requirement.

In 2016, the City continued to balance the community's interest in maintaining levels and quality of services, while planning for a connected, healthy and sustainable community with the implementation of the Dark Fibre Strategy, Imagine Kelowna, and Healthy City Strategy. The City continued to balance investment in new and existing infrastructure, while leveraging opportunities to diversify revenue sources.

Under the direction and guidance of City Council, the City of Kelowna is well positioned to continue delivering quality services to its current and future residents, businesses and visitors in support of a connected, inclusive and resilient community with a high quality of life.

Respectfully submitted,

Genelle Davidson, CPA, CMA  
Divisional Director, Financial Services

## INDEPENDENT AUDITORS' REPORT

To the members of Council of the City of Kelowna

We have audited the accompanying consolidated financial statements of the City of Kelowna (the "City"), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations and accumulated surplus, 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.

### Management's responsibility 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.

### Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Kelowna as at December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, Canada

May 2, 2017

Audit • Tax • Advisory

Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd.



Chartered Professional Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2016 (in thousands of dollars)

	2016	2015
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 17,961	\$ 7,509
Accounts receivable (Note 3)	30,279	29,004
Accrued interest	1,255	1,047
Portfolio investments (Note 3)	366,507	352,398
Long term investments (Note 10)	6,000	6,000
Property held for resale	3,534	2,939
	<b>425,536</b>	<b>398,897</b>
<b>Liabilities</b>		
Accounts payable	46,579	42,308
Performance deposits	14,018	8,786
Deferred revenue (Note 3)	36,446	36,703
Deferred development cost charges (Note 3)	25,375	10,984
Long term debt (Note 3)	146,414	136,183
	<b>268,832</b>	<b>234,964</b>
<b>Net Financial Assets</b>	<b>156,704</b>	<b>163,933</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	2,240	1,939
Inventory	1,140	1,152
Work in progress (Note 4)	114,295	88,484
Tangible capital assets (Note 4)	1,602,745	1,588,378
	<b>1,720,420</b>	<b>1,679,953</b>
<b>Accumulated Surplus (Note 5)</b>	<b>\$ 1,877,124</b>	<b>\$ 1,843,886</b>

Contingent liabilities and Commitments (Notes 8 and 9)  
Subsequent Event (Note 19)



Genelle Davidson, CPA, CMA  
Divisional Director, Financial Services



Colin Basran  
Mayor, City of Kelowna

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2016 (in thousands of dollars)

	Budget 2016	Actual 2016	Actual 2015
<b>Revenue</b>			
Taxation (Note 6)	\$ 131,596	\$ 131,792	\$ 125,188
Fees and charges	106,851	118,428	113,024
Interest earned	3,720	9,851	8,979
DCC contributions	5,915	10,477	22,576
Government transfers (Note 7)	34,880	15,576	22,419
Other capital contributions	313	6,651	34,102
Gain on disposal of tangible capital assets	-	501	-
	<u>283,275</u>	<u>293,276</u>	<u>326,288</u>
<b>Expenses</b>			
General government services	29,809	26,505	22,973
Protective services	55,758	55,726	53,696
Transportation services	36,750	59,689	60,884
Recreational and cultural services	35,154	41,888	41,319
Other services	16,549	19,307	18,184
Airport operations	13,205	19,303	17,435
Natural Gas Legacy Services	2,919	4,088	4,506
Wastewater utility	13,656	22,833	22,834
Water utility	7,288	10,699	10,343
	<u>211,088</u>	<u>260,038</u>	<u>252,174</u>
<b>Annual Surplus</b>	<u>\$ 72,187</u>	<u>33,238</u>	<u>74,114</u>
Accumulated Surplus, beginning of year		<u>1,843,886</u>	<u>1,769,772</u>
<b>Accumulated Surplus, end of year</b>		<u>\$ 1,877,124</u>	<u>\$ 1,843,886</u>

See accompanying notes to the consolidated financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2016 (in thousands of dollars)

	Budget 2016	Actual 2016	Actual 2015
<b>Annual Surplus</b>	\$ 72,187	\$ 33,238	\$ 74,114
Amortization of tangible capital assets	-	63,343	61,885
Proceeds from disposal of tangible capital assets	-	1,249	926
(Gain) loss on disposal of tangible capital assets	-	(501)	27
Acquisition of tangible capital assets	(190,827)	(104,269)	(113,440)
Change in inventory and prepaid expenses	-	(289)	521
<b>Increase (decrease) in Net Financial Assets</b>	(118,640)	(7,229)	24,033
Net Financial Assets, beginning of year	163,933	163,933	139,900
Net Financial Assets, end of year	\$ 45,293	\$ 156,704	\$ 163,933

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016 (in thousands of dollars)

	Actual 2016	Actual 2015
<b>Net inflow (outflow) of cash and cash equivalents related to the following activities</b>		
<b>Operating</b>		
Annual Surplus	\$ 33,238	\$ 74,114
Adjustment for non-cash items		
Amortization of tangible capital assets	63,343	61,885
(Gain) Loss on disposal of tangible capital assets	(501)	27
Actuarial adjustment on long term debt	(5,723)	(4,389)
Developer contributions of tangible capital assets	(412)	(28,271)
Decrease (increase) in		
Accounts receivable	(1,275)	4,913
Inventory and prepaid expenses	(289)	521
Other assets	(803)	(3,175)
Increase (decrease) in		
Accounts payable	4,271	2,975
Deferred development cost charges	14,391	(7,165)
Other liabilities	4,975	50
	<u>111,215</u>	<u>101,485</u>
<b>Capital</b>		
Acquisition of tangible capital assets	(103,857)	(85,169)
Proceeds from disposal of tangible capital assets	1,249	926
	<u>(102,608)</u>	<u>(84,243)</u>
<b>Investing</b>		
Change in investments	<u>(14,109)</u>	<u>(104,601)</u>
<b>Financing</b>		
Proceeds from issuance of long term debt	28,439	42,500
Repayment of long term debt	(12,485)	(7,539)
	<u>15,954</u>	<u>34,961</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>10,452</u>	<u>(52,398)</u>
Cash and cash equivalents, beginning of year	<u>7,509</u>	<u>59,907</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 17,961</u>	<u>\$ 7,509</u>
<b>Non-cash capital activities</b>		
Acquisition of tangible capital assets through developer contributions (Note 4)	\$ 412	\$ 28,271.

See accompanying notes to the consolidated financial statements

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*December 31, 2016 (all tabular amounts reported in 000's of dollars)*

The notes to the consolidated financial statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the consolidated financial statements.

The consolidated financial statements are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards (PSAS). The preparation of these consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### Basis of presentation

The City of Kelowna's resources and operations are segregated into General, Airport, Wastewater Utility, Water Utility, Natural Gas Legacy, Development Cost Charges and Statutory Reserve Funds for accounting and financial reporting purposes. The consolidated financial statements include all the accounts of these funds. All material interfund transactions and balances have been eliminated within the consolidated financial statements.

The City of Kelowna Library Society is controlled by the City of Kelowna through its appointment of the members of the Society. Accordingly, the consolidated financial statements include all the accounts of the Society.

### Accrual accounting

The accrual method for reporting revenues and expenses has been used.

### Property held for resale

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

### Inventory

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

### 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.

## Amortization

The cost less residual value of the tangible capital assets is amortized on a straight-line basis over the useful lives of the asset as follows:

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

Land and Work in Progress are not amortized.

## Intangible assets

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

## 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%.

## 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:

	2016	2015
Cash Deposits held by MFA	\$ 3,390	\$ 3,137
Demand Notes held by MFA	9,206	8,674
	<u>\$ 12,596</u>	<u>\$ 11,811</u>

## Reserves for future expenditures

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditures include funds to finance incomplete projects and accumulations for specific purposes.

## Statutory reserve funds

The use of these funds is restricted by the Community Charter and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and portfolio investments.



## Revenue recognition

### Taxation revenue

Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal purposes. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. Taxes are recognized as revenue in the year they are levied.

Through the BC Assessment appeal process taxes may be adjusted by way of supplementary roll adjustments. The effect of these adjustments on taxes are recognized at the time they are awarded.

### Fees and charges revenue

Charges for transportation, environmental health, building permits, water, wastewater, natural gas and airport are included in this category. These revenues are recorded on the accrual basis and recognized as earned which is usually when services are provided or facilities are utilized.

### DCC contributions

DCCs are recognized as revenue during the period in which the related costs are incurred.

### Government transfers

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, has been met by the City, and a reasonable estimate of the amount to be received can be made.

### Investment income

The City's investments are disclosed in Note 3.

Investment income is recorded on the accrual basis and recognized when earned.

A portion of the City's investments are invested in pooled funds of the Municipal Finance Authority of British Columbia. Earnings on these funds are allocated to the members from time to time based on the market value of the pool. The City recognizes only its share of the realized earnings of the pool. This

revenue is recorded as investment income and the amount is added to the cost base of the investment.

To the extent that investments have no stated rate of return, investment income is recognized as it is received.

### Expenses

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

### Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2016 and 2015.

### 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 tangible capital assets estimated useful life and

related amortization, landfill post closure costs and settlement costs associated with outstanding legal actions.

