

# 2009 Annual Report

For the year ended December 31, 2009



2009



City of Kelowna, British Columbia, Canada

Active City!





The City of Kelowna identity is deeply rooted in the history of the area; it is a unique expression of who and what we are. The vibrant colours in the City's new logo represent the sun above Okanagan Lake, the connectedness of our community and the passion of our people.

## Mission

Our corporation is a diverse team of talented and dedicated people striving collectively to provide leadership and services to build a healthy, safe and vibrant community.

*Produced by the Community & Media Relations and Financial Services Departments of the City of Kelowna in cooperation with all civic departments and agencies.*



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# Active City



## Mayor's Message

A splash in the pool, a walk in the park, a hike up the mountain — Kelowna is a city in action. Making it easier for our residents to get active guided our work in 2009.

Our recreation facilities and healthy programs support every age group. We created new parks and developed paths for modes of

transportation other than the car. The ultimate benefits are reduced health care costs, better quality of life and less environmental damage; in short — an active and sustainable community.

We opened the doors to the largest indoor publicly-owned water park. Each month, more than 50,000 visit the facility to get active in the fitness centre, swimming pool and water park.

We now have 250 kilometres of designated bike lanes through the city and a growing number of them are off-road lanes. Our two significant road projects in 2009, the Glenmore Bypass and Gordon Drive expansion, included adjacent multi-use pathways.

Our investment in infrastructure has a lasting effect on our economy as we continue to build on the success we've already achieved as a destination for sport and culture. In 2009, we hosted more than 100 outdoor events, along with 40 tournaments in our arenas and 35 at our stadiums.

As we meet the needs of a growing city, long-term planning will help ensure the protection of our environment. Consultations continued on the 2030 Official Community Plan, gathering public input on an updated sustainable land use model which calls for increased compact housing, such as apartments and townhouses, along major road corridors and village centres. In 2009, we also implemented new guidelines to govern development on our hillsides and enhanced mapping to help protect our watershed.

The Official Community Plan also plays a part in our commitment to the Climate Action Plan that challenges us to become carbon neutral by 2012. The Community Greenhouse Gas Inventory released in 2009 underscores the need for continued investment in infrastructure that supports healthy, active living.

A handwritten signature in black ink that reads "Sharon Shepherd".

Sharon Shepherd  
Mayor, City of Kelowna



116,000 population • 900 hectares parkland • 250 km bike lanes • 4 m transit ridership • 453 housing starts • 1.37 m airport passengers • \$1.4 b land and buildings

# At a Glance

9,000 business licenses • 2,000 hours of sunshine annually • \$469 m building permits • \$40 m protective services • \$ 927,000 non-profit tax exemptions



### Message from the City Manager



Kelowna is indeed an active city, and we have focused on becoming a responsive organization demonstrating a genuine commitment to meet the challenges presented by economic pressures, emerging new standards and legislation, and changing service demands.

In 2009, the construction market slowed down, with the value of building permits ten per cent below the five-year average. We saw a decrease in residential development activity, however commercial activity increased. Industrial and institutional development was at a five-year high and new commercial space doubled from 2008.

Anticipating the economic slowdown, we positioned ourselves to be ready when stimulus funds were made available from the federal and provincial governments. As a result, we received an unprecedented \$23 million in partnership funding in 2009, to which we were able to add \$14.6 million thanks to our reserve funds. That nearly \$38 million total funding laid the groundwork for us to continue building a vibrant, active and sustainable city.

2009 saw significant park development and marked the opening of the H<sub>2</sub>O Adventure and Fitness Centre, Canada's largest municipally-owned indoor water park. We expanded our bike network to 250 kilometres, completed construction of a new water pump station, and began construction on a \$60-million wastewater

treatment plant expansion. We also combined with our regional partners to launch an automated curbside waste collection program which includes recyclables and yard waste.

Despite the recession passenger volumes at the Kelowna International Airport were only down 1.6 per cent from a record 1.4 million in 2008. The airport worked aggressively with its airline partners to retain all existing air service and also increase flights to Edmonton, Calgary and various locations in Mexico. The Airport development plan "Drive to 1.6 Million Passengers" maps out airport expansion plans for the next five years.

Relieving traffic congestion continues to be identified as a high priority by residents. Construction of the \$11 million Glenmore Bypass was initiated in 2009 and the first phase of the four-lane expansion to Gordon Drive was completed.

The City continued to work with local agencies and senior levels of government to address both short term and longer term needs for supportive, temporary and affordable housing. The City provided two parcels of land and saw construction begin on affordable housing projects in partnership with BC Housing.

Throughout the year, we continued to put people first, recognizing that providing exceptional customer service and valuing the diverse talents of our staff will move us towards our goal of making Kelowna the best mid-sized city in Canada.

A handwritten signature in black ink, appearing to read "Ron Mattiussi". The signature is fluid and cursive, written over a white background.

Ron Mattiussi  
City Manager



# Strategic Plan

## Vision

Kelowna is a vibrant city where the agricultural and beautiful setting, community-spirit, economic stability and stewardship of the environment enhance the quality of life for residents.

## Goals

### Quality of Life:

*To foster the social and physical well-being of residents and visitors.*

- ▶ Promote health and wellness initiatives
- ▶ Ensure the availability of fiscal and human resources to provide quality City services
- ▶ Reduce traffic congestion on City streets and Highway 97
- ▶ Realize construction of housing forms and prices that meet the needs of Kelowna residents
- ▶ Achieve accessible, high quality living and working environments
- ▶ Provide infrastructure that keeps pace with population growth and evolving opportunities
- ▶ Sensitively integrate new development with heritage resources and existing urban, agricultural and rural areas
- ▶ Provide meaningful opportunities for a broad range of input from residents and agencies on major directions taken by the City

### Economy:

*To foster a strong, stable and expanding economy.*

- ▶ Aid in the growth and progress of Kelowna as a desirable place to do business
- ▶ Aid in the growth and progress of Kelowna as a desirable place to visit, shop and tour
- ▶ Increase the diversity of employment opportunities
- ▶ Commit to continued sound fiscal management

### Environment:

*To maintain, respect and enhance our natural environment.*

- ▶ Conserve Kelowna's water resources
- ▶ Preserve and promote the enhancement of air quality within Kelowna's air shed
- ▶ Manage human impacts on our natural environment, including Okanagan Lake and the surrounding hillsides



**TAKING ACTION IN 2009**

- ▶ Promote health and wellness initiatives
- ▶ Ensure the availability of fiscal and human resources to provide quality City services
- ▶ Provide meaningful opportunities for a broad range of input from residents and agencies on major directions taken by the City



Foster the social and physical well-being of residents and visitors.



# A healthy, active community

## Recreation

The City of Kelowna is committed to providing an abundance of recreational and cultural opportunities that support active, healthy lifestyles. With three aquatic centres, four arenas, dedicated sport centres and recreation parks, the City continued to provide sport rental space and recreational programming suitable for people of all ages, interests and abilities.

### Aquatic Centre

The City opened the doors to the largest civic indoor waterpark in Canada. Completed at a cost of \$46 million, the H<sub>2</sub>O Adventure + Fitness Centre features an Olympic-sized 50-metre, eight-lane swimming pool, a wave pool, three water slides, a river run and the first Flowrider™ simulated wave machine in Canada, as well as a 1,100-square-metre cardio and weight workout space. The Centre received the FortisBC PowerSense Conservation Excellence Award for energy-efficient equipment and technology. A heat recovery system, lighting system and high-efficiency boilers reduce total energy needs. Overall, the centre uses 40 per cent of the energy required by a conventional pool.

### Facility Expansions & Upgrades

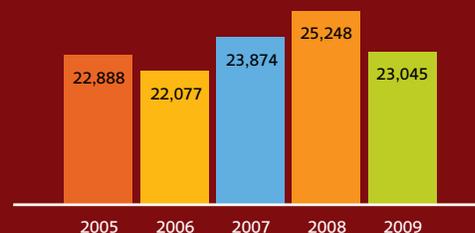
Aging recreation facilities saw some necessary upgrades in 2009, including \$396,000 to replace the pool deck at Parkinson Recreation Centre and \$200,000 to replace the west roof on the Rutland Arena. The City planned for a further \$3.2 million in recreational facility improvements for 2010 that will be offset by a \$1 million Recreation Infrastructure Canada grant.

The City also committed \$1.7 million toward a \$5.1 million expansion and renovation of the Kelowna Family Y and Athans Aquatic Centre, a City-owned facility. The YMCA-YWCA of the Central Okanagan will raise 60 per cent of the funds required to complete the project.

### BC Summer Games Legacy Funds

A financial legacy of \$66,000 from the 2008 BC Summer Games funded \$21,000 toward the purchase of a new stadium score clock at Mission Recreation Park, and a reserve of \$45,000 for sport education grants designated for coaches or officials upgrading their training and/or certification beyond introductory levels.

### Recreation & Cultural Program Registrations



Source: City of Kelowna, Recreation & Cultural Services Department



## Parks

With an extensive park system, getting active for Kelowna residents is easy. Showcase waterfront parks provide access to Okanagan Lake, while neighbourhood parks provide playgrounds, open spaces and picnic areas for all ages to enjoy. Natural parks help protect sensitive areas and linear park pathways support active transportation. The City continued to invest in parks and green spaces, recognizing that 90 per cent of residents see these areas as important to making the city a good place to live. (2008 Citizen Survey)

### Waterfront Parks

2009 saw the initial development of Stuart Park. Named after former Mayor Jim Stuart, the community park features a civic plaza, a skating rink and a grand promenade along the waterfront. A \$2.1 million investment in City Park included upgrades to the soccer/rugby pitch, two sand volleyball courts and basketball court and the widening of the lakefront promenade.

### Park Expansions

Rotary Beach was expanded following the purchase of two residential properties which allowed the park and public beach to be extended. Expansions at Parkinson Recreation Park included construction of six new tennis courts, a sand volleyball court and an Adult Fitness Park supported by funding from ActNow BC. Two new off-leash dog parks were added at Duggan Park and Rutland Recreation Parks. The cenotaph area was renovated and landscaping enhanced at Rutland Lions Park, Diamond 4 was expanded at the Mission Recreation Park and a trail and three bridges were constructed at Priest Creek Linear Park to provide access to Myra Bellevue Provincial Park.

### Community Parks

The City continued to develop local neighbourhood parks for new communities. Carney Park in Quail Ridge was opened, the final

phase of Quilchena Park in the Kettle Valley was completed, and playground equipment and a tennis court were added at Blair Pond Park. Preliminary design was completed for Birkdale, Gerstmar, Mugford and Wilden community parks.

### Mountain Bike Skills Park

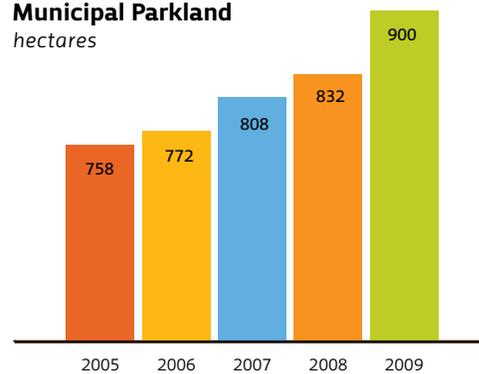
City Council approved a regional mountain bike strategy as a guide for future development and management of mountain bike facilities. Construction began on the first bike skills park, a 3.4 hectare park adjacent to Mission Creek Greenway. The \$243,000 project is anticipated to open in the fall of 2010.

### Linear Parks Planning

Consultations began on the Linear Park Master Plan with a vision to create an interconnected network of trails to parks, schools, transit stops, natural areas and urban centres. The 20-year plan calls for an environmentally-responsible trail network and interpretive signage to increase awareness about unique habitats.

The Bellevue Creek Linear Park Plan was completed. The proposed greenway will provide residents with recreational opportunities in a natural setting adjacent to the creek between Okanagan Lake and Myra-Bellevue Provincial Park.

**Municipal Parkland**  
hectares



Source: City of Kelowna, Infrastructure Planning Department



## Arts & Culture

**From its vibrant cultural district in the downtown to its extensive public art collection, the City continued to invest in cultural services and provide leadership to cultural development.**

### Cultural and Heritage Grants

The City invested \$3.1 million in support of arts, culture and community events. The City provided \$1.6 million to support the operation and programming of cultural facilities, including the Kelowna Community Theatre, the Rotary Centre for the Arts, the Kelowna Art Gallery and four museums. Annual grants for cultural development and heritage protection included \$51,000 to support heritage building conservation, \$77,000 to non-profit cultural groups, and \$95,000 to the professional art organizations of the Alternator Centre for Contemporary Art, Ballet Kelowna and the Okanagan Symphony.

### Preserving our Heritage

Fifteen new sites were added to the Community Heritage Registry and a self-guided heritage driving tour was launched. The Heritage Building Tax Incentive was updated to encourage restorations, allowing owners of commercial, industrial and institutional buildings to apply up to 75 per cent of the eligible costs of conservation work against municipal property taxes for 10 years. The City received a Heritage Canada infrastructure grant of \$1.1 million to support a \$2.26 million renovation to the historic Laurel Packinghouse.

### Public Art

The Public Art Program awarded a \$200,000 commission to Vancouver artists Cheryl Hamilton and Michael Vandermeer from ie creative for the two art pieces at the entrance to the new William Bennett Bridge: the 'Zephyr' sculpture depicts the play of light on the waters of Okanagan Lake and second historic piece 'Standing, Leaning, and Reclining' which incorporated steel sections from the liftspan of the former Lake Okanagan Floating Bridge. The installation was supported by a grant of \$40,000 from the Ministry of Transportation.

The Community Public Art program provided matching funds for two projects initiated by local community groups: \$5,000 for 'One Block At A Time', which beautified the 400 block of Leon Avenue with garden plantings and a variety of art installations including a mural by local artist Graham Chambers; and \$5,000 for the 'Pride Mural', an aerosol art mural by local artist Scott Tobin created on the south wall of the Okanagan Rainbow Coalition Centre at 1476 Water Street.



