



2016 Annual Report



We love it here!

Cover photos: Mayor Findlater joins West Kelowna Daybreak Rotary and community members for the opening of the new playground at Johnson Bentley Memorial Aquatic Centre; crowds pack the Annette Beaudreau Amphitheater for Music in the Park; a young boy sits at the wheel of a West Kelowna Fire Rescue truck during annual FireSmart Day activities at Station No. 31.

Photos right: Council congratulates the BCHL's West Kelowna Warriors on winning the 2016 National Junior A Championship - the RBC Cup; and West Kelowna's Justin Schultz, defenceman with the 2016 NHL Champion Pittsburgh Penguins, brings the Stanley Cup home.

Table of Contents

Section 1 - Annual Report

About the City of West Kelowna	3
Mayor's Message	4
West Kelowna City Council	5
Chief Administrative Officer's Message	6
2016's Defining Moments	7
City Structure	9
City Assets	10
Departmental Reports	
Development Services	11
Engineering and Public Works	12
Finance Administrative and Protective Services	13
Human Resources	14
Information Services	15
RCMP Liaison	15
West Kelowna Fire Rescue	16
Citizens' Survey	17
Strategic Priorities and Performance Measures	
Community Enhancement	20
Efficient Municipal Operations	20
Economic Development	21
Safety and Security	22
Continuing Priorities	23
Permissive Tax Exemptions	25
Grants In Aid	26

Section 2 - Audited Financial Statements

Management's Statement	29
Independent Auditors' Statement	30
Statement of Financial Position	32
Operations and Accumulated Surplus	33
Changes in Net Debt	34
Cash Flows	35
Notes to the Financial Statements	36
Schedules	50

About Us

Contact Information	53
Neighbourhoods and Neighbours Map	54



About the City of West Kelowna

West Kelowna experienced record growth in 2016.

With a population of 34,930 (BC Statistics estimate, 2016), West Kelowna is the second most populous municipality in the Regional District of Central Okanagan, and ranks third in the Okanagan Valley.

West Kelowna recorded the greatest population rate increase among all the Central Okanagan's municipalities in 2016 with growth of 2.7% over 2015 (BC Statistics).

As a beautiful, four-seasons playground, a lakeshore and hillside community with spectacular views and modernizing amenities, and quick access to BC's most populous region, the Lower Mainland, West Kelowna retains a large percentage of its existing population while attracting newcomers and drawing in visitors.

The city boasts:

- Arenas and attractions
- Beaches and parks
- Hiking, cross country skiing and mountain biking trails
- Shops and restaurants
- Vineyards and orchards
- Wineries and resorts

The city boasts several neighbourhoods, each with their own strengths and attributes: Boucherie Centre, Casa Loma, Glenrosa, Lakeview Heights, Mission Hill, Rose Valley, Shannon Lake, Smith Creek, Westbank and West Kelowna Estates. Neighbouring communities include the Central Okanagan West Electoral Area, City of Kelowna, District of Peachland and Westbank First Nation.

For more information on everything the City of West Kelowna has to offer, join the 6,600 users per week on the municipality's website at www.westkelownacity.ca.

By the Numbers



34,930 residents

139 parks & trails



123 sq. km. in size

13,458 homes



5 water systems

1,554 businesses



A Message from the Mayor

We had an incredibly busy year in 2016, as our Annual Report illustrates.

We invested \$10.2 million in capital works and put other resources towards meeting Council's key strategic priority to improve safety and security in our community.

Residents routinely tell Council that they would like us to invest in road improvements and Council agrees – we drive these roads too. Every year since 2007, we have invested in road upgrades, working steadily to make our streets safer for all users including pedestrians. In 2016, we invested \$650,000 in our Road Rehabilitation Program, resurfacing Glenrosa Road, Paynter Road, Beverly Place, Woodstock Drive, Apollo Road and Swite Road. A total of 1,887 metres received much needed attention.


We also embarked on public consultation for our much-anticipated Phase 2 of the Boucherie Road Wine Trail Upgrade. Boucherie Road is one of West Kelowna's most traveled streets and is in need of appropriate facilities to ensure pedestrians and cyclists can safely use the route too.

Sidewalk installation was also one of Council's key priorities. We want to see more pedestrian connectivity in our community. We invested \$600,000 towards sidewalks on Alhambra Drive and Olympus Way, two main connections to local schools. We also installed a sidewalk on Gellatly Road, completing a connection gap in a busy commercial area.

Our safety focus included treatment of our drinking water supply, which we learned this year needed to be accelerated. For the first time, in summer 2016, the City of West Kelowna issued a Water Quality Advisory for the Lakeview System, which draws from an unfiltered source and is treated only with chlorination. This advisory lasted until November and had many of the Lakeview System's 11,000 users questioning what we was being done about the Rose Valley Reservoir and the algae bloom that prompted the advisory. Although our Water Utility Master Plan recommended construction of a new treatment plant in 2021, Council wanted to see it built sooner and agreed to lobby the provincial and federal governments for funding to see this plant built as soon as possible. In March 2017, the City received word that it received \$41 million from the provincial and federal governments for the construction of the plant.

The City also engaged the services of a WildSafe BC community coordinator, in partnership with Westbank First Nation, Regional District of Central Okanagan and District of Peachland, to help educate residents on how to keep wildlife wild and our communities safe. From June to November, our coordinator focused largely on teaching residents how to avoid luring bears and other critters into our community.

West Kelowna Council is pleased with the strategic investments made in 2016 to help ensure our community is safe for all.


Doug Findlater, Mayor



West Kelowna City Council

Mission

To make informed decisions that meet community needs to protect, enhance and celebrate our West Kelowna home.

Vision

The City of West Kelowna is an innovative local government that will make informed decisions to benefit the community by welcoming input and giving consideration to fiscal responsibility, environmental stewardship, healthy living and economic enhancement.