## 2. FUTURE ACCOUNTING CHANGES

### PS 2200 – Related party transactions

This new Section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### PS 3420 – Inter-entity transactions

This section establishes how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### PS 3210 – Assets

This new section provides guidance for applying the definition of an asset as set out in Section PS 1000 *Financial statement concepts* and establishes general disclosure standards for assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### PS 3320 – Contingent assets

This new section defines and establishes disclosure standards for contingent assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### PS 3380 – Contractual rights

This new section defines and establishes disclosure standards on contractual rights. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

### PS 2601 – Foreign currency translation

This section revises and replaces the existing Section PS 2600 *Foreign currency translation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

### PS 1201 – Financial statement presentation

This section revises and replaces the existing Section PS 1200 *Financial statement presentation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

### PS 3450 – Financial instruments

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

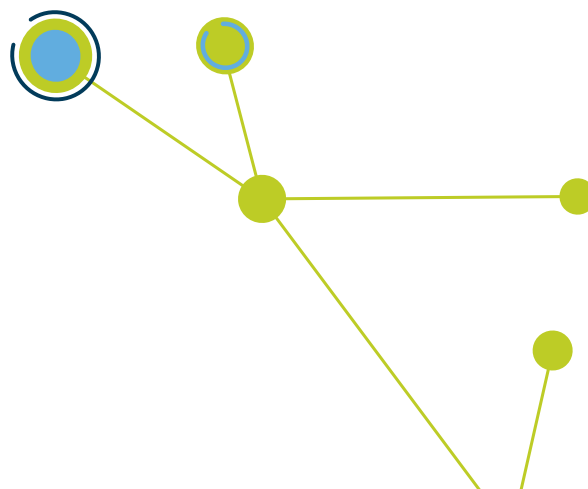
### PS 3041 – Portfolio investments

This section revises and replaces the existing Section PS 3040 *Portfolio investments*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

## 3. FINANCIAL ASSETS AND LIABILITIES

### Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturities of 90 days or less from the date of acquisition.



### Accounts receivable

Accounts receivable are recorded net of allowance and are comprised of the following:

Type of receivable	2016	2015
Property Tax	\$ 4,863	\$ 5,090
Trade Receivables	11,642	9,994
Due from Federal Government	2,310	1,453
Due from Provincial Government	1,255	5,456
Due from Regional Government	31	16
Utilities	4,474	4,359
Deferred Development Cost Charges	5,704	2,636
	<u>\$ 30,279</u>	<u>\$ 29,004</u>

### Portfolio investments

Portfolio investments are recorded at cost and are comprised of the following:

Type of Investment	2016	2015
Municipal Finance Authority Bond/ Intermediate Funds	\$ 101,595	\$ 69,706
Provincial and Bank Issued Bonds	103,629	88,344
Publicly traded shares	58,875	57,328
Guaranteed Investment Certificates and Deposit Notes	102,408	137,019
Total Portfolio and Investments	<u>\$ 366,507</u>	<u>\$ 352,398</u>

The quoted market value of the publicly traded shares at December 31, 2016 was \$75.18 million (2015 - \$66.68 million).

### Operating line of credit

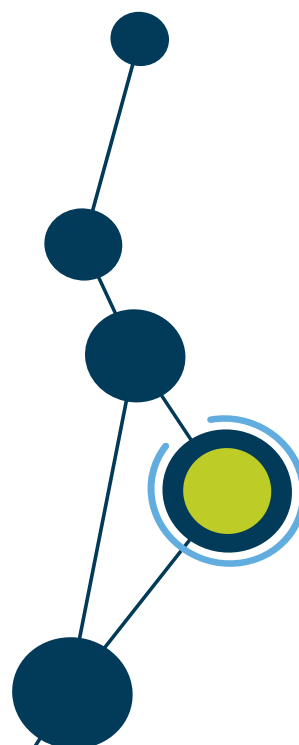
The City has an operating line of credit with the

Royal Bank of Canada for an authorized amount of \$5.0 million, bearing interest at bank prime rate. At December 31, 2016 the balance outstanding was \$nil (2015 - \$nil).

### Deferred revenue

The City records deferred revenue for funds received in advance on 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	2016	2015
Tax Prepayments	\$ 18,101	\$ 18,036
Construction	11,329	11,522
Grants	61	94
Other	2,915	2,992
Local Area Service	4,040	4,059
	<u>\$ 36,446</u>	<u>\$ 36,703</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.

Deferred Development Cost Charges (DCC)	2015	Receipts	Interest	Transfers Out	2016
Roads	\$ 13,450	\$ 10,993	\$ 371	\$ 3,273	\$ 21,541
Parks	(3,843)	7,490	(42)	1,507	2,098
Water	10,195	897	248	26	11,314
Wastewater	(8,818)	5,105	(194)	5,671	(9,578)
Total Deferred DCC	\$ 10,984	\$ 24,458	\$ 383	\$ 10,477	\$ 25,375

### Long term debt

Debenture debt principal is reported net of sinking fund balances. Interest rates on long term debt ranged from 1.75% to 8.94%. The weighted average rate for 2016 was 3.88% (2015 – 3.62%). Principal repayments for the next five years are as follows:

	2017	2018	2019	2020	2021
General Fund	\$ 4,298	\$ 7,297	\$ 3,430	\$ 3,006	\$ 3,006
Airport	3,432	3,432	2,099	2,099	2,099
Wastewater Fund	4,290	4,290	4,284	1,606	663
Water Fund	333	333	333	333	333
Natural Gas Legacy	1,699	1,699	-	-	-
Library Society	177	-	-	-	-
	\$ 14,229	\$ 17,051	\$ 10,146	\$ 7,044	\$ 6,101

Schedule 3 provides a breakdown of long term debt.

### Debt as a percentage of total expenditures:

2016	2015	2014	2013	2012
56.31%	54.01%	42.79%	48.84%	53.64%





#### 4. TANGIBLE CAPITAL ASSETS AND WORK IN PROGRESS

	2016 Work in Progress	2016 Tangible Capital Assets (NBV)	2015 Work in Progress	2015 Tangible Capital Assets (NBV)
Land	\$ -	\$ 255,228	\$ -	\$ 246,875
Land Improvements	2,101	33,611	2,713	33,501
Buildings	39,666	154,987	10,580	161,485
Infrastructure	47,224	1,094,778	50,190	1,077,417
Machinery and Equipment	25,304	32,942	25,001	36,301
Natural Gas System (Capital Lease)	-	31,199	-	32,799
	<u>\$ 114,295</u>	<u>\$ 1,602,745</u>	<u>\$ 88,484</u>	<u>\$ 1,588,378</u>

Contributions received in 2016 include:

##### Type of contribution

	2016	2015
Land	\$ 302	\$ 28,271
Buildings	110	-
Total Contributed Tangible Assets	<u>\$ 412</u>	<u>\$ 28,271</u>

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

#### 5. ACCUMULATED SURPLUS

	Reserves for Future Expenditures	Equity in FortisBC Inc.	Statutory Reserves	Fund Surpluses	Investment in Tangible Capital Assets	Total 2016	Total 2015
Accumulated surplus, beginning of year	\$ 107,756	\$ 57,367	\$ 54,966	\$ 41,804	\$ 1,581,993	\$ 1,843,886	\$ 1,769,772
Annual surplus (deficit)	394	3,125	1,692	82,650	(54,623)	33,238	74,114
Transfers	16,888	(1,617)	5,593	(20,864)	-	-	-
Acquisition of tangible capital assets	-	-	-	(42,058)	42,058	-	-
Repayment of long term debt	-	-	-	(12,461)	12,461	-	-
Accumulated surplus, end of year	<u>\$ 125,038</u>	<u>\$ 58,875</u>	<u>\$ 62,251</u>	<u>\$ 49,071</u>	<u>\$ 1,581,889</u>	<u>\$ 1,877,124</u>	<u>\$ 1,843,886</u>

Accumulated Surplus detail as follows:

	Balances, Beginning of Year	Transfer From	Transfer To	Annual Surplus	Balances, End of Year
<b>Non-Statutory Reserves</b>					
General Fund Reserve	\$ 60,997	\$ 10,022	\$ 23,009	\$ 60	\$ 74,024
Airport Fund Reserve	24,340	15,361	16,387	237	25,603
Waste Water Fund Reserve	9,409	744	668	15	9,348
Water Fund Reserve	13,030	571	3,522	82	16,063
	107,756	26,698	43,586	394	125,038
<b>Statutory Reserves</b>					
Parking Reserve	2,792	4,696	2,707	190	993
Land Reserve	8,094	189	2,028	210	10,143
Capital Works, Machinery & Equip Reserve	44,080	10,485	16,228	1,292	51,115
	54,966	15,370	20,963	1,692	62,251
<b>Surplus by Fund</b>					
General Fund Surplus	2,251	50,365	2,810	47,706	2,402
Airport Fund Surplus	596	16,664	1,972	14,692	596
Waste Water Fund Surplus	24,058	15,186	8,584	11,006	28,462
Water Fund Surplus	10,341	7,365	3,067	7,032	13,075
Natural Gas Legacy Surplus	4,393	3,446	1,712	1,712	4,371
Library Surplus	165	1,004	502	502	165
Accumulated Surplus	41,804	94,030	18,647	82,650	49,071
<b>Equity Investment</b>					
Equity in FortisBC Inc.	57,367	1,617	-	3,125	58,875
<b>Investment in Non Financial Assets</b>					
Investment in Tangible Capital Assets	1,581,993	67,107	121,626	(54,623)	1,581,889
<b>Accumulated Surplus</b>	<b>\$ 1,843,886</b>	<b>\$ 204,822</b>	<b>\$ 204,822</b>	<b>\$ 33,238</b>	<b>\$ 1,877,124</b>

## 6. TAXATION

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

	2016	2015
<b>Taxes collected</b>		
Property taxes	\$ 214,229	\$ 206,636
Local improvement levies	166	179
Frontage tax – water	1,436	1,419
Specified sewer area recoveries	1,399	1,552
Grants in lieu of taxes	480	446
Levies	6,783	6,596
	<u>224,493</u>	<u>216,828</u>
<b>Less transfers to other governments</b>		
Province of BC (school taxes)	67,601	66,909
BC Assessment Authority	2,006	2,017
Regional Hospital District	11,429	11,307
Regional District of Central Okanagan	11,665	11,407
	<u>92,701</u>	<u>91,640</u>
<b>Net taxes available for municipal purposes</b>	<u>\$ 131,792</u>	<u>\$ 125,188</u>