## Protective Services & Public Safety

Investment in prevention programs and coordinated regional emergency response kept our city safe and secure.

### Satisfaction with Protective Services



Source: Citizen Survey 2008

### Fire Services

Kelowna Fire Department personnel, equipment and apparatus were deployed throughout the region to numerous fires, including the wildfires in Glenrosa. Firefighting response was centralized at Kelowna Fire Station No. 1 where the emergency operation centre was staffed for 28 days responding to the wildfires. More than 17,000 people were evacuated from 6,000 homes.

In 2009, the Department responded to 10,099 calls including 3,074 alarms, structural, vehicle and chimney fires, and motor vehicle accidents; 5,345 medical first responder calls and a number of rescue and hazardous materials incidents. The Department operated from seven fire stations located strategically throughout the City. The dispatch centre, which handles 9-1-1 calls for all fire departments within the Regional District of the Central Okanagan, processed 19,800 incidents in 2009 resulting in more than 250,000 radio and telephone transactions.



Photo: Bruce Kemp

The Department's full-time personnel promote public safety year-round, through fire inspections and public education programs such as Fire Prevention Week. Trained volunteer firefighters contributed greatly to emergency efforts in outlying areas of the City. In 2009, the Fire Prevention Branch completed 55 fire investigations, 2,600 life safety inspections, and 89 public education presentations.

### Community Safety

Crime numbers dropped in 2009 for the second year in a row, after reaching an all-time high in 2007. Robberies dropped two per cent, assaults dropped 6.5 per cent, sex offences were down by a third and 18 per cent fewer vehicles were stolen. Drunk driving arrests increase by 62 per cent last year, from 274 arrests in 2008 to 445 arrests in 2009. The increase stems from RCMP targeting repeat offenders and other drunk driving and crime reduction strategies to get offenders off the road.





Compared to last year, 2009 saw a decrease in calls to the RCMP, down to 66,000 from 69,000. Volunteers continued to play an important part in public safety, with more than 250 auxiliary constables and citizens on patrol and in community policing, victim services, and speed watch programs.

The Kelowna RCMP Detachment operated with 141 full time regular members. In 2009, an additional PRIME (Police Records Information Management Environment) Coordinator and an additional Crime Analyst were added to support front line members.

In 2009, Bylaw Services saw a 10 per cent increase in complaints to 9,600 with the most common being noise complaints, requests for traffic and parking enforcement, and violations under the Parks Bylaw. The new AutoVu license plate recognition system helped with parking management.

The Biz Patrol, park ambassador program and summer bylaw and RCMP bike patrols continued in 2009 to ensure the downtown, parks and beaches were clean and safe.

### LOOKING FORWARD TO 2010-2011

- ▶ Upgrade recreational facilities at the Apple Bowl, Elks and Kings Stadiums and Rutland Arena
- ▶ Complete development of Stuart Park and several new community parks
- ▶ Develop acquisition strategy for linear trail master plan
- ▶ Target street level dealers and marijuana grow operations to reduce the availability of drugs



### TAKING ACTION IN 2009

- ▶ Reduce traffic congestion on City streets and Highway 97
- ▶ Realize construction of housing forms and prices that meet the needs of Kelowna residents
- ▶ Achieve accessible, high quality living and working environments
- ▶ Provide infrastructure that keeps pace with population growth and evolving opportunities
- ▶ Sensitively integrate new development with heritage resources and existing urban, agricultural and rural areas
- ▶ Provide meaningful opportunities for a broad range of input from residents and agencies on major directions taken by the City



Foster the social and physical well-being of residents and visitors.



# Diverse and sustainable infrastructure

## Sustainable Transportation

With its green fleet and investment in active transportation networks, the City of Kelowna is ranked as one of the top ten cities in Canada to adopt sustainable transportation practices. 2009 saw the beginning of a multi-year investment in off-road pathways and transit infrastructure that will improve commuting options, helping to reduce greenhouse gas emissions and traffic congestion.

### Bike Network

2009 saw further expansion to the City's bike network, with the total bike lanes growing to 250 kilometres. Federal and provincial funds of \$700,000 supported the construction of the Gordon Drive multi-purpose pathway, which provides nearly 50,000 residents with non-vehicle based commuting and recreational opportunities. The City invested \$1.5 million to widen Casorso and Wallace Hill Roads to create bike lanes along both sides of the roads and added more than 4,000 metres of new sidewalks to connect town centres.

More than 6,000 participated in the fifth annual Bike to Work Week, which included Bike to School and Bike to Worship promotions. The campaign to get active drew an additional 400 commuters and 700 students from 2008. In total, the cyclists traveled nearly 107,000 kilometres during the week.

### Road Improvements

Construction began on the \$11 million Glenmore Bypass. The two-kilometre roadway and its adjacent multi-use pathway will improve traffic flow and encourage alternative mobility options to help reduce greenhouse gas emissions.

The first phase of construction was completed on the four-lane expansion to Gordon Drive, one of the City's main arterial routes. The project included the addition of a one-kilometre off-road pathway adjacent to the roadway. The \$9 million project will see the Mission Creek Bridge widened in 2010.

The City committed \$12 million towards a \$24 million project by the Ministry of Transportation to upgrade Highway 33 between the Rutland Centre and Black Mountain. The majority of the work will be completed in 2010.

### Transit

Ridership on Kelowna Regional Transit continued to expand, fueled by strong UBC Okanagan student ridership. The transit fleet of 65 buses ran on five per cent bio-diesel fuel. Expansion to Highway 97 provided dedicated bus access in a new high occupancy vehicle (HOV) lane. Six bus bays are set for completion in 2010 along the route, allowing transit buses using the HOV lane to move safely and efficiently in and out of traffic.



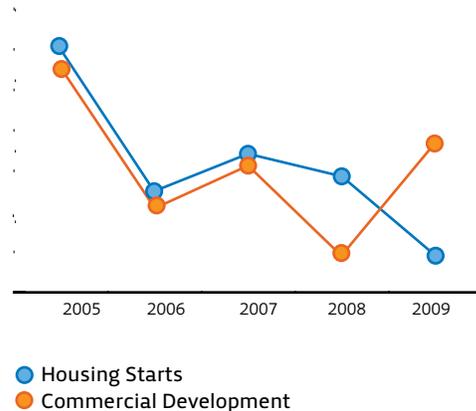
## Sustainable Growth

The Community Sustainability division leads the planning of future growth and infrastructure, and approval of development proposals. With a strong emphasis on public consultation, parks, multi-modal transportation systems, utility networks and civic buildings are developed through an integrated approach which captures financial, environmental, social and cultural opportunities and benefits.

### Development Activity

The total value of building permits in 2009 was \$469 million, ten per cent below the five-year average of \$521 million. Kelowna saw a decrease in residential development activity in 2009, however commercial activity increased. Industrial and institutional development was at a five-year high and new commercial space doubled from 2008. In total, more than 1.4 million square feet of commercial, institutional and industrial space was added. Residential building permits were issued for 453 new units, a decrease of 980 units from 2008. Overall, the City processed 765 development applications and subdivided 122 lots.

### Development Activity Trends 2005-2009



Source: City of Kelowna, Policy & Planning Department



### Affordable Housing

Some of the largest multiple housing unit projects approved in 2009 were affordable housing projects built on City-owned land: the 39-unit Tutt Street Place and the 40-unit Willowbridge on Boyce Crescent. 2009 also saw the opening of the 11-unit Gordon Drive Society of Hope Project which provides short-term homes for women and children. The project was supported in part with financial assistance from the City's Housing Opportunities Fund.

Policy changes helped to increase funds for affordable housing. In exchange for the right to increase density on a housing site, developers were provided the option to designate some units as affordable or contribute to the City's housing fund. The City provided more than \$300,000 from the fund to offset development cost charges to support the construction of non-profit rental housing.

### Sustainable Development

Consultations continued on the 2030 Official Community Plan, gathering public input on an updated sustainable land use model which calls for more apartments and townhouses along some of the major road corridors and



new development areas in North Glenmore and the Mission, including neighbourhood and village centres. To further support sustainable development, the City implemented new Hillside Development Guidelines, updated the Soil Deposit/Removal Bylaw and revised the Development Sustainability Checklists.

### District Energy

A preliminary feasibility study on district energy opportunities was completed. Four high density urban centres were identified as potential sites: City Centre, South Pandosy, Highway/Orchard Park and Rutland. District energy systems provide heat, and sometimes cooling, to more than one building, where sources of excess heat are matched with those that require it.

### Water and Wastewater Investments

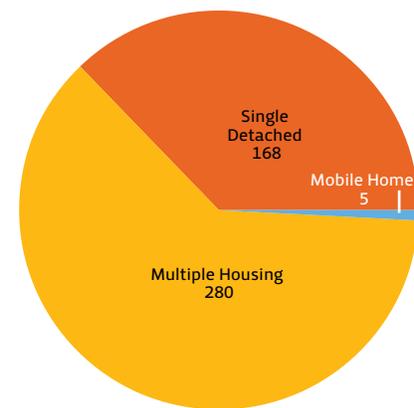
The City turned to green building practices for the new Cedar Creek Pump Station. The \$7-million station included high-efficiency motors, heat recovery systems, a green roof, and rammed earth walls. Located within a public park, the station was built into a hill to enhance energy efficiency and help it fit into the topography. With pumping capacity of more than 40 million litres

per day, the new station helps the City keep pace with increasing water demands in the south end of the City's service area.

Construction started on a \$60-million wastewater treatment plant expansion that will increase capacity to 70 million litres per day and accommodate wastewater servicing needs beyond 2030. Utility upgrades to aging water, wastewater and storm infrastructure totaled \$3.1 million.

### Residential Units

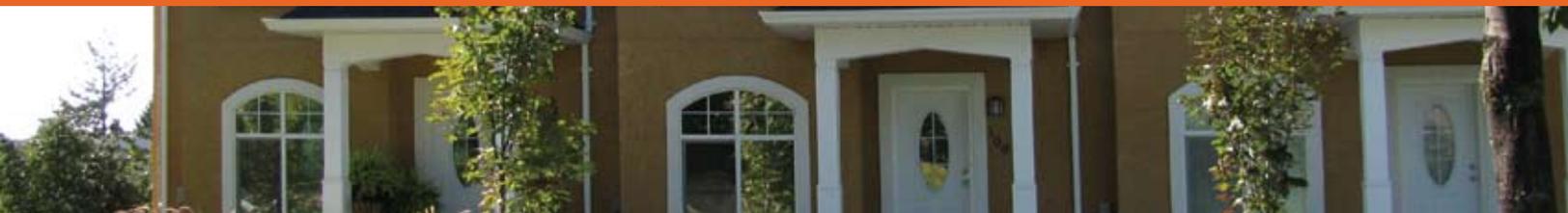
2009 Total: 453



Source: City of Kelowna, Policy & Planning Department

### LOOKING FORWARD TO 2010-2011

- ▶ Adopt the 2030 Official Community Plan
- ▶ Introduce Bus Rapid Transit and continue the expansion of Kelowna's bike network
- ▶ Complete construction of the Glenmore Bypass and expansion of Gordon Drive
- ▶ Update and implement parking strategies for downtown core and town centres
- ▶ Develop a comprehensive housing strategy



**TAKING ACTION IN 2009**

- ▶ Conserve Kelowna's water resources
- ▶ Preserve and promote the enhancement of air quality within Kelowna's air shed
- ▶ Manage human impacts on our natural environment, including Okanagan Lake and the surrounding hillsides



Maintain, respect and  
enhance our natural  
environment.



# A natural, protected environment

## Environmental Protection

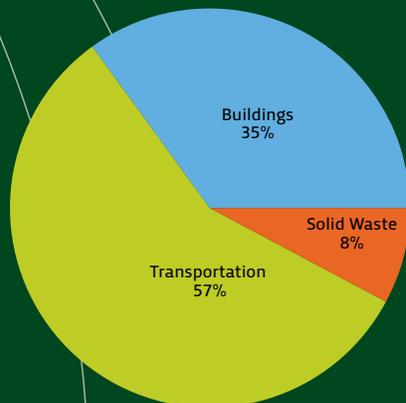
From water conservation to pesticide reduction, the City continued to take steps to protect the environment and reduce its ecological footprint.

### Community Greenhouse Gas Report

The City released its first Community Greenhouse Gas Inventory Report. At 778,958 tonnes, Kelowna reported the second highest per capita greenhouse gas emissions of the Province's mid-sized cities. The transportation sector was responsible for the largest share of locally produced emissions. Steps are underway to develop a Kelowna 2020 Action Plan to cut emissions from the 2007 levels and adopt a new Official Community Plan as a road map for overall sustainability.

### Greenhouse Gas Emissions by Sector

Base year: 2007



Source: Government of BC

### Pesticide Bylaw

The Pesticide Regulation Bylaw took effect January 1, 2009 restricting the use of pesticides on residential property. Outreach efforts raised awareness of the new regulations and helped residents learn how to create healthy lawns and yards without using pesticides.

### Waste Management & Recycling

The City launched an automated curbside collection system for garbage, yard waste and recyclables. Facilities were upgraded at the Glenmore Landfill to support the expanded yard waste composting and waste reduction program. In April 2009, the landfill began accepting waste from the region; waste materials are expected to increase by 20 per cent. The landfill gas recovery project saw more than 220,000 kWh of electricity generated from captured methane gas. Work began on a \$6.4 million expansion to the Regional Composting Facility to meet increased need for composting biosolid material from Vernon and Kelowna.