## 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. Due to the completion of the projects in 2016 there is no deferred revenue balances related to these transfers. Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments. Estimated government transfers were accrued as revenue in previous years however in 2016 the City was notified that the amounts accrued were paid directly to the project suppliers. There were no funds received or accrued for capital projects in 2016. In 2016 the City received and recorded as revenue the following transfers:

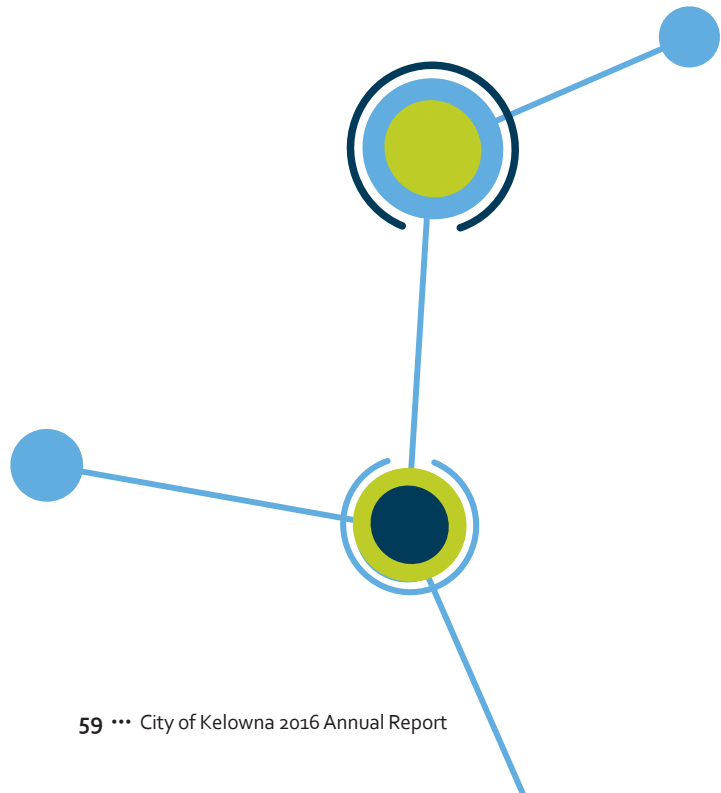
	2016	2015
<b>Operating transfers</b>		
Federal	\$ 141	\$ 333
Provincial	16,664	18,324
	<u>16,805</u>	<u>18,657</u>
<b>Capital transfers</b>		
Federal	(15)	1,508
Provincial	(1,214)	2,254
	<u>(1,229)</u>	<u>3,762</u>
<b>Total transfers</b>	<u>\$ 15,576</u>	<u>\$ 22,419</u>

## 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.



### **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, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The City of Kelowna paid \$6.7 million (2015 - \$6.9 million) for employer contributions while employees contributed \$5.4 million (2015 - \$5.6 million) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

### **Post employment benefits**

The City of Kelowna does not accrue expenses for post employment benefits such as retirement allowances or compensated absences (sick leave). City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits do not accrue and are not vested. The City recognizes the expense for sick time when the event obligates the City to pay.

### **Legal actions**

The City of Kelowna is currently engaged in certain legal actions, the outcome of which is not determinable at this time. Accordingly, no provision has been made in the accounts for these actions.

The amount of loss, if any, arising from these contingent liabilities will be recorded in the accounts in the period in which the loss is realized. The City of Kelowna has insurance policies and financial reserves to offset associated risks.

## **9. COMMITMENTS**

### **Agreements, contracts and purchase orders**

The City has entered into various agreements and contracts for services and construction with periods ranging from one to five years.

The City has purchase orders open as at December 31, 2016 which have not been recorded in the accounts. The balance of these open purchase orders are not determinable at this time. The funding for the majority of these obligations has been set aside in reserves for future expenditures. These amounts will be recorded in the accounts in the period the goods and services, to which they relate, are received.

### **Landfill closure and post closure costs**

As required by PSAS and regulated by the Ministry of Water, Land and Air Protection, the City has agreed to obligations regarding the operation of the landfill site. These obligations include recognition of closure and post-closure liability. The City's estimated



liability for these expenditures is recognized as the landfill site's capacity is used. The reported liability of \$3.8 million (2015 - \$3.7 million) represents the portion of the estimated total expenditure recognized as at December 31, 2016. The liability and annual expenditure is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 14.7 million tonnes, which is 80% of the site's total capacity. The future cash flows for closure and post-closure cost is estimated at \$11.9 million as at December 31, 2016. The landfill site is expected to reach its capacity in 2092.

#### **YMCA of Okanagan Association loan guarantee agreement**

The City has, under the terms of the partnering agreement between the City of Kelowna and YMCA of Okanagan Association, guaranteed repayment in the event that the YMCA of Okanagan Association defaults on a \$1.8 million, 20-year loan. 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 Okanagan Association. During 2010 an amendment was made to the agreement for additional financing of \$700,000. As at December 31, 2016 the outstanding loan balance was \$978,170 (2015 - \$1,089,336).

#### **Multi-Purpose Facility Public/Private Partnership**

The City has, under the terms of the Preferred Share Agreement between the City of Kelowna and RG Properties Ltd., purchased \$6.0 million of preferred shares in RG Arenas (Kelowna) Ltd. at a cost of \$1 per share. The terms and conditions of the purchase are subject to the terms of a Tripartite Agreement between the City of Kelowna, Royal Bank of Canada and RG Arenas (Kelowna) Ltd., RG Properties Ltd., Prospero Canadian Land Investment Fund Ltd. group of companies.

The City has, under the terms of the above noted Tripartite Agreement, committed to the annual purchase of community use time at the Multi-Purpose facility, commencing with substantial completion, on November 10, 1999 under the following terms:

- (i) \$1.3 million per annum for Years 1 to 3 comprised of a payment of \$1.1 million, which for Years 2 and 3 is subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum, plus an annual payment of \$150,000 without any adjustment for CPI;
- (ii) \$1.2 million per annum for Years 4 to 7, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum;
- (iii) \$1.2 million per annum for Years 8 to 10, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum, minus \$150,000 per annum;
- (iv) \$1.0 million per annum for Years 11 to 20, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum; and
- (v) \$0.5 million per annum for Years 21 to 30, subject to a minimum CPI increase of 1% per annum and a maximum average CPI increase of 5% per annum.

The year 2016 represented year 17 of the agreement.

Should the City not exercise, in its sole discretion, its option to renew any future term for community use time in the Multi-Purpose facility, under the above terms it shall be required to make a lump sum payment to RG Arenas (Kelowna) Ltd. on or before the 15th day of one of year 6, 11, 16, 21 or 26 commencing with the year of substantial completion in the following amounts:

2005	Year 6	\$13.2 million
2010	Year 11	\$11.9 million
2015	Year 16	\$10.4 million
2020	Year 21	\$6.7 million
2025	Year 26	\$4.5 million

Upon such payment, no further amounts will be payable to RG Arenas (Kelowna) Ltd. and the City will have the right to the community use time for the period from the beginning of the year in which the

payment was made until November 9, 2029 without any additional payment.

The City did exercise its option to renew the purchase of community use time under the above annual payments terms and accordingly did not make any of the lump sum payment of \$13.2 or \$11.9 or \$10.4 million otherwise due to RG Arenas (Kelowna) Ltd. in years 6 or 11 or 16.

### Royal Canadian Mounted Police Services

The Province of British Columbia and the Federal Government have an agreement with the Royal Canadian Mounted Police to provide police services for various municipalities in the Province, including the City of Kelowna. This agreement has a 20 year term expiring on March 31, 2032.

### 10. LONG TERM INVESTMENTS

#### Kelowna Developments Ltd.

The investment in Kelowna Developments Ltd., a wholly owned subsidiary, is carried at its cost of \$2. The company is inactive with no assets or liabilities and is being retained for potential future use.

#### RG Arenas (Kelowna) Ltd.

The investment in preferred shares in RG Arenas (Kelowna) Ltd. is carried at its cost of \$6.0 million. The shares were purchased under the terms of the Preferred Share Agreement between the City of Kelowna and RG Properties Ltd. and are to be retained until 2028 per the terms of that agreement described in Note 9.

### 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 \$30.7 million (2015 - \$29.5 million) 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 \$30.7 million, the City is holding irrevocable Letters of Credit in the amount of \$5.1 million (2015 - \$2.7 million) which are received from developers to ensure payment of development cost charges in future years.

### 12. CAPITAL LEASE PAYABLE

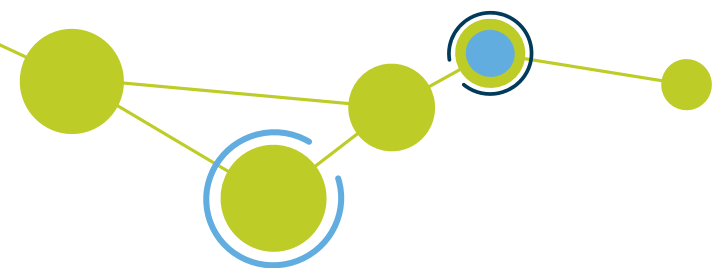
The City has entered into an agreement with FortisBC Energy Inc. ("FortisBC") that has resulted in the creation of the Natural Gas Legacy Fund.

#### Capital lease

Under the terms of the agreement the City entered into a 35 year capital lease with FortisBC on November 1, 2001 for the natural gas distribution system within the City's municipal boundary. The City has prepaid \$47.5 million of the capital lease obligation and has financed the prepayment through debenture debt. The remaining obligation of \$2.2 million, which is included in long term debt, will be paid with annual lease payments of \$260,870 including interest based on FortisBC approved pre-tax weighted average cost of capital of 10.072%.

#### Operating lease

The City also entered into a 17 year operating lease with FortisBC on November 1, 2001 whereby the City leases back to FortisBC the operations of the gas distribution system. Under the operating lease FortisBC is required to make annual lease payments to the City calculated by a formula specified in the agreement which is based on the total annual revenue generated by the transaction. At the end of the 17 year term, being in 2018, FortisBC has the option of making a termination payment to the City equal to the unamortized portion of the City's \$47.5 million prepayment under the capital lease, which



is estimated to be \$27.0 million, or negotiate a new 18 year operating lease with a continuation of the annual lease payments which existed under the previous 17 year operating lease.

Annual lease revenues for the past five years are:

2012	\$4.6 million
2013	\$4.4 million
2014	\$4.3 million
2015	\$4.2 million
2016	\$4.1 million

### 13. CITY OF KELOWNA LIBRARY SOCIETY

In March 1997, the City transferred the Library building and land located on Ellis Street in the City of Kelowna and the related mortgage loan to the City of Kelowna Library Society, a non-profit society. The City has guaranteed the repayment of the mortgage. As at December 31, 2016 the mortgage balance was \$180 thousand (2015 - \$682 thousand). The City has taken back an option to purchase these assets at a nominal value. The Society's financial information is included in with the City of Kelowna consolidated financial statements.

### 14. TRUST FUNDS

In accordance with PSAS, trust funds are not included in the City's consolidated financial statements. The City administers a Cemetery Maintenance Fund for the perpetual care and maintenance of the City owned and operated cemetery. As at December 31, 2016 the Trust Fund balance is \$2.6 million (2015 - \$2.5 million).

### 15. SEGMENTED INFORMATION

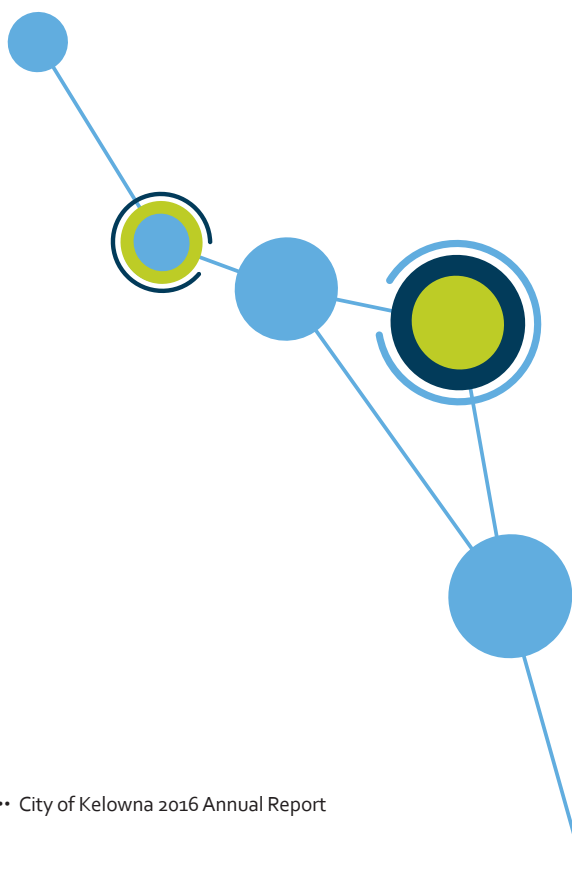
The City of Kelowna is connecting communities and providing a multitude of services to the citizens of Kelowna. The City's operations and activities are organized and reported by funds and departments. The General Fund reports on operations, funded primarily by property taxes, which include services 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 its own 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 expenses within the department 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. The general revenue reported under the department 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.

#### Protective services

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



Police services include administration, crime investigation and prevention, traffic, prisoner custody and court liaison expenses.

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.

Costs for maintenance and repair of police and fire buildings are included in this section.

### **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 & cultural services**

Recreation & cultural services provide services related to recreation, leisure and culture including administration and program costs as well as grounds and building maintenance. Facilities managed within this area include parks and playgrounds, arenas, swimming pools, beaches, boat launches, stadiums as well as community and seniors centers. The H2O Adventure & Fitness Centre, Parkinson Recreation Centre, Kelowna Community Theatre, Kelowna Museum, Kelowna Art Gallery and the Rotary Centre for the Arts are some of the larger facilities included.

### **Other services (Public Health/Environmental/Development services)**

Public health services are comprised of cemetery operations and maintenance, environmental and development services including community planning and zoning as well as landfill operations.

### **Airport services**

The Airport, owned and operated by the City of Kelowna, provides quality airport services in a safe and cost effective manner in compliance with Federal regulations. The Airport is accounted for in its own fund.

### **Wastewater Services**

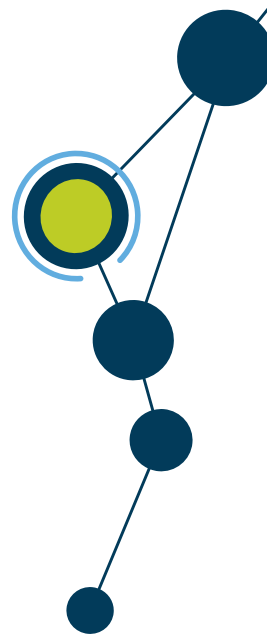
Kelowna's sanitary sewer system collects, conveys, treats and disposes of domestic wastewater (derived from the home) and industrial wastewater (resulting from business use, manufacturing and processing). The system currently services approximately 70% of Kelowna's population and continues to be extended to unserved areas. Kelowna's wastewater system has a treatment capacity of 72 million liters per day. Wastewater Utility is accounted for in its own fund.

### **Water services**

The Water Utility is responsible for planning, designing, building, operating and maintaining the City's Water Utility and is one of five water suppliers operating within Kelowna's boundaries. The Water Utility is accounted for in its own fund.

### **Natural Gas legacy services**

Natural Gas Legacy Fund was created from an agreement with FortisBC for a 35 year capital lease for the natural gas distribution system within the City's municipal boundary and a 17 year operating lease, expiring in 2018, whereby the City leases back to FortisBC the operations of the gas distribution system. The Natural Gas Legacy Fund is accounted for in its own fund.





## Library services

The City of Kelowna Library Society is a non-profit society instituted and controlled by the City of Kelowna. The Society was incorporated for the purpose of establishing, operating, and maintaining libraries and library services for the benefit of the City of Kelowna and its citizens. Financial statements for the Society are prepared separately and are consolidated with the City of Kelowna.

## Statutory reserves

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

## 16. EXPENSES BY OBJECT

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

## 17. BUDGET DATA

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law. Amortization of tangible capital assets was not included in the budget. The table below shows the reconciliation between the approved budget and the budget presented in these consolidated financial statements.

	Budget Amount
<b>Revenues:</b>	
Operating budget	\$ 259,127
Capital budget	24,148
	<u>283,275</u>
<b>Expenses:</b>	
Operating budget	211,088
Capital budget	190,827
	<u>401,915</u>
Annual deficit per approved budget	(118,640)
Add: tangible capital asset purchases	190,827
<b>Annual surplus per statements of operations</b>	<u>\$ 72,187</u>

## 18. COMPARATIVE FIGURES

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

## 19. SUBSEQUENT EVENT

Subsequent to the year end, the federal and provincial governments, approved the City of Kelowna funding application of \$43.9 million towards a project to improve water supply for the South East Kelowna Irrigation District (SEKID).



# SCHEDULE 1 - TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2016 (in thousands of dollars)

	MACHINERY & EQUIPMENT							Subtotal Machinery & Equipment
	Land	Land Improvements	Buildings	Vehicles	Machinery & Equipment	Computer	Misc	
<b>Cost</b>								
Balance, beginning of year	\$ 246,875	\$ 64,920	\$ 290,058	\$ 29,167	\$ 48,820	\$ 10,189	\$ 5,582	\$ 93,758
Recategorized assets	-	-	-	-	-	-	(5,582)	(5,582)
Add: additions during the year	9,646	70	530	1,478	2,401	-	-	3,879
Add: transfers to tangible capital assets	203	2,384	1,776	-	2,893	1	-	2,894
Less: capital held for resale	(594)	-	(528)	-	-	-	-	-
Less: disposals during the year	(902)	-	(88)	(351)	(297)	(653)	-	(1,301)
Balance, end of year	255,228	67,374	291,748	30,294	53,817	9,537	-	93,648
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	31,419	128,573	15,792	33,221	6,719	1,725	57,457
Amortization of recategorized assets	-	-	-	-	(6)	-	(1,725)	(1,731)
Add: amortization	-	2,344	8,804	2,657	2,958	616	-	6,231
Less: accumulated amortization on disposals	-	-	(88)	(302)	(296)	(653)	-	(1,251)
Less: amortization on buildings held for resale	-	-	(528)	-	-	-	-	-
Balance, end of year	-	33,763	136,761	18,147	35,877	6,682	-	60,706
<b>Net Book Value of Tangible Capital Assets</b>	<b>\$ 255,228</b>	<b>\$ 33,611</b>	<b>\$ 154,987</b>	<b>\$ 12,147</b>	<b>\$ 17,940</b>	<b>\$ 2,855</b>	<b>-</b>	<b>\$ 32,942</b>