### Urban Forestry

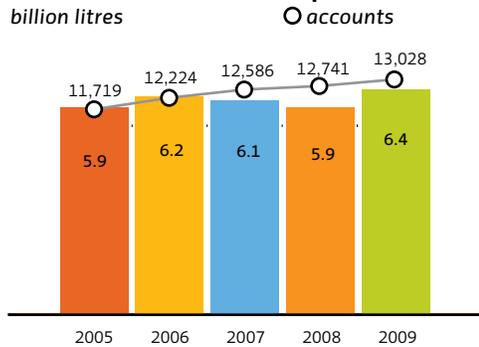
The City took further steps to grow and preserve Kelowna's urban forest. NeighbourWoods, a partnership with FortisBC, supported residents to plant 93 trees in Clifton, Quail Ridge, Glenmore, Rutland and the downtown neighbourhoods. The City planted an additional 595 large caliper trees in parks, boulevards and the City's arboretum and 8,300 seedlings in natural areas. With the assistance of provincial and federal funding, 300 pine beetle-infested trees were removed from City properties.



**Water Conservation**

The City met its goal to reduce water consumption by 15 per cent in civic buildings. A new condenser was installed at Rutland Arena to allow for water recirculation. The result was a reduction of 35,000 cubic metres of water use. In City parks, water meters were installed and water irrigation was reduced. A park irrigation review is set for 2010. A comprehensive water audit and leak detection survey showed low water loss across the entire distribution system. Annual audits are planned to ensure the distribution system is as efficient as possible.

**Residential Water Consumption**



Source: City of Kelowna, Watersmart Program

The City continued to work with residential and commercial customers to reduce water consumption. A seven per cent water rate increase was introduced in 2009, which included escalating charges as water consumption increases. A new water rate was introduced for strata developments. Residential irrigation audits were conducted at 100 properties, with 68 per cent reducing their water usage.

**Energy Management Plan**

The City's Energy Management Plan has resulted in a reduction of 312 tonnes of greenhouse gas emissions and energy savings of 1.03 gigawatt hours over the last two years – enough to power 130 homes for one year. New building controls were installed at Main Library and City Hall and



boilers were replaced at the Kelowna Art Gallery, Fire Station No. 1 and Rutland Arena.

**Environmental Outreach**

The City's educational programs encouraged students to foster respect for the environment through interactive learning and hands-on adventures in watershed and airshed health. Outreach included school presentations and the Environmental Mind Grind, Mayor's Environmental Expo and the Kokanee Salmon Festival.

**Habitat Protection**

The City continued to ensure development activities adjacent to environmentally sensitive areas adhered to the approval process. The City completed inventory and mapping of environmentally sensitive areas including creeks, wetlands, Okanagan Lake foreshore, grasslands and old growth forests. Twenty-seven creeks and 278 wetlands (including 75 previously unknown wetlands) were identified. Sensitive area maps were made available for download from the City's website and an overview presented to the Urban Development Institute and other consultants.



The City acquired 30 hectares of green spaces in 2009 that will remain as protected land. In total, 98 hectares of protected and parkland were acquired by the City at a cost of \$6.23 million.

### Air Quality

The City of Kelowna continued proactive bylaw enforcement of open burning regulations and air quality monitoring. During the summer forest fires there were extended periods when the air quality index was in the fair and poor range; however during the remainder of the year air quality ratings remained good. Ongoing free chipping of wood waste materials from orchard removals or replant programs was done under the Agricultural Chipping Program, helping to reduce or eliminate the smoky haze created by the open burning of orchard debris.

Promotion of programs such as the BC Scrap-It vehicle replacement program and the Great Okanagan Wood Stove Change Out program continued to raise awareness of air quality issues and supported residents to make positive changes. Active transportation events such as the Commuter Challenge, Bike to

School/Work Week, Clean Air Day, and Carpool Week raised awareness of air quality related to transportation emissions.

The City liaised with Okanagan Similkameen Airshed Coalition to further the development of a valley-wide air quality management plan to further protect the Valley's common airshed.



### LOOKING FORWARD TO 2010-2011

- ▶ Create a 2020 Action Plan to reduce greenhouse gas emissions from the 2007 levels
- ▶ Initiate a variety of reduction measures for water conservation and energy management
- ▶ Remove pine beetle infested trees and replace lost tree canopy
- ▶ Complete expansion of the Regional Composting Facility
- ▶ Enact landscape and irrigation standards for new developments



**TAKING ACTION IN 2009**

- ▶ Aid in the growth and progress of Kelowna as a desirable place to do business
- ▶ Aid in the growth and progress of Kelowna as a desirable place to visit, shop and tour
- ▶ Increase the diversity of employment opportunities

Foster a strong, stable  
and expanding economy.



# A growing, progressive economy

## Economic Development

Kelowna's economy provides a tax base that supports services and amenities that contribute to an excellent quality of life. The City maintains one of the lowest ratios of property taxes between businesses and residences, among BC communities over 50,000. The City continued to partner in support of economic and tourism development and prepare for future growth.

### Airport Activity

Kelowna International Airport (YLW) served 1.37 million passengers in 2009, a decrease of 1.6 per cent from the previous year. On average, Canadian airports experienced a decrease of passenger activity of seven per cent. The Drive to 1.6 Million Passengers program was launched as a phased approach to construction that will be triggered by passenger traffic demand. Passenger growth is forecasted to reach 1.6 million by 2015.

YLW saw an increased frequency on existing routes, the launch of scheduled services to Mexico and new charters, and larger aircraft serving the Vancouver route. New American flight screening procedures were implemented. YLW also served as a portal airport for the 2010 Olympic and Paralympic Games in Vancouver screening passengers and luggage of private aircraft.

### Business Improvement Areas

Business improvement areas in the downtown and Uptown Rutland areas worked to stimulate business and promote their commercial areas. Businesses in South Pandosy district began

the initial steps to try and establish a business improvement area. The Uptown Rutland Business Association partnered with the City on a market assessment to help determine investment required to attract and support development in the area.

### Breakfast with Business

A bi-annual Breakfast with Business initiative was launched to connect City Council with businesses.

An Economic Prosperity Framework was drafted to further discussion with community partners on how to foster a healthy, dynamic and sustainable economy. Efforts are underway to retain and attract young, talented people to support business needs that will also contribute to Kelowna's social and cultural attractiveness.

### Business Licences

More than 744 businesses took advantage of the mobile business license program that allows contractors and tradespeople to conduct business in more than one Okanagan community. Overall, 9,096 business licences were issued in 2009.

### Graffiti Management

The City spent more than \$140,000 to clean up graffiti in 2009. A graffiti tracking system was implemented and crews responded to more than one thousand reports of graffiti on City property. The City's goal is to remove graffiti within 24 hours of it being reported. Anti-graffiti wraps were tested for use on traffic control cabinets.



### Host City

From small events to large festivals, approximately 100 outdoor event applications were processed.

Consultations began on the Outdoor Events Plan which will incorporate best practices to ensure events capture both economic and social benefits.

Kelowna was awarded the 2010 Western Canadian Music Awards, 2010 Canadian Masters Badminton Championships, the 2011 International Children Winter Games, and is shortlisted to host the 2015 Canada Winter Games.

The City supported 40 tournaments in Rutland and Memorial arenas, along with 35 tournaments and special events in City stadiums. Sport Event Development Grants of \$49,000 helped support 25 local sport organizations to host 33 events, contributing approximately \$6.3 million to the local economy.

### Funding New Development

The City continued its approach that the cost of new road, utility and park infrastructure should primarily be the responsibility of developers. A review of development cost charges saw rates increase by an average of 1.6 per cent for a single residential unit in the City Centre. Revisions to the charges included only the actual cost of parkland acquired and only those road projects with updated detailed design. All other costs remained at 2008 levels. On average,



development charges represented less than four per cent of the overall selling price of a home.

### Parking Management

The City held public consultations on the South Pandosy Parking Management Plan and the Downtown Kelowna Parking Management Plan.

## LOOKING FORWARD TO 2010-2011

- ▶ Complete planning for revitalization of Bernard Avenue in the City's downtown
- ▶ Review and update process for application and approval of outdoor events
- ▶ Continue graffiti eradication
- ▶ Plan for the 2015 Canada Winter Games bid
- ▶ Expand campus recruitment and co-op student placements



# Strong innovative leadership

## City Council

Kelowna is governed by an elected City Council comprised of a mayor and eight councillors. Together they provide leadership and direction to the City Manager and City administration.

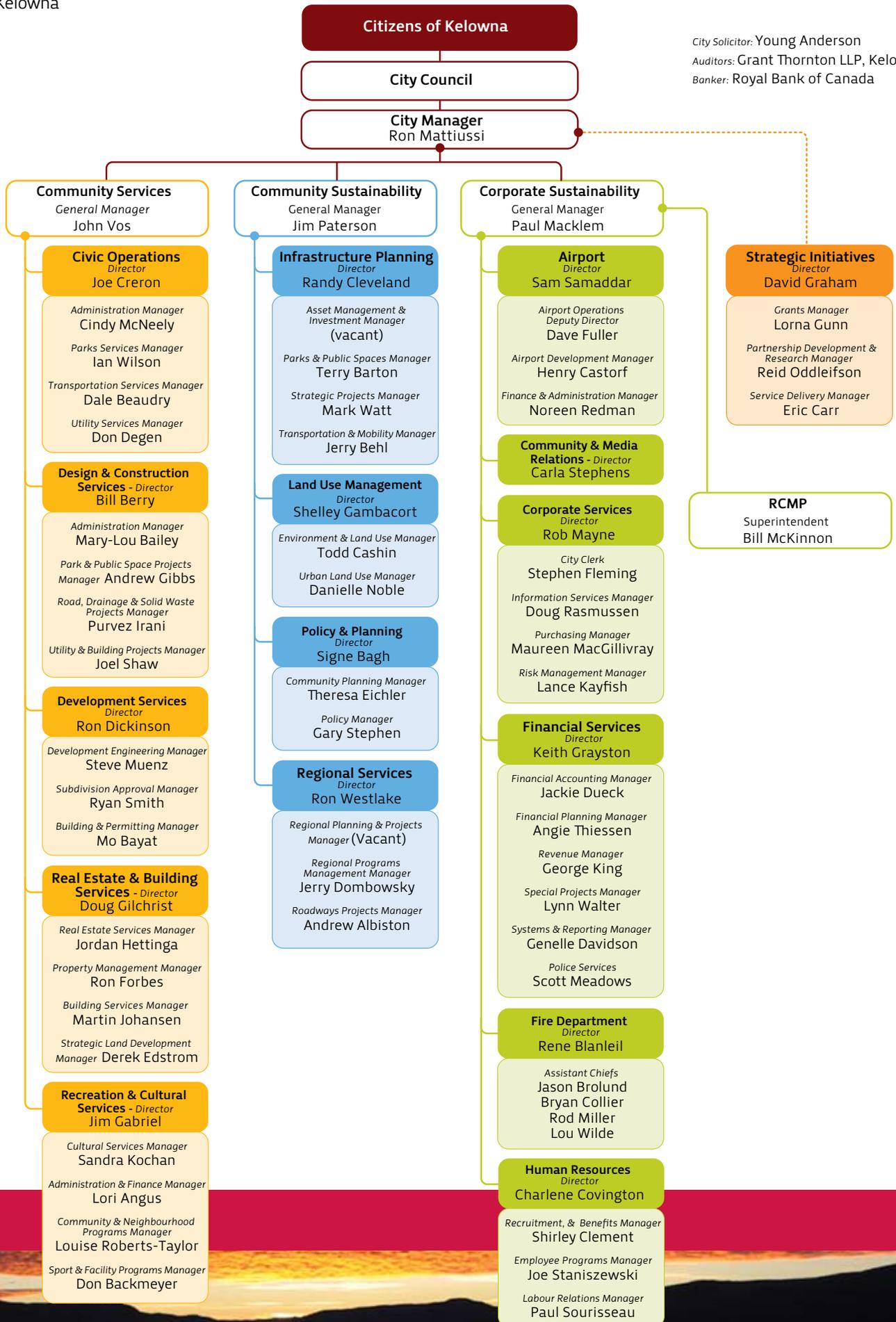
A byelection was held November 28 for the councillor position left vacant since the death of Brian Given. Kevin Craig was elected, Kelowna's youngest ever Council member.



**City Council 2009** (L to R) Andre Blanleil, Brian Given, Michele Rule, Luke Stack, Mayor Sharon Shepherd, Angela Reid, Robert Hobson, Graeme James, Charlie Hodge

CITY OF KELOWNA

City Solicitor: Young Anderson  
 Auditors: Grant Thornton LLP, Kelowna, BC  
 Banker: Royal Bank of Canada



## City Manager

Appointed by City Council as Chief Administrative Officer, the City Manager implements City Council policies and manages day-to-day operations to ensure that citizens have access to the services needed to enhance their quality of life.

Under Ron Mattiussi's leadership, the City has taken bold moves to restructure its organization and develop Kelowna as a sustainable community. A new corporate identity program was implemented in 2009 to ensure that residents can easily identify City programs and facilities. The new logo captures the spirit, energy and diversity of the dynamic organization while balancing a sense of heritage with progressiveness. It stands as an outward symbol of the inner change that has been going on throughout the organization.

### Community & Media Relations

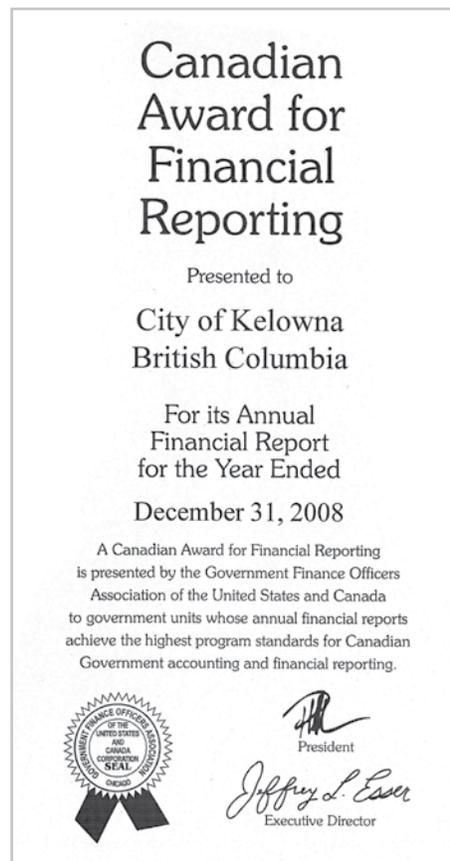
Public consultation remained a cornerstone of the City's community relations efforts. More than 30 open houses were held, including project updates about Glenmore Bypass, Gordon Drive expansion, outdoor event policies, and the Official Community Plan. The City's webpage, kelowna.ca, was redesigned and additional online services added, including an interactive map highlighting transportation, utility and park projects.