## INFRASTRUCTURE

Natural Gas Capital Lease	Plants & Facilities	Roads, Lanes Sidewalks & Bike Paths	Bridges Tunnels & Overpasses	Underground, Overhead & Other Networks	Airport Infrastructure	Subtotal Infrastructure	Work in Progress	Total 2016	Total 2015
\$ 55,609	\$ 177,136	\$ 499,769	\$ 30,139	\$ 1,026,911	\$ 46,805	\$ 1,780,760	\$ 88,484	\$ 2,620,464	\$ 2,538,173
-	5,582	-	-	-	-	5,582	-	-	-
-	-	4,317	2	2,803	211	7,333	83,406	104,864	87,934
-	13,914	12,206	3,695	11,268	9,458	50,541	(57,595)	203	-
-	-	-	-	-	-	-	-	(1,122)	(2,916)
-	-	-	-	-	-	-	-	(2,291)	(2,727)
55,609	196,632	516,292	33,836	1,040,982	56,474	1,844,216	114,295	2,722,118	2,620,464
22,810	59,760	253,153	7,627	359,295	23,508	703,343	-	943,602	883,489
-	1,725	-	-	-	6	1,731	-	-	-
1,600	6,658	19,452	491	15,538	2,225	44,364	-	63,343	61,885
-	-	-	-	-	-	-	-	(1,339)	(1,772)
-	-	-	-	-	-	-	-	(528)	-
24,410	68,143	272,605	8,118	374,833	25,739	749,438	-	1,005,078	943,602
\$ 31,199	\$ 128,489	\$ 243,687	\$ 25,718	\$ 666,149	\$ 30,735	\$ 1,094,778	\$ 114,295	\$ 1,717,040	\$ 1,676,862

## SCHEDULE 2 - SEGMENTED INFORMATION

For the Year Ended December 31, 2016 (in thousands of dollars)

	General Gov't	Protective Services	Transportation Services	Recreation & Cultural Services
<b>Revenue</b>				
Taxation	\$ 128,764	\$ -	\$ 166	\$ -
Fees and charges	22,860	1,881	11,915	4,423
Interest earned	7,181	-	-	-
DCC contributions	-	-	3,273	1,507
Contribution from other governments	1,774	3,963	6,996	392
Other capital contributions	2,381	-	-	-
Gain on tangible capital asset disposal	476	-	-	-
	163,436	5,844	22,350	6,322
<b>Expenses</b>				
Salaries and benefits	15,654	26,219	9,037	11,132
Contract and professional services	3,822	1,842	22,618	7,851
RCMP contract	-	26,473	-	-
Materials and supplies	4,788	1,613	5,128	10,009
Equipment	214	307	2,753	1,604
Allocations	(4,883)	(51)	(178)	(187)
Cost recoveries	(800)	(2,087)	(8,285)	(338)
Grants and external transfers	405	86	20	1,168
Utilities	170	203	2,117	2,032
Loss on disposal of tangible capital assets	-	-	-	-
Amortization of tangible capital assets	3,254	1,121	26,479	8,617
<b>Total before Debt</b>	22,624	55,726	59,689	41,888
Debt interest and fiscal services	3,881	-	-	-
<b>Total operating expenses</b>	26,505	55,726	59,689	41,888
<b>Annual Surplus (Deficit)</b>	\$ 136,931	\$ (49,882)	\$ (37,339)	\$ (35,566)



Other Services	Airport Services	Wastewater Services	Water Services	Natural Gas Legacy Services	Library Services	Statutory Reserves	2016
\$ -	\$ -	\$ 1,399	\$ 1,463	\$ -	\$ -	\$ -	\$ 131,792
15,757	28,781	16,104	11,505	4,200	780	222	118,428
-	255	607	337	-	-	1,471	9,851
-	-	5,671	26	-	-	-	10,477
1,993	116	342	-	-	-	-	15,576
-	421	1,265	278	2,306	-	-	6,651
-	25	-	-	-	-	-	501
17,750	29,598	25,388	13,609	6,506	780	1,693	293,276
5,390	4,310	3,267	2,296	-	17	-	77,322
7,200	1,416	734	804	-	125	-	46,412
-	-	-	-	-	-	-	26,473
1,408	5,752	1,220	854	-	18	-	30,790
2,025	42	655	454	-	2	-	8,056
185	1,390	2,973	791	20	-	-	60
(1,555)	(503)	-	(558)	-	-	-	(14,126)
2,340	-	(139)	-	-	-	-	3,880
187	634	1,210	984	-	80	-	7,617
-	-	-	-	-	-	-	-
1,694	5,233	10,590	4,602	1,600	153	-	63,343
18,874	18,274	20,510	10,227	1,620	395	-	249,827
-	1,029	2,323	472	2,468	38	-	10,211
18,874	19,303	22,833	10,699	4,088	433	-	260,038
\$ (1,124)	\$ 10,295	\$ 2,555	\$ 2,910	\$ 2,418	\$ 347	\$ 1,693	\$ 33,238

## SCHEDULE 2 - SEGMENTED INFORMATION

For the Year Ended December 31, 2015 (in thousands of dollars)

	General Gov't	Protective Services	Transportation Services	Recreation & Cultural Services
<b>Revenue</b>				
Taxation	\$ 122,012	\$ -	\$ 179	\$ -
Fees and charges	26,673	529	10,134	3,995
Interest earned	6,279	-	-	-
DCC contributions	-	-	7,791	8,623
Contribution from other governments	1,889	3,884	12,407	264
Other capital contributions	29,880	-	-	-
	186,733	4,413	30,511	12,882
<b>Expenses</b>				
Salaries and benefits	14,711	26,846	8,760	10,800
Contract and professional services	3,172	1,483	23,874	7,575
RCMP contract	-	24,787	-	-
Materials and supplies	4,436	1,421	5,296	10,034
Equipment	203	313	2,584	1,488
Allocations	(3,880)	(77)	(297)	(182)
Cost recoveries	(612)	(2,306)	(7,974)	(371)
Grants and external transfers	368	101	6	1,108
Utilities	175	212	2,005	2,075
Loss on disposal of tangible capital assets	27	-	-	-
Amortization of tangible capital assets	1,572	916	26,630	8,792
<b>Total before Debt</b>	20,172	53,696	60,884	41,319
Debt interest and fiscal services	2,801	-	-	-
<b>Total operating expenses</b>	22,973	53,696	60,884	41,319
<b>Annual Surplus (Deficit)</b>	\$ 163,760	\$ (49,283)	\$ (30,373)	\$ (28,437)

Other Services	Airport Services	Wastewater Services	Water Services	Natural Gas Legacy Services	Library Services	Statutory Reserves	2015
\$ -	\$ -	\$ 1,552	\$ 1,445	\$ -	\$ -	\$ -	\$ 125,188
12,937	26,368	15,589	11,657	4,335	766	41	113,024
-	251	548	264	-	-	1,637	8,979
-	-	6,115	47	-	-	-	22,576
3,601	116	258	-	-	-	-	22,419
-	354	1,601	199	2,068	-	-	34,102
16,538	27,089	25,663	13,612	6,403	766	1,678	326,288
5,019	3,888	3,144	2,309	-	21	-	75,498
7,312	936	658	781	-	95	-	45,886
-	-	-	-	-	-	-	24,787
1,504	5,112	1,278	769	-	28	-	29,878
1,716	18	632	436	-	2	-	7,392
(863)	1,461	3,113	753	20	-	-	48
(1,269)	(494)	-	(636)	-	-	-	(13,662)
2,246	-	(127)	-	-	-	-	3,702
148	560	1,084	899	-	81	-	7,239
-	-	-	-	-	-	-	27
1,903	5,159	10,591	4,560	1,600	162	-	61,885
17,716	16,640	20,373	9,871	1,620	389	-	242,680
-	795	2,461	472	2,886	79	-	9,494
17,716	17,435	22,834	10,343	4,506	468	-	252,174
\$ (1,178)	\$ 9,654	\$ 2,829	\$ 3,269	\$ 1,897	\$ 298	\$ 1,678	\$ 74,114

## SCHEDULE 3 - LONG TERM DEBT

as at December 31, 2016 (in thousands of dollars)

### Long term debt - General Fund

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Sinking Fund Balance Dec. 31/16	Amount of Issue	Current Interest Rate %
<b>Public Works</b>					
2019	South Pandosy Spec Area 1	\$ 50	\$ 184	\$ 234	2.10
2019	South Pandosy Spec Area 2	88	322	410	2.10
2019	Automated Curb Side Carts	1,646	3,164	4,810	4.13
2022	Chapman Parkade	1,658	2,413	4,071	2.10
2028	DCC Roads	2,418	7,982	10,400	5.15
<b>Local Improvements</b>					
2017	Local Improvements	4	50	54	4.82
2019	Local Improvements	15	54	69	2.10
2035	Lawrence Ave LAS	321	24	345	3.00
<b>Recreation and Cultural</b>					
2021	Kokanee Gym Facility	174	326	500	1.75
2027	H2O Centre	17,727	9,773	27,500	4.82
2027	Kokanee Gymnastic	516	284	800	4.82
2028	H2O Centre	1,381	619	2,000	5.15
2035	Police Facilities	19,293	707	20,000	2.75
2035	Library Parkade Ext & Memorial Parkade	14,470	530	15,000	2.75
2036	Police Facilities	17,000	-	17,000	2.60
<b>Total Debt - General Fund</b>		<b>\$ 76,761</b>	<b>\$ 26,432</b>	<b>\$ 103,193</b>	



## SCHEDULE 3 - LONG TERM DEBT (CONT'D)

as at December 31, 2016 (in thousands of dollars)