### 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, 2008. 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.



# Sound fiscal management

## Financial Services

The City is committed to sound fiscal management and the delivery of services at the lowest long term cost to the taxpayer. In 2009, this commitment to excellence was once again recognized by the Government Finance Officers Association. The City was awarded for the eighth year the Distinguished Budget Presentation Award and for the seventh year the Canadian Award for Financial Reporting.

### Provision of Services & Support for Growth

The 2009 taxation increase averaged 3.5 per cent for all property classes. Both 2008 and 2009 were a departure from the modest taxation increases of the previous ten years due to increased service demands and municipal cost increases that are significantly different than the normal consumer price index. The utilization of tax revenue and development cost charge revenue

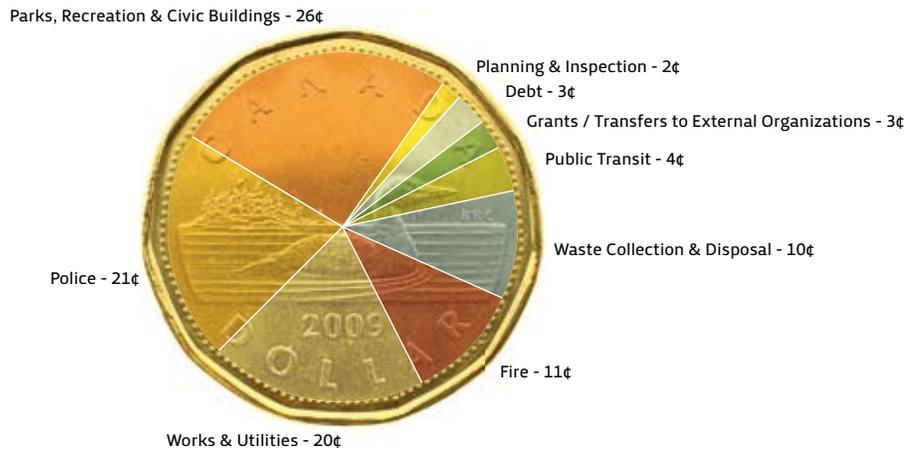
generated from new growth assists in providing a balanced approach to the expansion of services and infrastructure required to accommodate continuous growth within the municipality.

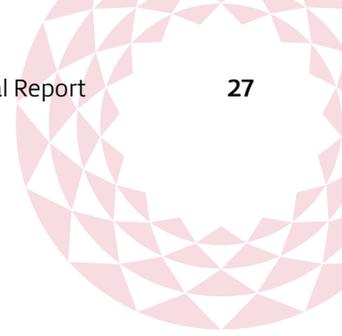
The City budgeted to collect a total of \$175 million in taxation revenues, 51 per cent of which was retained for municipal purposes. The remaining 49 per cent is levied by the provincial government to provide funding for schools, by the Regional District of Central Okanagan for shared services and by BC Assessment to cover the City's share of the 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. The decision to construct major community recreation facilities has necessitated a shift in this strategy

### How your municipal dollar is spent

*Breakdown of \$1 of Municipal Tax 2009*





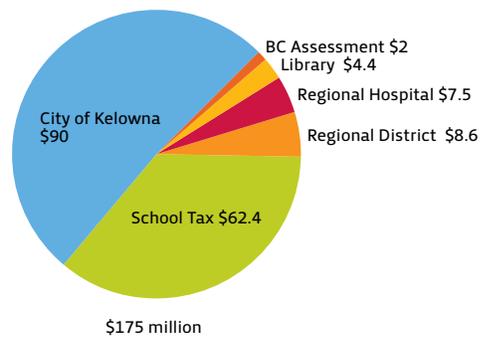
for financing purposes to more appropriately assign associated debt repayment to those taxpayers who will benefit most over time. In 2009, 4.2 cents of each municipal tax dollar collected was budgeted for tax-supported debt servicing programs. Annual debt repayment costs are anticipated to remain under five cents of each tax dollar for the next five years based on the 10 Year Capital Plan. Pay-as-you-go capital project funding still represented 23 per cent of the 2009 taxation requirement.

and an operating reserve to ensure that unusual and unforeseen operating conditions can be met without the need for extraordinary tax increases.

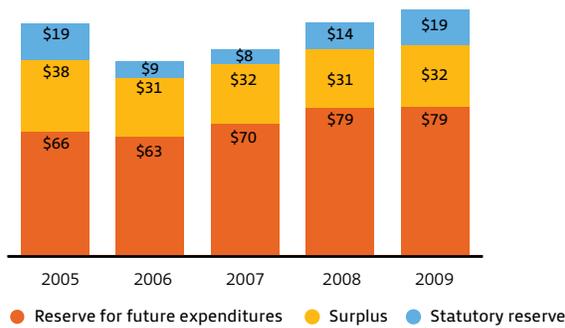
**City Reserves**

Maintenance of adequate levels of reserves and surplus continues to play a significant role in achieving a level of financial stability for Kelowna taxpayers and ratepayers. Reserves fall into two categories, the most significant of which is a capital reserve to ensure that existing City equipment and infrastructure can be maintained,

**Tax Collected 2009**  
millions

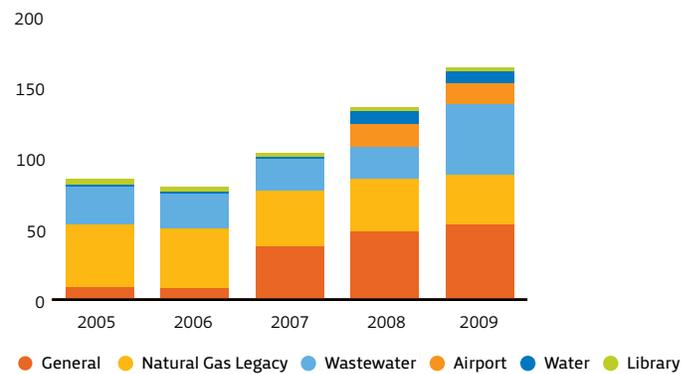


**Consolidated Reserves & Surplus**  
millions



**Long Term Debt**  
millions

Note: Long Term Debt does not include General Fund internal financing.



Source: City of Kelowna, Financial Services Department



## Development Cost Charges

Development cost charges (DCCs) are monies that are collected from land developers and builders by a municipality to offset some of the infrastructure expenditures to service the needs of growth-related development. 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, sewers, water 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 153,220 by the end of 2020. The 20-Year Servicing Plan and Financing Strategy provides the infrastructure requirements to 2020 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 types of residential, commercial, industrial and institutional growth.

### Development Cost Charges Reserve Fund

*thousands of dollars*

	<i>Opening Balance</i>	<i>Receipts</i>	<i>Interest</i>	<i>Transfers Out</i>	<i>Closing Balance</i>	<i>Reductions/Waivers</i>
Parks	\$7,127	\$1,035	\$80	\$2,723	\$5,520	\$0
Roads	22,810	3,587	441	6,790	20,046	298
Sewer Treatment	8,342	1,365	165	1,356	8,516	0
Sewer Trunks	1,996	713	38	741	2,006	\$0
Water	10,213	465	192	567	10,304	0
	<b>\$50,489</b>	<b>\$7,165</b>	<b>\$916</b>	<b>\$12,177</b>	<b>\$46,392</b>	<b>\$298*</b>

\*Waivers are for affordable rental housing and are paid for through taxation.

The 2020 Plan has been reviewed annually for the last five years to ensure that any cost updates are reflected in the DCC rates. The total cost of the program is \$916 million. Approximately two thirds or \$589 million relates to the arterial roads program.

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 2009, a deficit in Water Sector D reserve fund was covered from Water Sector A and a deficit in Sewer Trunks Sector A reserve fund was covered by Sewer Trunks Sector B.

### 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	1%



### Major Project Expenditures in 2009

#### Parks

\$2.7 million - Lakeshore Road, Casorso Road, Gyro Park

#### Roads

\$6.8 million - Gordon, Glenmore and High Roads, Highway 97 along with debt repayment

#### Wastewater Treatment

\$1.4 million - Wastewater Treatment Plant Expansion, Compost Facility and debt repayment

#### Wastewater Trunks

\$447,000 - Debt repayment \$293,000 - Cross Road Trunk, Offsite and Oversize projects

#### Water

\$567,000 - High Road Watermain, Knox Trunk, Cedar Creek Pumpstation

#### Future Plans

For 2010, DCC expenditures include \$4.3 million for the Wastewater Treatment Plant expansion with a further \$10 million being borrowed on behalf of the Sewer Treatment DCC program. The Cedar Creek Pumpstation water project will require \$4 million from Water DCCs. The Roads program includes \$3.8 million for the Glenmore Bypass and \$3.6 million for Gordon Drive including the Mission Creek bridge replacement. The Parks program includes \$4.3 million for potential parkland acquisitions.

## Top 10 Principal Corporate Taxpayers

	<i>Legal Name</i>	<i>Type of Property</i>
<b>2009</b>		
1	Orchard Park Shopping Centre Holdings Inc.	Shopping Mall
2	Delta Hotels No. 48 Holdings Ltd.	Hotel and Convention Centre
3	Inland Natural Gas Co Ltd	Gas Utility
4	McIntosh Properties Ltd	Shopping Mall
5	FortisBC Inc	Electrical Utility
6	4231 Investments Ltd.	Shopping Mall
7	Dilworth Shopping Centre	Shopping Mall
8	Tolko Industries Ltd.	Forest Products Industry
9	Victor Projects Ltd	Developer
10	Al Stober Construction Ltd	Developer
<b>2008</b>		
1	Orchard Park Shopping Centre Holdings Inc.	Shopping Mall
2	Grand Okanagan Resort Ltd.	Hotel and Convention Centre
3	Inland Natural Gas Co Ltd.	Gas Utility
4	McIntosh Properties Ltd.	Shopping Mall
5	FortisBC Inc.	Electrical Utility
6	Tolko Industries Ltd.	Forest Products Industry
7	4231 Investments Ltd.	Shopping Mall
8	Dilworth Shopping Centre	Shopping Mall
9	Victor Projects Ltd.	Developer
10	Al Stober Construction Ltd.	Developer

Source: City of Kelowna, Financial Services Department



## Permissive Tax Exemptions

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

Central Okanagan Heritage Society	\$9,223
Centre culturel français de l'Okanagan	\$2,112
Father Pandosy Mission	\$1,762
Kelowna Art Gallery	\$65,024
Kelowna Museums Society	\$29,829
Kelowna Regional Library	\$85,917
Oak Lodge Center Ltd.	\$1,836
Rotary Centre for the Arts	\$75,565

### Athletic or Service Club

Boys & Girls Club	\$73,824
Central Okanagan Land Trust	\$10,074
Central Okanagan Small Boat Association	\$24,231
East Kelowna Community Hall	\$1,419
German-Canadian Harmonie Club	\$3,977
Kelowna Badminton Club	\$5,555
Kelowna Curling Club	\$26,243
Kelowna Fish & Game Club	\$7,234
Kelowna Italian Club	\$2,895
Kelowna Lawn Bowling Club	\$5,100
Kelowna Major Men's Fastball	\$12,622
Kelowna Minor Fastball	\$10,201
Kelowna Riding Club	\$4,032
Kelowna Yoga House Society	\$6,474
Nature Trust of BC	\$47,227
Okanagan Gymnastic Centre	\$12,209
Okanagan Mission Community Hall	\$4,058
Rutland Park Society	\$21,727
Scouts Canada	\$11,511

### Charitable or Philanthropic

Adult Integrated Mental Health Services	\$3,286
Building Healthy Families	\$1,309
Big Brothers Big Sisters of the Okanagan	\$4,219
Bridge Youth & Family Services Society	\$5,806
Bridges to New Life Society	\$2,481
Canadian Mental Health	\$2,344
Central Okanagan Child Development Assoc.	\$16,601
Central Okanagan Emergency Shelter	\$2,908
Columbus Holding Society	\$5,582
Father DeLestre Columbus Society	\$3,132
Good Samaritan Canada	\$23,757
Howard-Fry Housing Society	\$887
John Howard Society	\$1,535

Kalano Club of Kelowna	\$3,643
Kelowna & District Safety Council	\$1,198
Kelowna Centre for Positive Living	\$782
Kelowna Child Care Society	\$2,477
Kelowna Community Food Bank Society	\$9,567
Kelowna Community Music Society	\$3,508
Kelowna Community Resources & Crisis	\$4,927
Kelowna Drop-in & Info Centre	\$2,819
Kelowna Gospel Mission Society	\$12,854
Kelowna Senior Citizens Society	\$1,772
KGH - Rutland Auxiliary Thrift Shop	\$7,214
Ki-Low-Na Friendship Society	\$12,143
Lifestyle Equity Society	\$846
MADAY Society for Seniors	\$2,967
National Society of Hope	\$4,746
New Opportunities for Women	\$4,518
Okanagan Halfway House Society	\$3,638
Okanagan Mental Health Services Society	\$2,772
Orchard City Abbeyfield Society	\$1,143
Reach Out Youth Counselling & Services	\$3,599
Resurrection Recovery Resource Society	\$8,880
Royal Canadian Legion #26	\$1,650
Society for Community Living	\$9,189
Society of Vincent De Paul	\$2,725
Salvation Army Community Resource Centre	\$6,934
S.H.A.R.E. Society	\$7,818
S.P.C.A.	\$7,998

### Housing Construction (Elderly Citizens) Act

Seventh Day Adventist Church (Seniors Housing)	\$12,690
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### Private Hospital Licensed Under Community Care Facility Act

Canadian Cancer Society	\$38,811
Crossroads Treatment Centre	\$13,063
Interior Health Authority	\$86,111

### Public Worship-Church Hall

Christian Science Society of Kelowna	\$2,175
Kelowna Free Methodist Church	\$2,588
Kelowna Victory Life Fellowship	\$2,435
St. Michaels Anglican Church	\$2,029

**Total value of municipal taxes exempted \$927,957**



## Financial Management Strategies

There are various strategies adopted by Council that guide the City of Kelowna in managing a vibrant and sustainable community. These strategies were updated in 2003 and are included in the City's ten year plans.

### **Park Acquisition Strategy**

This plan provides for the park land acquisition standard of 2.2 hectares per thousand of population and the acquisition of natural space by means other than cash outlay.

### **Parks Development Strategy**

Parks development costs will be a function of the capital allocation deemed reasonable annually and are to be shared by the community rather than through increased development cost charge fees.

### **Waterfront Amenities Strategy**

An annual allocation is provided for some waterfront land acquisitions but the emphasis is on private enterprise or community contributions to develop other amenities.

### **Major Recreational Facilities Strategy**

Major recreational/cultural facilities are budgeted with substantial emphasis on funding from PPP's, public sector partnering and other contributions. Pay-as-you-go capital and reserve funding will be required to minimize long-term debt financing.

### **Civic Buildings Strategy**

Buildings will be planned and constructed as required, subject to funding availability, with a focus on Public Private Partnerships in the development of these future civic buildings.

### **Pavement Management Strategy**

Annual general revenue contributions are to increase from the baseline of \$1.9 million over the ten year program.

### **Storm Drainage Retrofit Strategy**

Annual general revenue contribution of \$1.6 million to this program over the ten year plan.

### **Generation/Disposition of Surplus Strategy**

One million dollars is to be allocated to reserves each year from annual surplus in order to mitigate the need for abnormal tax increases or incurring of new debt and to provide for capital expenditure opportunities which might otherwise require an alternative approval and/or referendum process.

### **Capital Pay-As-You-Go Strategy**

Half of new construction taxation revenue each year is to be allocated to capital, increasing the percentage of capital to Municipal Taxation to a maximum of 30 per cent.

### **Debt Management Strategy**

The existing strategy of using alternative funding for discretionary expenditures, capitalizing on debt reduction opportunities and using short term borrowing and agreements for sale has been maintained. Maximum debt servicing should not exceed five per cent of annual taxation demand.

### **Investment and Cash Strategy**

The City will maintain sufficient short term liquid assets to enable it to meet its annual operating budget as required. Due to the uncertain nature of future expenses, the portfolio will focus on high quality, liquid securities.



# Index to Financial Statements

## Financial Statements

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Changes in Net Financial Liabilities	37
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Financial Statements	39

## Report from the Director, Financial Services

May 2010

The Mayor and Council  
City of Kelowna

Your Worship and Members of Council

I am pleased to submit the City of Kelowna's 2009 Annual Financial Report for the year ended December 31, 2009, as required by Sections 98 and 167 of the Community Charter. The report includes the Auditor's report, the 2009 audited financial statements and supplementary information for the City of Kelowna.

The financial statements for the year ended December 31, 2009 were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Management is responsible for implementing and maintaining a system of internal controls to ensure that reliable financial statements and schedules are prepared and that these statements are consistent with other reporting requirements as part of the Financial Information Act. These statements were audited by Grant Thornton LLP and their responsibility was to express an opinion based on the results of the audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement. The statements have been reviewed by the City's Audit Committee, whose responsibility is to ensure the financial statements are comprehensive, reliable and understandable.

2009 is the first year that local governments are required to account for and report tangible capital assets in the financial statements to comply with PSAB 3150. Comparative figures for the year 2008 are also required, creating a significant new challenge for statement preparation. Ongoing development of an Asset Management Plan will help to ensure the infrastructure requirements of the City are planned to achieve the approved standard of service for the minimum life cycle costs.



To continue achieving positive financial results, especially during the current economic conditions, requires prudent fiscal management and long term strategic planning. The municipal re-organization and continual review of programs and services to identify efficiencies and opportunities will transition the City towards a more adaptive, responsive organization that continues to provide the services desired by Council and the community.

Respectfully submitted,

A handwritten signature in black ink that reads "K Grayston". The signature is written in a cursive, flowing style.

Keith Grayston, CGA  
Director, Financial Services



Grant Thornton

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F (250) 712-6850  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

## Auditors' report

To the Members of Council of the City of Kelowna

We have audited the consolidated statement of financial position of the City of Kelowna as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Kelowna as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Kelowna, BC

May 21, 2010

Chartered accountants

Partners  
Kevin Crookes, CA, CBV, CFE  
Paul F.S. Gallo, CA  
Bryn Gilbert, CA, CBV  
James R. Grant, MBA, CA  
Bill McTavish, CGA, CA  
Anne C. Postlewaite, CA  
Martin Rutherford, CA  
Dan Vass, CA  
J. Kim Ward, CA, CFP

Audit • Tax • Advisory  
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

## Consolidated Statement of Financial Position

As at December 31, 2009 (in thousands of dollars)

	2009	2008 (Restated - Note 13)
<b>Financial Assets</b>		
Cash and temporary investments (Note 3)	\$ 222,430	\$ 209,259
Accounts receivable (Note 3)	32,953	30,962
Accrued interest	466	513
Long term investments (Note 8)	6,000	6,000
Municipal Finance Authority debt reserve deposit	10,439	8,451
Property held for resale	810	1,034
Other	-	25
	<b>273,098</b>	<b>256,244</b>
<b>Financial Liabilities</b>		
Accounts payable	46,753	34,364
Performance deposits	4,860	5,019
Deferred revenue	32,199	31,183
Deferred development cost charges (Note 3)	46,392	50,489
Municipal Finance Authority debt reserve	10,439	8,451
Long term debt	163,519	135,537
	<b>304,162</b>	<b>265,043</b>
<b>Net Financial Liabilities</b>	<b>(31,064)</b>	<b>(8,799)</b>
<b>Non-Financial Assets</b>		
Prepaid	1,328	2,148
Inventory	1,493	1,312
Work in progress (Note 4)	112,129	137,445
Tangible capital (Note 4)	1,497,794	1,425,228
	<b>1,612,744</b>	<b>1,566,133</b>
<b>Accumulated Surplus (Note 5)</b>	<b>\$ 1,581,680</b>	<b>\$ 1,557,334</b>

Contingent liabilities and commitments (Notes 6 and 7)

See accompanying notes to the consolidated financial statements



Keith Grayston, CGA  
Director, Financial Services



Sharon Shepherd  
Mayor, City of Kelowna

## Consolidated Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2009 (in thousands of dollars)

	Budget 2009	Actual 2009	Actual 2008 <small>(Restated - Note 13)</small>
<b>Revenue</b>			
Taxation	\$ 95,814	\$ 100,620	\$ 94,831
Fees and charges	114,060	121,546	118,698
Interest earned	4,403	4,102	7,153
DCC contributions	34,016	12,177	14,343
Contribution from other governments	47,394	22,151	24,503
Other capital contributions	-	2,072	2,167
	<b>295,687</b>	<b>262,668</b>	<b>261,695</b>
<b>Expenses</b>			
General government services	18,978	14,126	13,719
Protective services	39,177	40,141	37,786
Transportation services	36,487	32,432	32,456
Recreational and cultural services	33,984	29,785	29,003
Other services	18,084	18,795	15,558
Airport operations	8,168	9,038	8,446
Electrical utility	20,018	20,721	19,024
Wastewater utility	7,391	8,220	7,468
Water utility	5,418	5,282	4,846
Amortization on tangible capital assets	-	50,617	47,242
Loss on tangible capital asset disposal	-	80	-
Debt charges	12,970	9,085	7,559
	<b>200,675</b>	<b>238,322</b>	<b>223,107</b>
<b>Excess Revenue Over Expenses</b>	<b>\$ 95,012</b>	<b>24,346</b>	<b>38,588</b>
Accumulated Surplus, beginning of year		1,557,334	1,518,746
<b>Accumulated Surplus, end of year</b>		<b>\$ 1,581,680</b>	<b>\$ 1,557,334</b>

See accompanying notes to the consolidated financial statements

## Consolidated Statement of Changes in Net Financial Liabilities

For the Year Ended December 31, 2009 (in thousands of dollars)

	Budget 2009	Actual 2009	Actual 2008 <small>(Restated - Note 13)</small>
<b>Excess Revenues Over Expenses</b>	\$ 95,012	\$ 24,346	\$ 38,588
Amortization of tangible capital assets	-	50,617	47,242
Proceeds from sale of tangible capital assets	-	1,335	-
Loss on sale of tangible capital assets	-	80	-
Acquisition of tangible capital assets	(218,978)	(99,282)	(103,947)
Change in inventories and prepaid expenses	-	639	100
<b>Increase in Net Financial Liabilities</b>	(123,966)	(22,265)	(18,017)
Net Financial (Liabilities) Assets, beginning	(8,799)	(8,799)	9,218
<b>Net Financial Liabilities, ending</b>	\$ (132,765)	\$ (31,064)	\$ (8,799)

See accompanying notes to the consolidated financial statements

## Consolidated Statement of Cash Flows

For the Year Ended December 31, 2009 (in thousands of dollars)

	Actual 2009	Actual 2008
		(Restated - Note 13)
<b>Net cash inflow (outflow) related to the following activities</b>		
<b>Operating</b>		
Excess revenues over expenses	\$ 24,346	\$ 38,588
Adjustment for non-cash items		
Amortization of tangible capital assets	50,617	47,242
Proceeds included in land sales reserve	-	(1,357)
Loss on disposal of tangible capital assets	80	-
Decrease (increase) in non-cash financial assets		
Accounts receivable	(1,944)	(3,328)
Property held for resale	224	( 217)
Other assets	(1,963)	(2,188)
Increase (decrease) in non-cash liabilities		
Accounts payable	12,389	(7,872)
Deferred development cost charges	(4,097)	6,680
Other liabilities	2,845	7,819
	<b>82,497</b>	<b>85,367</b>
<b>Investing</b>		
Acquisition of tangible capital assets	(99,282)	(103,947)
Proceeds from sale of tangible capital assets	1,335	-
Change in inventories and prepaid expenses	639	100
	<b>(97,308)</b>	<b>(103,847)</b>
<b>Financing</b>		
Issuance of long term debt	38,207	40,392
Repayment of long term debt	(10,225)	(7,075)
	<b>27,982</b>	<b>33,317</b>
<b>Net increase in cash and temporary investments</b>	<b>13,171</b>	<b>14,837</b>
Cash and temporary investments, beginning of year	209,259	194,422
<b>Cash and temporary investments, end of year</b>	<b>\$ 222,430</b>	<b>\$ 209,259</b>

See accompanying notes to the consolidated financial statements

# Notes to the Consolidated Financial Statements

December 31, 2009 (All tabular amounts in thousands 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.

## 1. Significant Accounting Policies

The consolidated financial statements have been prepared in conformity with accounting standards established by the Public Sector Accounting Board (“PSAB”) of the Canadian Institute of Chartered Accountants.

The following is a summary of the City’s significant accounting policies:

### **Basis of presentation and principles of consolidation**

The City of Kelowna’s resources and operations are segregated into General, Airport, Electrical Utility, 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 and Festivals and Special Events Development Society of Kelowna are controlled by the City of Kelowna through its appointment of the members of the respective societies. Accordingly, the consolidated financial statements include all the accounts of the societies.

### **Accrual accounting**

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

### **Inventory**

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

### **Property held for resale**

The assets included in property held for resale are items that are designated to be sold within one year. They are valued at the lower of cost and net realizable value.

### **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 physical assets including assets held under 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 where fair value is reasonably determinable.

The City has numerous works of art located throughout the City which are not reflected in these consolidated financial statements.

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

One half of the annual amortization is charged in the year of acquisition and one half in the year of disposal.

Land and Work in Progress are not amortized.

**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.

**Reserves for future expenses**

Reserves for future expenditures are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenses 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 temporary investments.

**Financial instruments**

The City's financial instruments consist of cash and temporary investments, accounts receivable, accrued interest, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

**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 British Columbia Assessments appeal process taxes may be adjusted by way of supplementary roll adjustments. The affects of these adjustments on taxes are recognized at the time they are awarded.

#### *Fees and charges revenue*

Charges for transportation, environmental health, building permits, electrical, water, wastewater, natural gas and airport are included in this category. These revenues are recorded on the accrual basis and recognized when earned.

#### *Government transfers*

Government transfers are recognized as revenue in the period that the transfer is authorized, eligibility criteria, if any, have 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 of 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 of the units held.

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.

#### **Use of estimates**

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization, landfill post closure costs and settlement costs associated with outstanding legal actions. Actual results could differ from the estimates.

#### **Budget figures**

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.

## **2. Application of New Accounting Standards**

### **PS 1100 – Financial Statement Objectives**

Effective January 1, 2009, the City of Kelowna adopted PS1100, *Financial Statement Objectives* of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA"). Under this new standard entities reporting under Public Sector Accounting Standards are required to present four statements including a statement of financial position, operations, changes in net financial assets (liabilities) and cash flows.

### **PS 1200 – Financial Statement Presentation**

Effective January 1, 2009, the City of Kelowna adopted PS 1200 – *Financial Statement Presentation* of the Public Sector Accounting Handbook of the CICA. Under this new standard entities reporting under Public Sector Accounting Standards are required to present budget and actual figures on both of the statements of operations and changes in net financial assets.