### Long term debt - Wastewater Fund

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Sinking Fund Balance Dec. 31/16	Amount of Issue	Current Interest Rate %
<b>Specified Area Programs</b>					
2018	Spec. Area 18 - Caramillo	\$ 20	\$ 115	\$ 135	4.65
2018	Spec. Area 19 - Poplar Point	12	65	77	4.65
2022	Spec. Area 22A - Gerstmar	16	24	40	1.75
2024	Spec. Area 21A - McKenzie Bench	700	650	1,350	2.00
2024	Spec. Area 22B - Vista Rd	41	39	80	2.00
2024	Spec. Area 22C - Hein Rd	138	128	266	2.00
2024	Spec. Area 22D - Elwyn Rd	77	72	149	2.00
2024	Spec. Area 22E - Dease Rd	50	46	96	2.00
2024	Spec. Area 22F - Mills Rd	178	164	342	2.00
2024	Spec. Area 29 - Campion Cambro	453	421	874	2.00
2024	Spec. Area 30 - Acland	189	175	364	2.00
2025	Spec. Area 20 - North Rutland	3,724	3,098	6,822	1.80
2025	Spec. Area 28A - Okaview	349	289	638	1.80
2028	Spec Area 26 - Fisher Rd	1,396	625	2,021	5.15
2028	Spec Area 34 - Country Rhodes	300	135	435	5.15
2028	Spec Area 36 - Clifton	184	83	267	5.15
<b>Sewer Improvement Programs</b>					
2019	Byrns Baron Main	1,014	2,852	3,866	2.00
<b>Sewage Treatment Plant</b>					
2019	Waste Water Treatment Expansion	6,843	13,157	20,000	4.90
2019	Waste Water Treatment Expansion	3,422	6,578	10,000	4.13
2020	Waste Water Treatment Expansion	4,475	5,525	10,000	3.73
2031	Brandt's Creek Tradewaste Treatment	2,772	1,028	3,800	3.25
<b>Total Debt - Wastewater Fund</b>		<b>\$ 26,353</b>	<b>\$ 35,269</b>	<b>\$ 61,622</b>	

## SCHEDULE 3 - LONG TERM DEBT (CONT'D)

as at December 31, 2016 (in thousands of dollars)

### Long term debt - Water Fund

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Sinking Fund Balance Dec. 31/16	Amount of Issue	Current Interest Rate %
<b>Specified Area Programs</b>					
2023	Spec Area 16 - Byrns	\$ 18	\$ 21	\$ 39	2.40
2024	Spec Area 18 - Lakeshore	12	12	24	2.00
2028	Spec Area 26 - Fisher Rd	205	92	297	5.15
<b>Water Improvement Programs</b>					
2028	Cedar Creek Pump Station	5,233	2,344	7,577	5.15
2031	Poplar Point Pump Station Upgrade	1,636	364	2,000	3.25
<b>Total Debt - Water Fund</b>		<b>\$ 7,104</b>	<b>\$ 2,833</b>	<b>\$ 9,937</b>	

### Long term debt - Airport Fund

#### Debenture Debt

2018	Airport Expansion	\$ 3,720	\$ 12,280	\$ 16,000	4.65
2025	Airport Expansion	6,861	639	7,500	2.75
2026	Airport Expansion	3,500	-	3,500	2.60
2026	Airport Expansion	3,000	-	3,000	2.10
<b>Total Debt - Airport Fund</b>		<b>\$ 17,081</b>	<b>\$ 12,919</b>	<b>\$ 30,000</b>	

### Long term debt - Natural Gas Legacy Fund

#### Debenture Debt

2018	Leased Capital Assets	\$ 5,311	\$24,489	\$ 29,800	6.00
2018	Leased Capital Assets	3,475	16,025	19,500	4.45
		8,786	\$40,514	49,300	
<b>Capital Lease Payable</b>		<b>2,210</b>		<b>2,500</b>	<b>10.072</b>
<b>Total Debt - Natural Gas Legacy Fund</b>		<b>\$ 10,996</b>		<b>\$ 51,800</b>	

## SCHEDULE 3 - LONG TERM DEBT (CONT'D)

as at December 31, 2016 (in thousands of dollars)

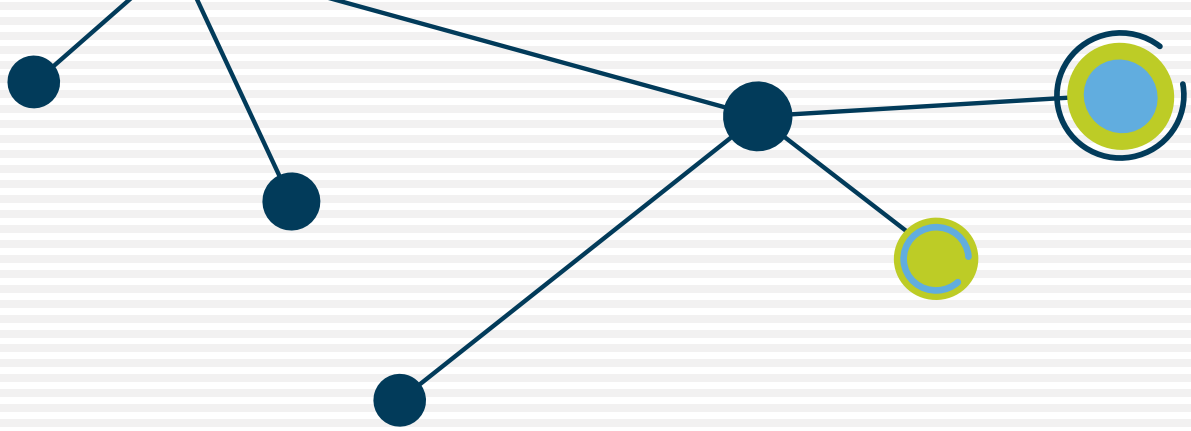
### Long term debt - Library

#### Debenture Debt

Year of Maturity	Purpose	Debt Balance Dec. 31/16	Amount of Issue	Current Interest Rate %
2017	Mortgage - Building	\$ 180	\$ 5,100	8.94
<b>Total Debt - Library Fund</b>		<u>\$ 180</u>	<u>\$ 5,100</u>	

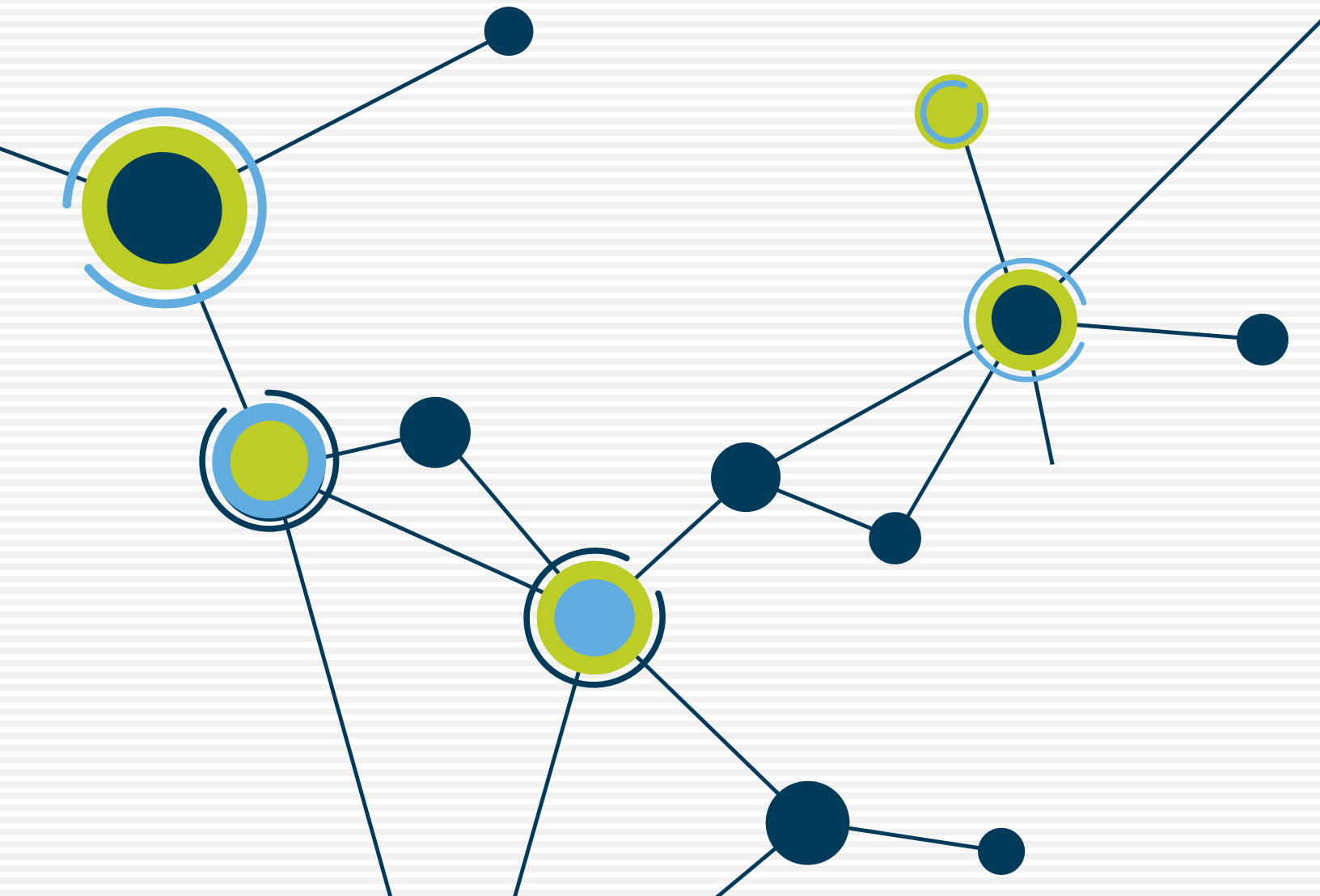
### Long term debt - Other

2018	CN Rail	\$ 3,000	\$ 3,000	nil
2021	Land - Airport	4,500	4,500	nil
2021	Land - Wastewater	439	439	nil
<b>Total Debt - Other</b>		<u>\$ 7,939</u>	<u>\$ 7,939</u>	
<b>Total City Long Term Debt</b>		<u>\$ 146,414</u>	<u>\$ 269,591</u>	



# STATISTICAL REVIEW

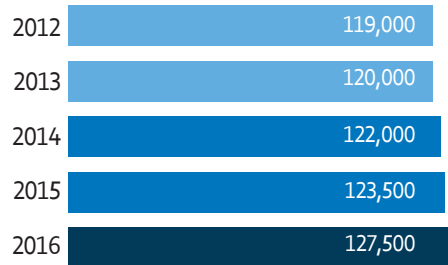
2012 – 2016



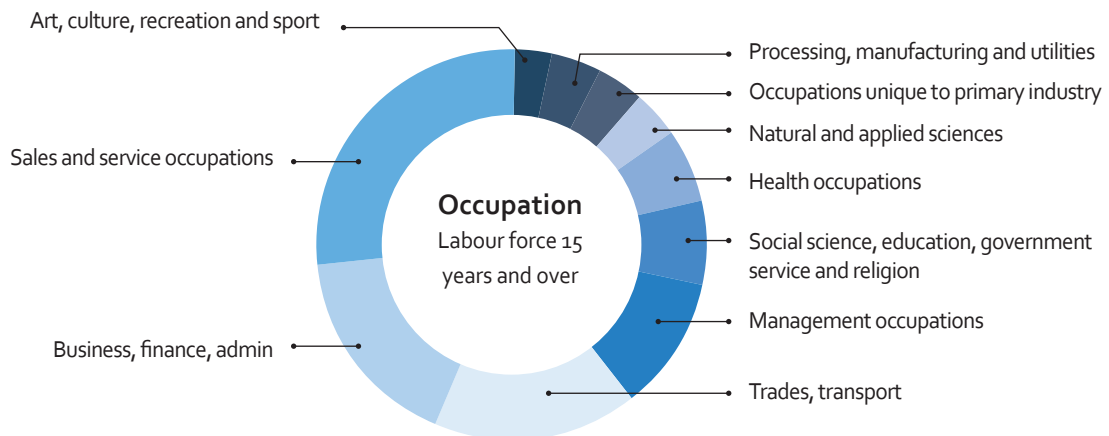
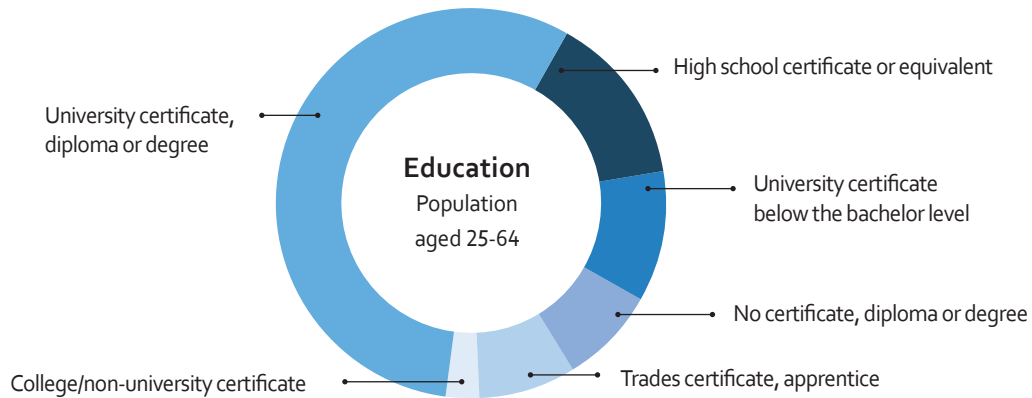
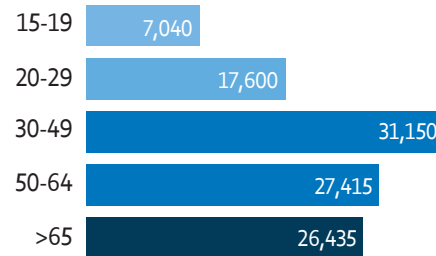


# STATISTICAL REVIEW 2012-2016

Population



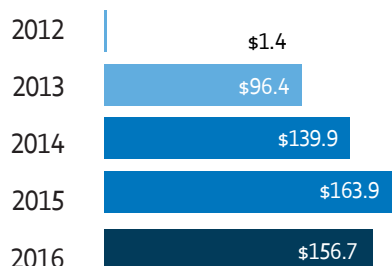
Age of Population



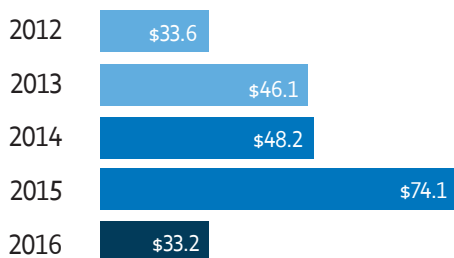
Note: Numbers and graphs on this page are updated from Census information available every 5 years. Except for the population graph which has the numbers updated each year from the figures available in kelowna.ca, "About Kelowna"

**Net Financial Assets (Liabilities)**

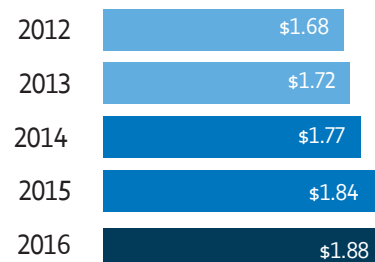
millions

**Annual Surplus**

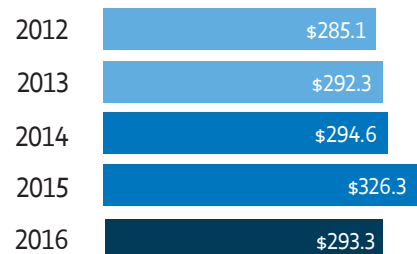
millions

**Accumulated Surplus**

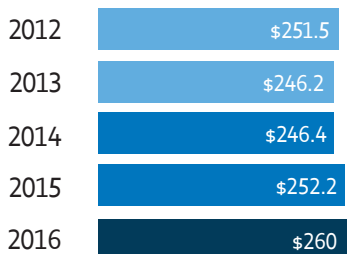
billions

**Consolidated Revenues**

thousands

**Consolidated Expenses**

thousands

**Consolidated Revenues by Type**

millions

	2012	2013	2014	2015	2016
Fees & charges	\$ 129.69	\$ 111.87	\$ 107.38	\$ 113.02	\$ 118.43
Taxation	110.49	114.84	119.27	125.19	131.79
Contributions from other governments	17.59	20.24	22.39	22.42	15.58
DCC contribution	17.88	11.52	18.00	22.58	10.48
Interest earned	5.27	6.82	8.44	8.98	9.85
Other	2.92	3.76	14.65	34.10	6.65
Gain on disposal of tangible capital assets	1.27	23.28	4.46	-	.50
<b>Total</b>	<b>\$ 285.11</b>	<b>\$ 292.34</b>	<b>\$ 294.58</b>	<b>\$ 326.29</b>	<b>\$ 293.28</b>

**Consolidated Expenses by Function**

millions

	2012	2013	2014	2015	2016
General Government Services	\$ 17.18	\$ 15.11	\$ 22.79	\$ 22.97	\$ 26.51
Protective Services	43.08	48.96	49.81	53.70	55.72
Transportation Services	30.30	30.57	58.56	60.88	59.69
Recreational & Cultural Services	30.15	31.21	42.58	41.32	41.89
Other services (incl. Natural Gas Legacy Fund)	15.49	17.14	22.66	22.69	23.40
Airport Operations	10.21	10.67	16.82	17.44	19.30
Electrical Utility	24.40	8.03	-	-	-
Wastewater Utility	8.45	9.48	23.06	22.83	22.83
Water Utility	4.83	4.77	10.15	10.34	10.70
Amortization on tangible capital assets	57.33	60.09	-	-	-
Debt charges	10.12	10.16	-	-	-
Total	\$ 251.54	\$ 246.19	\$ 246.43	\$ 252.17	\$ 260.04

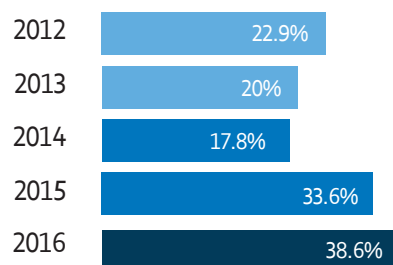
Note: Effective with the 2014 year, amortization and debt expenditures have been included in each of the function category expense lines