### **PS 3150 – Tangible Capital Assets**

Effective January 1, 2009, the City of Kelowna adopted PS 3150, *Tangible Capital Assets* of the Public Sector Accounting Handbook of the CICA. Under this revised section entities reporting under Public Sector Accounting Standards are required to recognize and amortize their tangible capital assets. The effect of applying this revised section on the City of Kelowna is disclosed in Note 13.

### 3. Financial Assets and Liabilities

#### Cash and temporary investments

Temporary investments are recorded at cost.

Cash and temporary investments are comprised of the following:

Type of Investment	2009	2008
Cash	\$ 32,889	\$ 47,452
Municipal Finance Authority Bond/ Money Market Funds	54,387	53,899
Provincial and Bank Issued Accrual Notes and Debentures	115,154	97,908
Guaranteed Investment Certificates and Deposit Notes	20,000	10,000
<b>Total Cash and Temporary Investments</b>	<b>\$ 222,430</b>	<b>\$ 209,259</b>

#### Accounts receivable

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

Type of Receivable	2009	2008
Property Tax	\$ 5,225	\$ 3,856
Trade Receivables	10,510	8,350
Due from Federal Government	4,712	1,985
Due from Provincial Government	2,934	2,247
Due from Regional Government	492	462
Utilities	5,087	4,911
Deferred Development Cost Charges	3,993	9,151
<b>Total Accounts Receivable</b>	<b>\$ 32,953</b>	<b>\$ 30,962</b>

#### Operating line of credit

The City has an operating line of credit with the Royal Bank of Canada for an authorized amount of \$5 million, bearing interest at bank prime rate. At December 31, 2009 the balance was \$nil (2008 - \$nil).

#### 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. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

Deferred DCC by Type	2009	2008
Roads	\$ 16,798	\$ 19,630
Parks	5,520	7,127
Drainage	3,248	3,181
Wastewater	10,522	10,338
Water	10,304	10,213
<b>Total Deferred DCC</b>	<b>\$ 46,392</b>	<b>\$ 50,489</b>

Deferred DCC	2009	2008
Balance, beginning of year	\$ 50,489	\$ 43,809
Return on Investments	915	1,547
DCC collected in the year	7,165	25,391
	<b>8,080</b>	<b>26,938</b>
Transfer to General Capital	(8,298)	(12,574)
Transfer to General Operating	(1,468)	(60)
Transfer to Wastewater Capital	(217)	(6,828)
Transfer to Wastewater Operating	(1,627)	(781)
Transfer to Water Capital	(567)	(15)
	<b>(12,177)</b>	<b>(20,258)</b>
<b>Balance, end of year</b>	<b>\$ 46,392</b>	<b>\$ 50,489</b>

### Debenture debt

Debenture debt principal is reported net of sinking fund balances. Interest rates on debenture debt ranged from 3.15% to 10.25%. The weighted average rate for 2009 was 4.69% (2008 – 5.26%). Principal repayments for the next five years are as follows:

	2010	2011	2012	2013	2014
General Fund	\$ 4,401	\$ 3,401	\$ 3,331	\$ 2,531	\$ 2,531
Wastewater Fund	3,813	3,806	3,620	3,620	3,681
Water Fund	462	447	288	266	266
Natural Gas Legacy	1,699	1,699	1,699	1,699	1,699
Airport	1,333	1,333	1,333	1,333	1,333
Library Society	297	324	354	386	421
	\$ 12,005	\$ 11,010	\$ 10,625	\$ 9,835	\$ 9,931

Debt as a percentage of total expenditures: 2009 68.61% 2008 60.77%

### Short term debt

Total short term debt of \$622,000 (2008 – \$1.4 million) with the Royal Bank of Canada is to be repaid over the next four years. The annual amount of the principal repayment is \$173,350 per year. Interest is to be paid annually at bank prime rate on the outstanding balance.

#### 4. Tangible Capital Assets and Work in Progress

	2009 Work in Progress	2009 Capital Asset NBV	2008 Work in Progress	2008 Capital Asset NBV
			(Restated - Note 13) (Restated - Note 13)	
Land	\$ 514	\$ 143,062	\$ 727	\$ 132,184
Land improvements	2,198	32,394	2,746	31,955
Buildings	12,823	163,010	54,291	121,479
Infrastructure	94,312	1,076,967	77,358	1,063,611
Machinery and equipment	2,282	39,962	2,323	32,000
Natural gas system (capital lease)	-	42,399	-	43,999
	\$ 112,129	\$ 1,497,794	\$ 137,445	\$ 1,425,228

Schedule 1 (page 50) provides a break down of tangible capital assets and work in progress by function showing the cost, accumulated amortization and net book value of the capital assets.

## 5. Accumulated Surplus

	Reserves for Future Expenditures	Statutory Reserves	Fund Surpluses	Tangible Capital Assets	Total 2009	Total 2008
<i>(Restated - Note 13)</i>						
Surplus, beginning of year as previously reported	\$ 75,572	\$ 30,671	\$ 21,510	\$ 1,067,525	\$ 1,195,278	\$ 1,104,724
Transitional adjustment (Note 13)	2,999	-	(7,246)	366,303	362,056	414,022
Balance as Restated	78,571	30,671	14,264	1,433,828	1,557,334	1,518,746
Excess of Revenue over Expenses	395	1,533	13,254	9,164	24,346	38,588
Retirement of Long term Debt	-	-	(8,215)	8,215	-	-
Surplus, end of year	\$ 78,966	\$ 32,204	\$ 19,303	\$ 1,451,207	\$ 1,581,680	\$ 1,557,334

### Accumulated Surplus detail as follows:

	Balances Beginning of Year	Transfer From	Transfer To	Interest	Balances End of Year
<i>(Restated - Note 13)</i>					
<b>Non-Statutory Reserves</b>					
General Fund Reserve	\$ 38,702	\$ (17,060)	\$ 14,305	\$ (387)	\$ 35,560
Water Fund Reserve	3,014	(336)	878	2	3,558
Wastewater Fund Reserve	13,934	(1,024)	955	7	13,872
Electrical Fund Reserve	5,230	(1,973)	1,755	5	5,017
Airport Fund Reserve	17,691	(6,434)	9,724	(22)	20,959
	78,571	(26,827)	27,617	(395)	78,966
<b>Statutory Reserves</b>					
Parking Reserve	663	(727)	682	13	631
Land Reserve	7,565	(998)	1,523	165	8,255
Capital Works, Machinery & Equipment Reserve	22,443	(8,329)	8,731	473	23,318
	30,671	(10,054)	10,936	651	32,204
<b>Surplus by Fund</b>					
General Fund Surplus	1,613	(2,971)	3,885	-	2,527
Water Fund Surplus	1,241	(410)	393	-	1,224
Wastewater Fund Surplus	6,380	(1,513)	3,390	-	8,257
Electrical Fund Surplus	1,086	-	1,998	-	3,084
Festivals Kelowna	36	-	(65)	-	(29)
Airport Fund Surplus	161	(1,333)	1,332	-	160
Natural Gas Legacy Surplus	3,581	(1,717)	2,049	-	3,913
Library Surplus	166	(272)	272	-	166
	14,264	(8,215)	13,254	-	19,303
<b>Investment in Non Financial Assets</b>					
Investment in tangible capital assets	1,433,828	(9,629)	27,008	-	1,451,207
<b>Accumulated Surplus</b>	\$ 1,557,334	\$ (54,725)	\$ 78,815	\$ 256	\$ 1,581,680

## 6. 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 City and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 158,000 active members and approximately 57,000 retired members. Active members include approximately 33,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers.

The City of Kelowna paid \$4.2 million for employer contributions to the plan in fiscal 2009. Employee contributions were \$3.5 million.

### 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.

## 7. 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, 2009 which have not been recorded in the accounts. Due to the reporting capabilities in the Agresso financial system 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 expenses. 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 recommended by PSAB 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 expenses is recognized as the landfill site's capacity is used. The reported liability of \$3.5 million (2008 - \$3.3 million) represents the portion of the estimated total expenses recognized as at December 31, 2009. The liability and annual expense 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 14.6 million tonnes, which is 93% of the site's total capacity. The future cash flows for closure and post-closure cost is estimated at \$22.3 million as at December 31, 2009. The landfill site is expected to reach its capacity in 2075.

**Kelowna Family Y loan guarantee agreement**

The City has, under the terms of the partnering agreement between the City of Kelowna and YMCA-YWCA of Central Okanagan, guaranteed repayment in the event that the YMCA-YWCA of Central Okanagan 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-YWCA of Central Okanagan. As at December 31, 2009 the outstanding loan balance was \$340,000.

**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 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 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 2009 represented year 10 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 either of the lump sum payments of \$13.2 or \$11.9 million otherwise due to RG Arenas (Kelowna) Ltd. in years 6 or 11.

**8. 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 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 7.

### 9. 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 \$30.9 million (2008 - \$48.3 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 \$30.9 million, the City is holding irrevocable Letters of Credit in the amount of \$4 million (2008 - \$9.2 million) which are received from developers to ensure payment of development cost charges in future years.

### 10. Capital Lease Payable

The City has entered into an agreement with Terasen Gas Inc. 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 Terasen Gas Inc. 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 \$2.5 million, which is included in long term debt, will be paid with annual lease payments of \$260,870 including interest at 10.072%.

#### Operating lease

The City also entered into a 17 year operating lease with Terasen Gas Inc. on November 1, 2001 whereby the City leases back to Terasen Gas Inc. the operations of the gas distribution system. Under the operating lease Terasen Gas Inc. 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 Terasen Gas Inc. 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 \$24.4 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:

2005	\$4.9 million
2006	\$5.4 million
2007	\$5.2 million
2008	\$5.1 million
2009	\$4.9 million

### 11. 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, 2009 the mortgage balance was \$2.9 million. 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.

### 12. Trust Funds

In accordance with PSAB recommendations for local governments, 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, 2009 the Trust Fund balance is \$1.7 million (2008 - \$1.7 million)

### 13. Transitional Adjustment for New Accounting Standard

The City has restated its consolidated financial statements to comply with the provisions of PS 3150 - *Tangible Capital Assets* of the Public Sector Accounting Handbook which requires governments to record and amortize their tangible capital assets on their consolidated financial statements. In addition, revenues from contributed assets and government grants related to capital acquisitions have been included in income.

The changes have been applied retroactively. As a result, the December 31, 2008 figures presented for comparative purposes have been restated from those previously reported. The retroactive adjustments have resulted in the following changes to the 2008 comparative figures.

<b>Accumulated surplus, January 1, 2008 as previously reported</b>	\$ 1,104,724
Change in accounting standards related to tangible capital assets	414,022
<b>Accumulated surplus, January 1, 2008, as restated</b>	<b>\$ 1,518,746</b>

Statement of Financial Position	As Restated	As Previously Reported	Increase (Decrease)
Work in Progress	\$ 137,445	\$ 148,710	\$ (11,265)
Capital	1,425,228	1,051,901	373,327
Other	25	31	(6)
<b>The changes in the statement of Financial Position increased beginning accumulated surplus by:</b>			<b>\$ 362,056</b>
<b>Statement of Operations</b>			
Impact on revenues:			
Fees and charges	\$ 118,698	\$ 114,631	\$ 4,067
DCC contributions	14,343	19,417	(5,074)
Contributions from other governments	24,503	23,751	752
Other capital contributions	2,167	42	2,125
			<b>1,870</b>
Impact on Expenses:			
Capital expenses	-	113,075	(113,075)
Amortization	47,242	-	47,242
Operation expenses	168,078	159,252	8,826
			<b>\$ (57,007)</b>
<b>Total changes in Operating Surplus for the year and accumulated surplus, end of year</b>			<b>\$ 58,877</b>

#### 14. Segmented Information

The City of Kelowna, as a vibrant and active municipal government, 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 electrical, 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.

Cost 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 department include parks and playgrounds, arenas, swimming pools, beaches, boat launches, stadiums as well as community and seniors centers. The H<sub>2</sub>O Adventure 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 include community planning and zoning as well as landfill operations.

### Airport

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.

### Electrical

The Electrical Division oversees the delivery of reliable and safe electricity within the City's electrical utility boundary. FortisBC supplies power to the electric utility. FortisBC provides all network operations for the distribution system including maintenance, capital project planning, management and construction and electric meter management. The Electrical Utility is accounted for in its own fund.

### Wastewater

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 70% of Kelowna's population

and continues to be extended to unserved areas. Kelowna's wastewater system has a treatment capacity of 40 million liters per day. The Waste-water Utility is accounted for in its own fund.

### Water

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.

### Festivals Kelowna

Festivals and Special Events Development Society of Kelowna is a society instituted and controlled by the City of Kelowna. The Society collaborates with the City of Kelowna in the strategic development of Kelowna festivals and special events 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 at the end of each fiscal year.

### Natural Gas

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

### Library Society

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.

### 15. Expenses by Object

Total consolidated expenses by object are itemized in Schedule 2 – Segmented information (page 52).