**Consolidated Expenses by Object**

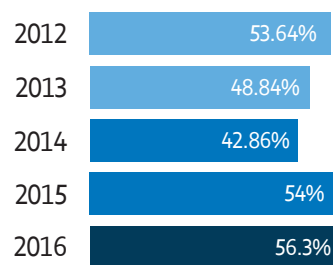
millions

	2012	2013	2014	2015	2016
Salaries & Benefits	\$ 65.68	\$ 71.22	\$ 70.01	\$ 75.50	\$ 77.32
Amortization of Tangible Capital Assets	57.33	60.09	61.41	61.88	63.34
Materials & Supplies	45.29	30.42	29.71	29.88	30.79
Contract & Professional Services	43.90	44.21	46.10	45.88	46.41
RCMP Contract	20.09	22.40	23.89	24.79	26.47
Debt Interest & Fiscal Services	10.16	9.87	9.75	9.49	10.21
Equipment	6.65	6.87	6.78	7.39	8.06
Utilities	3.66	6.51	7.13	7.24	7.62
Grants and External Transfers	3.25	3.62	3.59	3.70	3.88
Allocations	0.04	0.02	0.02	0.05	0.06
Loss on Disposal of Tangible Capital Assets	-	-	-	0.03	-
Cost Recoveries	(4.51)	(9.04)	(11.96)	(13.66)	(14.12)
Total	\$ 251.54	\$ 246.19	\$ 246.43	\$ 252.17	\$ 260.04

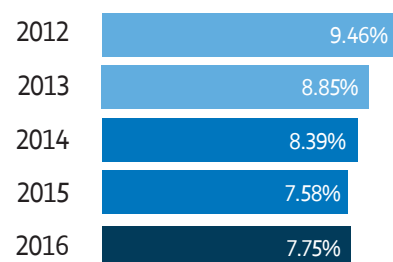
### General Debenture Debt Charges as a Percentage of Total General Expenditures



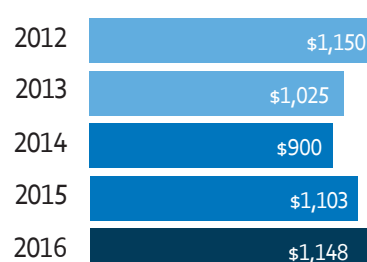
### Consolidated Debt as a Percentage of Total General Expenditures



### Consolidated Debt Charges as a Percentage of Taxation

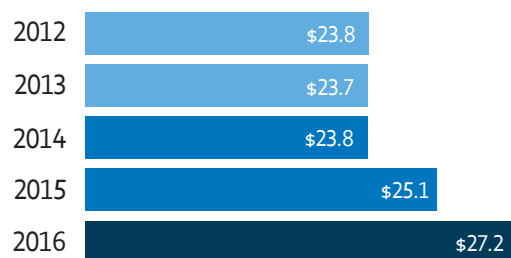


### Consolidated Debt per Capita



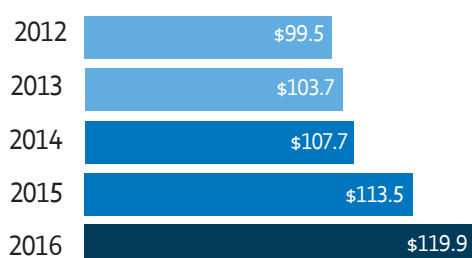
### Assessment for General Taxation

billions



### Taxation Demand

millions



## Total property tax levies

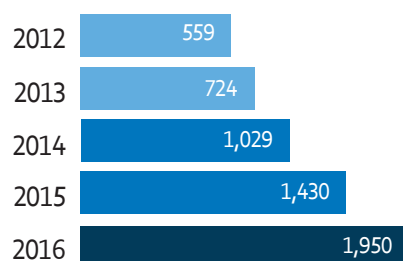
	2012	2013	2014	2015	2016
City of Kelowna	\$ 104,594,045	\$ 108,974,094	\$ 113,119,208	\$ 119,132,343	\$ 125,621,933
School Tax	65,815,150	67,758,860	66,173,956	67,130,662	67,638,371
Regional Hospital	10,305,508	10,868,739	10,900,888	11,330,950	11,451,232
Regional District	9,454,286	9,866,411	10,685,452	11,153,169	11,382,898
BC Assessment	1,976,024	2,000,803	2,003,333	2,020,908	2,009,830
<b>Total Property Tax Levies</b>	<b>\$ 192,145,013</b>	<b>\$ 199,468,907</b>	<b>\$ 202,882,837</b>	<b>\$ 210,768,032</b>	<b>\$ 218,104,264</b>

## Total Property Taxes collected

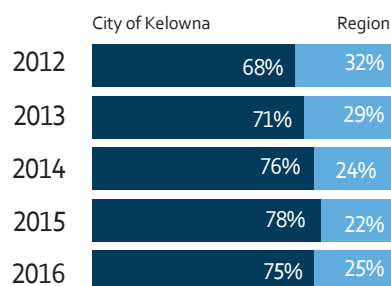
\$ 187,940,424	\$ 195,699,667	\$ 199,059,228	\$ 207,413,079	\$ 214,995,321
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Source: City of Kelowna Financial Services Department

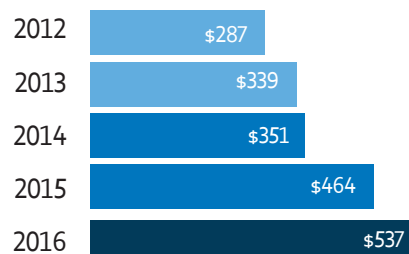
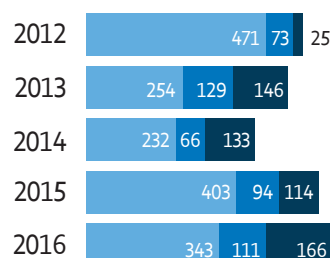
## Housing Starts



## Regional Housing Starts

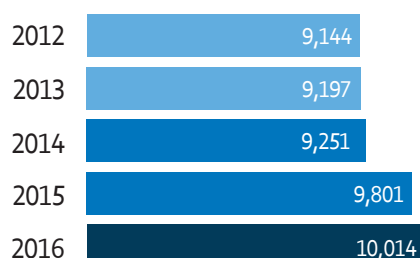


Note: the Regional District of the Central Okanagan includes City of West Kelowna, District of Peachland, District of Lake Country, and the Central Okanagan east and west electoral areas.

Value of New Development  
millionsDevelopment Floor Space  
square footage (thousands)

- Commercial
- Industrial
- Institutional

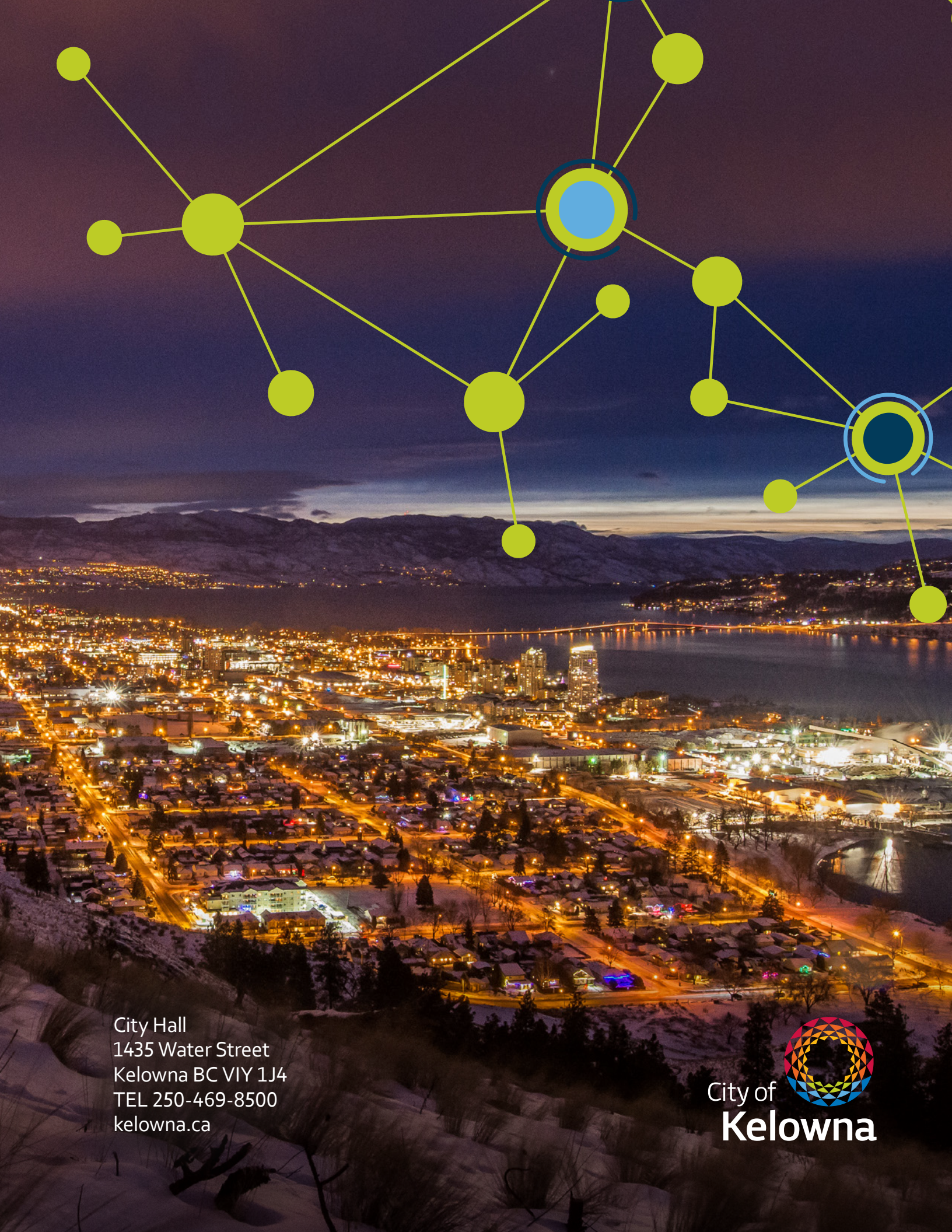
## Business Licences



Source: City of Kelowna, Corporate Services Department

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





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