### 16. Comparative Figures

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

## Schedule 1 - Tangible Capital Assets

For the Year Ended December 31, 2009 (in thousands of dollars)

	Machinery & Equipment								Subtotal Machinery & Equipment	
	Land	Land Improvements	Buildings	Vehicles	Other Machinery & Equipment	Computer	Misc			
<b>Cost</b>										
Balance, beginning of year	\$ 132,184	\$ 48,234	\$ 193,450	\$ 19,114	\$ 33,505	\$ 7,291	\$ 1,159		\$ 61,069	
Add: additions during the year	11,139	2,537	48,507	2,934	8,177	2,213	107		13,431	
Less: disposals during the year	(261)	-	(359)	(1,233)	-	-	-		(1,233)	
Balance, end of year	143,062	50,771	241,598	20,815	41,682	9,504	1,266		73,267	
<b>Accumulated Amortization</b>										
Balance, beginning of year	-	16,278	71,970	7,160	16,262	5,165	483		29,070	
Add: amortization	-	2,099	6,882	1,602	2,407	802	61		4,872	
Less: accumulated amortization on disposals	-	-	(264)	(637)	-	-	-		(637)	
Balance, end of year	-	18,377	78,588	8,125	18,669	5,967	544		33,305	
<b>Net Book Value of</b>										
<b>Tangible Capital Assets</b>	\$ 143,062	\$ 32,395	\$ 163,010	\$ 12,690	\$ 23,013	\$ 3,537	\$ 722		\$ 39,962	
<b>Work in Progress</b>	\$ 514	\$ 2,198	\$ 12,823	\$ -	\$ 242	\$ 436	\$ 1,604		\$ 2,282	

### Infrastructure

Infrastructure							Natural Gas Capital Lease	2009	2008
Plant & Facilities	Sidewalks & Bike Paths	Tunnels & Overpasses	Overhead & Other Networks	Airport Infrastructure	Subtotal Infrastructure			(Restated - Note 13)	
\$ 77,390	\$ 392,940	\$ 19,862	\$ 999,795	\$ 19,685	\$ 1,509,672	55,609	2,000,218	\$ 1,921,202	
4,465	18,975	2,577	19,866	2,639	48,523	-	124,136	81,482	
-	-	-	-	-	-	-	(1,853)	(2,466)	
81,855	411,915	22,439	\$ 1,019,661	22,324	1,558,195	55,609	2,122,501	2,000,218	
31,601	131,594	4,670	265,341	12,856	446,062	11,610	574,990	528,347	
2,477	15,194	349	16,389	756	35,165	1,600	50,618	47,242	
-	-	-	-	-	-	-	(901)	(599)	
34,078	146,788	5,019	281,730	13,612	481,227	13,210	624,707	574,990	
\$ 47,777	\$ 265,127	\$ 17,420	\$ 737,931	\$ 8,712	\$ 1,076,967	\$ 42,399	\$ 1,497,794	\$ 1,425,228	
\$ 44,398	\$ 22,967	\$ 215	\$ 18,350	\$ 8,382	\$ 94,312	\$ -	\$ 112,129	\$ 137,445	
							\$ 1,609,923	\$ 1,562,673	

## Schedule 2 - Segmented Information

For the Year Ended December 31, 2009 (in thousands of dollars)

	General Gov't	Protective Services	Transportation Services	Recreation & Cultural Services	Other Services	Airport Services
<b>Revenue</b>						
Taxation	\$ 96,998	\$ -	\$ 223	\$ -	\$ -	\$ -
Fees and charges	23,433	399	12,168	3,717	13,647	16,890
Interest earned	3,083	-	-	-	-	83
DCC contributions	-	-	6,805	2,961	-	-
Contribution from other governments	8,738	4,101	5,577	2,266	-	548
Other capital contributions	235	-	-	-	-	-
	<b>132,487</b>	<b>4,500</b>	<b>24,773</b>	<b>8,944</b>	<b>13,647</b>	<b>17,521</b>
<b>Expenses</b>						
Salaries and benefits	9,539	19,700	7,914	9,214	4,985	2,918
Contract and professional services	2,631	1,701	17,752	7,265	8,676	2,915
RCMP contract	-	16,915	-	-	-	298
Materials and supplies	4,915	1,296	4,292	9,538	1,775	2,012
Equipment	192	332	2,112	1,275	1,579	17
Allocations	(3,240)	-	(376)	(114)	(807)	735
Cost recoveries	(252)	(238)	(308)	(248)	(18)	(372)
Grants and external transfers	260	122	-	1,397	1,532	-
Utilities	178	313	1,045	1,458	91	515
Amortization of tangible capital assets	32,165	-	-	-	-	2,985
Loss (gain) on disposal of tangible capital assets	11	-	-	-	95	(26)
<b>Total before Debt</b>	<b>46,399</b>	<b>40,141</b>	<b>32,431</b>	<b>29,785</b>	<b>17,908</b>	<b>11,997</b>
Debt interest and fiscal services	2,742	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>49,141</b>	<b>40,141</b>	<b>32,431</b>	<b>29,785</b>	<b>17,908</b>	<b>11,997</b>
<b>Excess (deficiency) revenue over expenses</b>	<b>\$ 83,346</b>	<b>\$ (35,641)</b>	<b>\$ (7,658)</b>	<b>\$ (20,841)</b>	<b>\$ (4,261)</b>	<b>\$ 5,524</b>

Electrical Services	Wastewater Services	Water Services	Festivals Kelowna	Natural Gas Legacy Services	Library Services	Statutory Reserves	2009
\$ -	\$ 2,080	\$ 1,319	\$ -	\$ -	\$ -	\$ -	\$ 100,620
26,659	12,552	6,138	197	4,946	708	92	121,546
74	161	50	-	-	-	651	4,102
-	1,844	567	-	-	-	-	12,177
-	439	24	458	-	-	-	22,151
-	754	173	-	910	-	-	2,072
26,733	17,830	8,271	655	5,856	708	743	262,668
80	2,769	2,124	248	-	19	-	59,510
1,920	688	605	9	-	39	-	44,201
-	-	-	-	-	-	-	17,213
17,704	1,224	929	463	-	25	-	44,173
1	467	370	-	-	3	-	6,348
1,015	2,105	546	-	-	-	-	(136)
(1)	(138)	(19)	-	-	-	-	(1,594)
-	-	-	-	-	-	-	3,311
2	1,103	727	-	-	82	-	5,514
1,045	8,300	4,340	-	1,600	182	-	50,617
-	-	-	-	-	-	-	80
21,766	16,518	9,622	720	1,600	350	-	229,237
-	2,638	540	-	2,897	268	-	9,085
21,766	19,156	10,162	720	4,497	618	-	238,322
\$ 4,967	\$ (1,326)	\$ (1,891)	\$ (65)	\$ 1,359	\$ 90	\$ 743	\$ 24,346

## Schedule 2 - Segmented Information (continued)

For the Year Ended December 31, 2008 (in thousands of dollars)

	General Gov't	Protective Services	Transportation Services	Recreation & Cultural Services	Other Services	Airport Services
<b>Revenue</b>						
Taxation	\$ 91,236	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and charges	21,170	305	11,739	3,204	11,001	16,309
Interest earned	4,834	-	-	-	-	450
DCC contributions	-	-	5,226	2,274	-	-
Contribution from other governments	7,204	3,453	4,708	1,900	-	2,926
Other capital contributions	381	-	-	-	-	-
	<b>124,825</b>	<b>3,758</b>	<b>21,673</b>	<b>7,378</b>	<b>11,001</b>	<b>19,685</b>
<b>Expenses</b>						
Salaries and benefits	9,237	18,491	7,580	8,644	4,139	2,651
Contract and professional services	2,337	1,609	16,453	7,124	6,558	2,738
RCMP contract	-	15,885	-	-	-	302
Materials and supplies	4,002	1,062	5,812	10,506	2,306	2,214
Equipment	175	267	2,057	1,033	1,542	16
Allocations	(3,198)	-	(150)	(113)	(744)	608
Cost recoveries	(239)	(13)	(276)	(143)	(32)	(548)
Grants and external transfers	255	161	-	911	1,704	-
Utilities	194	324	980	1,041	85	465
Amortization of tangible capital assets	29,024	-	-	-	-	2,918
<b>Total before Debt</b>	<b>41,787</b>	<b>37,786</b>	<b>32,456</b>	<b>29,003</b>	<b>15,558</b>	<b>11,364</b>
Debt interest and fiscal services	2,480	-	-	-	-	-
<b>Total operating expenses</b>	<b>44,267</b>	<b>37,786</b>	<b>32,456</b>	<b>29,003</b>	<b>15,558</b>	<b>11,364</b>
<b>Excess (deficiency) revenue over expenses</b>	<b>\$ 80,558</b>	<b>\$ (34,028)</b>	<b>\$ (10,783)</b>	<b>\$ (21,625)</b>	<b>\$ (4,557)</b>	<b>\$ 8,321</b>

Electrical Services	Waste water Services	Water Services	Festivals Kelowna	Natural Gas Legacy Services	Library Services	Statutory Reserves	2008 (Restated - Note 13)
\$ -	\$ 1,864	\$ 1,265	\$ 466	\$ -	\$ -	\$ -	\$ 94,831
23,956	18,258	6,164	286	5,277	751	278	118,698
283	306	127	-	-	-	1,153	7,153
-	6,828	15	-	-	-	-	14,343
-	530	-	-	-	-	3,782	24,503
77	780	175	-	754	-	-	2,167
24,316	28,566	7,746	752	6,031	751	5,213	261,695
104	2,617	1,996	275	-	20	-	55,754
1,954	501	453	29	-	35	-	39,791
-	-	-	-	-	-	-	16,187
15,894	789	963	441	-	41	-	44,030
-	413	292	-	-	2	-	5,797
1,066	2,115	533	-	-	-	-	117
-	-	(28)	-	-	-	-	(1,279)
-	-	-	-	-	-	-	3,031
6	1,033	637	-	-	113	-	4,878
993	8,286	4,239	-	1,600	182	-	47,242
20,017	15,754	9,085	745	1,600	393	-	215,548
-	1,738	149	-	2,901	291	-	7,559
20,017	17,492	9,234	745	4,501	684	-	223,107
\$ 4,299	\$ 11,074	\$ (1,488)	\$ 7	\$ 1,530	\$ 67	\$ 5,213	\$ 38,588

### Schedule 3 - Long Term Debt

as at December 31, 2009 (in thousands of dollars)

#### Long Term Debt - General Fund

##### Debenture Debt General Fund

Year of Maturity	Purpose	Balance Dec 31, 2009	Sinking Fund Balance Dec 31, 2009	Amount of Issue	Current Interest Rate %
<b>Public Works</b>					
2019	South Pandosy Spec Area 1	\$ 146	\$ 89	\$ 235	5.99
2019	South Pandosy Spec Area 2	255	156	411	5.99
2019	Automated Curb Side Carts	4,811	-	4,811	4.13
2021	Downtown Parkade	1,385	816	2,201	7.42
2022	Chapman Parkade	3,070	1,002	4,072	5.37
2028	DCC Roads	9,535	866	10,401	4.35
<b>Local Improvements</b>					
2011	Local Improvements	107	604	711	10.25
2011	Local Improvements	12	64	76	7.42
2014	Local Improvements	197	372	569	9.52
2016	Local Improvements	183	210	393	4.00
2016	Local Improvements	126	143	269	7.42
2017	Local Improvements	29	26	55	5.85
2019	Local Improvements	44	26	70	5.49
<b>Recreation and Cultural Services</b>					
2011	Brandt's Creek	180	821	1,001	4.00
2021	Kokanee Gym Facility	357	144	501	5.69
2027	H <sub>2</sub> O Centre	25,617	1,884	27,501	4.82
2027	Kokanee Gymnastic	746	55	801	4.82
2028	H <sub>2</sub> O Centre	1,934	67	2,001	4.35
		\$ 48,734	\$ 7,345	\$ 56,079	
<b>Other Debt General Fund</b>					
<b>Mortgages</b>					
2012	Mortgage - Park Property	\$ 3,402		\$ 3,402	0.00
<b>Short Term Debt</b>					
2013	Cedar Avenue Land	98		700	Prime
2013	Agresso Software System	524		694	Prime
		\$ 622		\$ 1,394	
<b>Total Debt General Fund</b>		\$ 52,758		\$ 60,875	

## Long Term Debt - Wastewater Fund

### Debenture Debt Wastewater Fund

Year of Maturity	Purpose	Balance Dec 31, 2009	Sinking Fund Balance Dec 31, 2009	Amount of Issue	Current Interest Rate %
<b>Specified Area Programs</b>					
2013	Spec. Area 14 - N. Glenmore	\$ 39	\$ 100	\$ 139	5.50
2013	Spec. Area 15 - Belgo Molnar	11	26	37	6.25
2013	Spec. Area 6 - Black Mtn/Toovey	324	816	1,140	6.25
2015	Spec. Area 17 - Mission Flats	550	800	1,350	4.75
2018	Spec. Area 18 - Caramillo	77	58	135	5.55
2018	Spec. Area 19 - Poplar Point	44	33	77	5.55
2022	Spec. Area 22A - Gerstmar	30	9	39	6.06
2024	Spec. Area 21A - McKenzie Bench	1,124	226	1,350	4.98
2024	Spec. Area 22B - Vista Rd	66	13	79	4.98
2024	Spec. Area 22C - Hein Rd	222	44	266	4.98
2024	Spec. Area 22D - Elwyn Rd	125	25	150	4.98
2024	Spec. Area 22E - Dease Rd	80	16	96	4.98
2024	Spec. Area 22F - Mills Rd	285	57	342	4.98
2024	Spec. Area 29 - Campion Cambro	729	146	875	4.98
2024	Spec. Area 30 - Acland	304	61	365	4.98
2025	Spec. Area 20 -North Rutland	5,850	973	6,823	4.17
2025	Spec. Area 28A - Okaview	548	91	639	4.17
2028	Spec Area 26 - Fisher Rd	1,954	68	2,022	5.15
2028	Spec Area 34 - Country Rhodes	420	15	435	5.15
2028	Spec Area 36 - Clifton	258	9	267	5.15
<b>Wastewater Improvement Programs</b>					
2010	Wastewater System Improvements	14	144	158	4.00
2014	Glenwood Wastewater Main Replacement	37	53	90	5.49
2014	Long St. Wastewater Main Replacement	27	37	64	5.49
2019	Byrns Baron Main	2,877	990	3,867	4.98
<b>Wastewater Treatment Facility</b>					
2011	KPCC Administration Building	179	821	1,000	4.00
2011	KPCC Administration Building	125	575	700	7.42
2011	KPCC Wastewater Treatment Facility	358	1,642	2,000	7.42
2011	Wastewater Treatment Facility Stage II	54	246	300	7.42
2011	Wastewater Treatment Facility Upgrade	229	1,047	1,276	4.00
2014	Wastewater Treatment Facility Phase III	3,337	4,663	8,000	5.99
2019	Wastewater Treatment Facility	20,000	-	20,000	4.90
2019	Wastewater Treatment Facility Expansion	10,000	-	10,000	4.13
<b>Total Debt Wastewater Fund</b>		<b>\$ 50,277</b>	<b>\$ 13,804</b>	<b>\$ 64,081</b>	

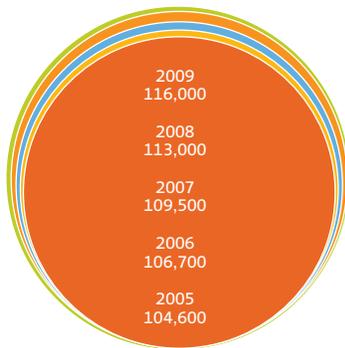
### Long Term Debt - Water Fund

#### Debenture Debt Water Fund

Year of Maturity	Purpose	Balance Dec 31, 2009	Sinking Fund Balance Dec 31, 2009	Amount of Issue	Current Interest Rate %
<b>Specified Area Programs</b>					
2023	Spec Area 16 - Byrns	\$ 31	\$ 8	\$ 39	4.78
2024	Spec Area 18 - Lakeshore	20	4	24	4.98
2028	Spec Area 26 - Fisher Rd	288	10	298	5.15
<b>Water Improvement Programs</b>					
2010	Water System Improvements	30	288	318	4.00
2011	Caramillo Pressure Valve	9	41	50	7.42
2011	Dilworth Reservoir Repairs	46	205	251	7.42
2011	Knox Mountain Reservoir	179	822	1,001	4.00
2011	Knox Mountain Reservoir	99	446	545	7.42
2011	Water System Improvements	57	254	311	4.00
2012	Poplar Point	124	350	474	5.85
2028	Cedar Creek Pump Station	7,324	254	7,578	5.15
<b>Total Debt Water Fund</b>		\$ 8,207	\$ 2,682	\$ 10,889	
<b>Long Term Debt - Airport Fund</b>					
<b>Debenture Debt</b>					
2018	Airport Expansion	\$ 14,667	\$ 1,333	\$ 16,000	4.65
<b>Total Debt Airport Fund</b>		\$ 14,667	\$ 1,333	\$ 16,000	
<b>Long Term Debt - Natural Gas Legacy Fund</b>					
<b>Debenture Debt</b>					
2018	Leased Capital Assets	\$ 19,519	\$ 10,281	\$ 29,800	6.01
2018	Leased Capital Assets	12,772	6,728	19,500	3.15
		\$ 32,291	\$ 17,009	\$ 49,300	
<b>Capital Lease Payable</b>		2,396		2,396	10.072
<b>Total Debt Natural Gas Legacy Fund</b>		\$ 34,687		\$ 51,696	
<b>Long Term Debt - Library</b>					
2017	Mortgage - Montrose	\$ 2,923		\$ 5,100	8.94
<b>Total Debt Library Fund</b>		\$ 2,923		\$ 5,100	
<b>Grand Total Long Term Debt</b>		\$ 163,519	\$ 42,173	\$ 208,641	

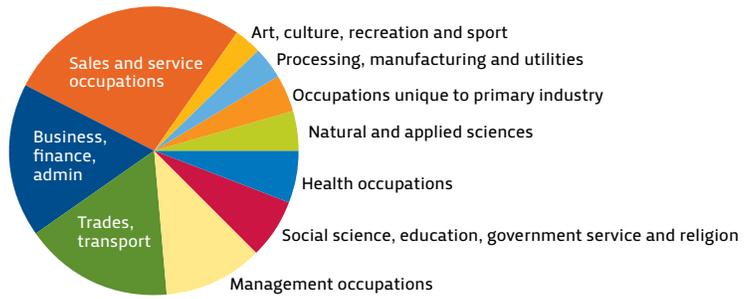
# 2005 to 2009 Statistical Review

## Population



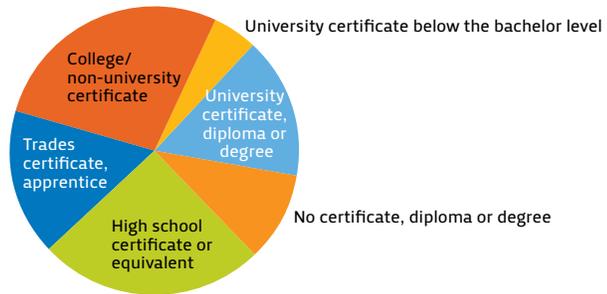
## Occupation

labour force 15 years and over

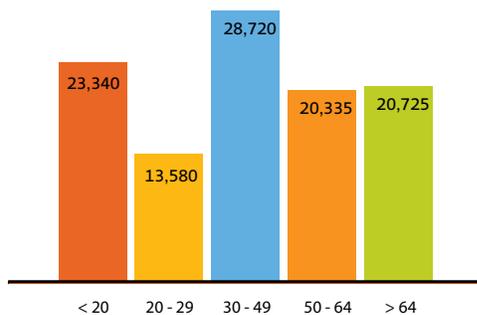


## Education

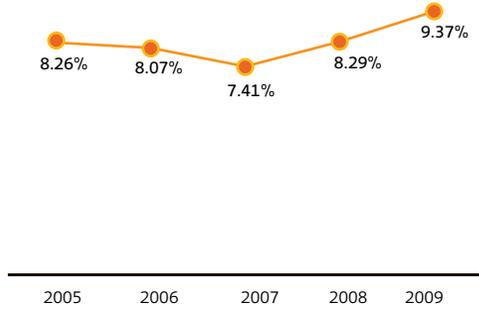
population aged 25 - 64



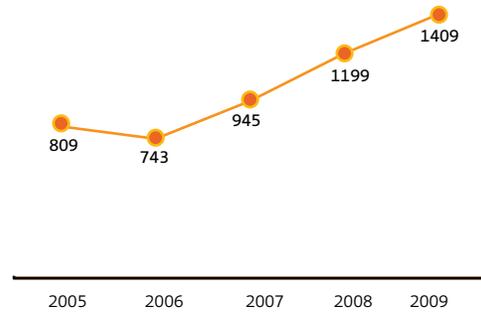
## Age of Population



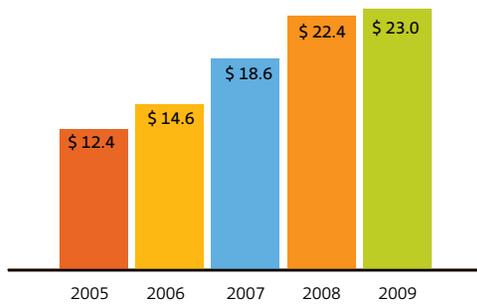
**Consolidated Debt Charges as a % of Taxation**

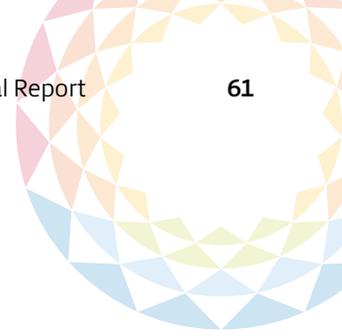


**Consolidated Long Term Debt Per Capita**

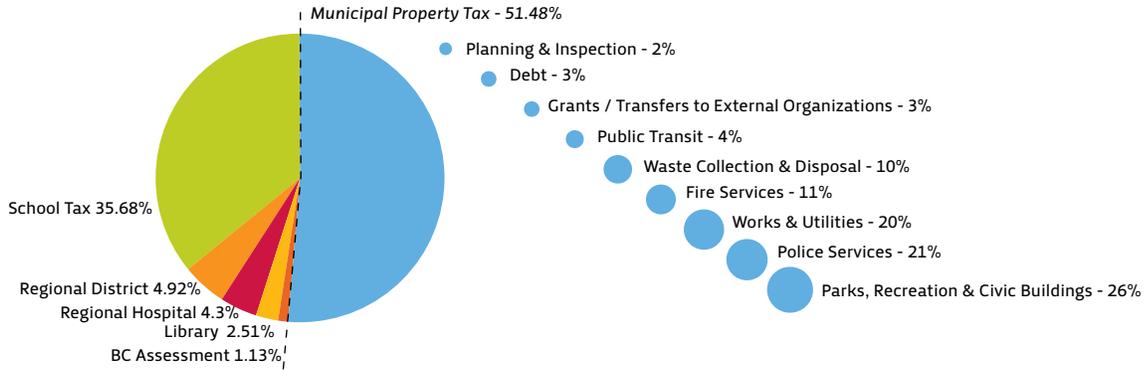


**Assessment for General Taxation**  
*billions*



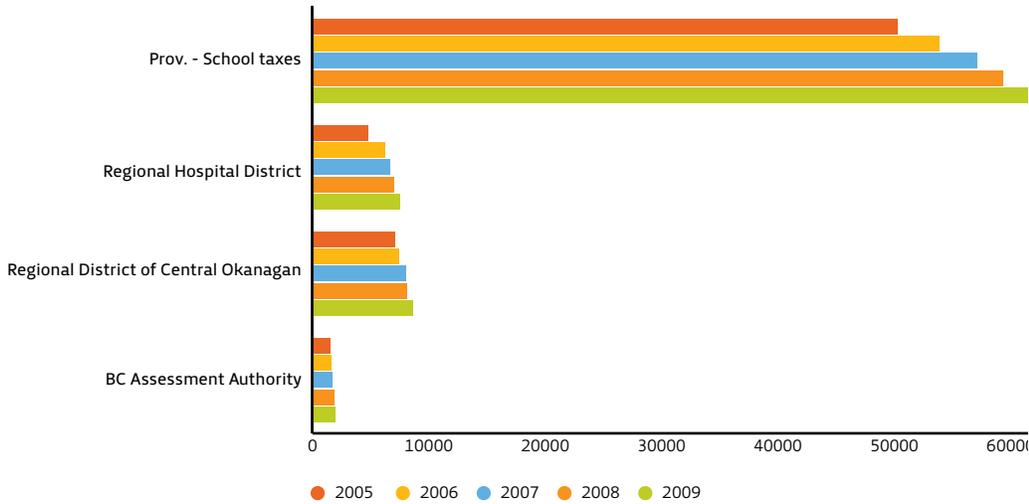


**Taxes Collected**

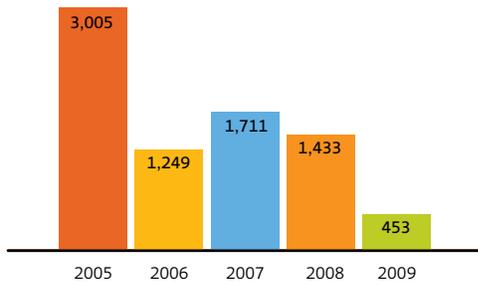


**Other Levies**

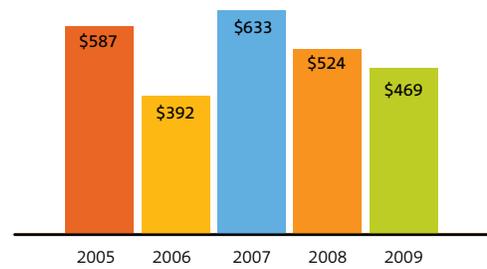
millions



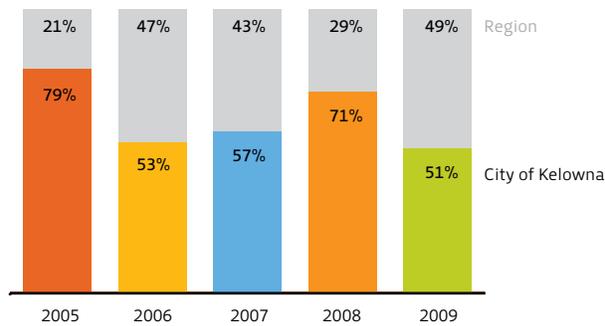
### Housing Starts



### Value of New Development millions

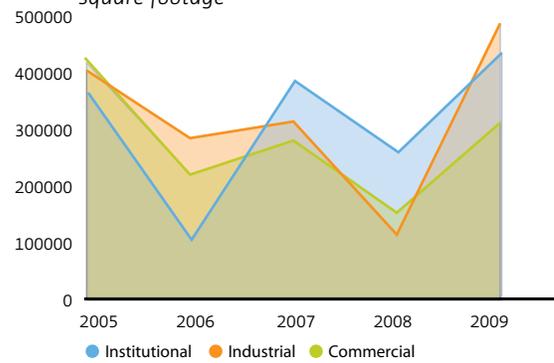


### Regional Housing Starts



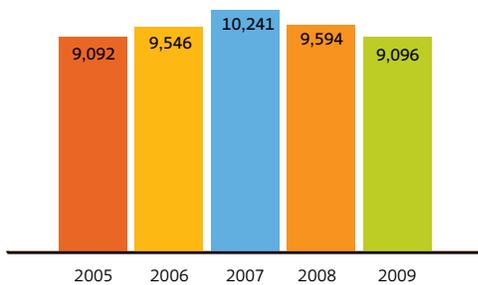
Note:  
Note: the regional District of the Central Okanagan includes District of West Kelowna, District of Peachland, District of Lake Country, and the Central Okanagan east and west electoral areas.

### Development Floor Space square footage



Source: City of Kelowna, Policy & Planning Department

### Business Licences



Source: City of Kelowna, Corporate Services Department



**Mixed Sources · Sources Mixtes**

Product group from well-managed forests,  
controlled sources and recycled wood or fiber  
Groupe de produits issu de forêts bien gérées,  
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