Attendance Record

During 2016, 49 Council and Special Council meetings were held.

Mayor Doug Findlater	49	100%		
Councillor Rick de Jong	47	96%	Councillor Rosalind Neis	31 63%
Councillor Rusty Ensign	48	98%	Councillor Bryden Winsby	44 90%
Councillor Duane Ophus	47	96%	Councillor Carol Zanon	46 94%

A Message from the CAO

I am always very proud of the work that City of West Kelowna staff accomplish each year. We are a lean machine, but year after year we effectively meet Council's strategic goals and maintain operational requirements. But this year was extraordinary, and I must compliment staff for rising to meet the many challenges of 2016.

Each year, staffs' work plans include lists of operational items that must be accomplished. Typically these are core services that must be completed regardless of emerging issues. In addition to these operational items, Council identifies its list of Strategic Priorities and provides staff with further directions based on this key plan. Finally, unforeseen projects and issues must be resolved. In 2016, we had a few pressing additional initiatives that took up a great deal of time and occupied many hands for several months.

We began 2016 with an alternative approval process for borrowing funds to build a proposed new City Hall. This was expected and planned, but the undertaking still took considerable time to inform the public and manage the mechanics of this electoral process. Shortly after that process concluded, Mayor and Council directed that staff hold a referendum on the matter. This electoral process requires significant staff resources to implement, as it is held over the course of several weeks, yet it is much like a general election, which staff typically prepare for up to a year in advance.

Leading up to the referendum, the City of West Kelowna's first Water Quality Advisory went into effect, resulting in even more pressure being placed on staff to educate the public and work to resolve the issue for several weeks.

During all of this, West Kelowna was experiencing a significant economic boom with a record number of single family home building permits issued and other development applications constantly rolling in.

We knew a lot was happening, but it was not until the dust settled and we had a moment to reflect on what we accomplished that we realized just how busy we were.

I am proud of each and every staff member at the City of West Kelowna for performing above and beyond in 2016. Every one of us felt the impacts from these emerging issues and each contributed in some way to get us through it.

In 2016, the City of West Kelowna staff took on far more than just their operational projects and Council's strategic priorities; they met new challenges and requests with professionalism and enthusiasm. And after a year like 2016, I know we can face any new challenges that come our way.

Jim Zaffino, Chief Administrative Officer

2016's Defining Moments

Development Boom

The City of West Kelowna administered a record-breaking number of single family home building permits in 2016, with a construction value of \$116.3 million.

A total of 649 building permits were issued during the year, including 174 single family homes and 17 multi-family dwellings with a total of 90 units. With new regulations in place, the city also permitted seven carriage homes in 2016. In comparison, in 2015, 507 permits were issued, including 82 single family and 13 multi-family with a total of 50 units.

Increased construction leads to more application fee and Development Cost Charge (DCC) revenues. DCCs are fees paid by development that provide funds for infrastructure improvements associated with growth.

The 2016 Census indicated that the City of West Kelowna's population totaled 32,655, an increase of 5.7% from 2011's population of 30,902.

Park Perfection

Two much-anticipated recreation facilities were built in Memorial Park in 2016: an outdoor performance venue, now named the Annette Beaudreau Amphitheater, and a new skate park.

With federal assistance via the Canada 150 Community Infrastructure Program, the municipality transformed two prominent features in Memorial Park as part of community preparations for the nation's sesquicentennial celebrations in 2017. The new skate park replaced an old, deteriorating and rarely used facility, adjacent to Johnson Bentley Memorial Aquatic Centre. The new amphitheater, in the northwest section above the main field, formalized seating space on a hillside commonly used to watch Canada Day, Music in the Park and Westside Daze celebrations. Construction costs totaled \$813,000 and were funded by the Government of Canada's contribution of \$315,437, \$315,438 from City of West Kelowna's reserves, \$180,333 from Development Cost Charges and \$6570 from community contributions.

The amphitheater officially opened on Friday, July 15, as part of a free Music in the Park concert featuring Adam Fitzpatrick, a world renowned Elvis impersonator. The skate park was opened on Saturday, July 16 and, despite rain, drew a huge, enthusiastic crowd who enjoyed demonstrations from world-class skateboarders.

More Defining Moments

Civic Voice

West Kelowna electors were given two opportunities to have a say on the proposed West Kelowna Civic Centre project, first with an Alternative Approval Process, or AAP, then a referendum. Both processes resulted in the municipality being unable to secure the electoral approval needed to borrow funding to build a proposed new City Hall, part of the Civic Centre Project.

From March 23 to May 3, West Kelowna voters had their say in the AAP, in which the city sought approval to borrow up to \$10.5 million for the proposed project. Those opposed to the borrowing were to submit forms indicating their opposition. If more than 10% of eligible voters registered opposition, the AAP was defeated. On May 5, the city announced that the AAP was unsuccessful and that 3,871 valid elector response forms were submitted representing 15% of eligible voters.

Council agreed to take the matter to a September 17 referendum. Voters were then asked if they were in favour borrowing up to \$7.7 million. After polls closed on general voting day, the city announced that a slim majority of electors voted "No" to the borrowing proposal. A total of 8,397 voters were cast with 4,185 in favour and 4,212 against.

Water Woes

Until August 4, 2016, the City of West Kelowna had never needed to issue a Water Quality Advisory. That changed after an unprecedented algae bloom caused high turbidity in Rose Valley Reservoir.

When turbidity increases, bacteria, viruses and microorganisms can attach themselves to the suspended particles in the turbid water. Since these particles can interfere with disinfection, by shielding the microorganisms from chlorine, a water quality advisory must be issued. More than 4,000 connections were affected in Lakeview Heights, Boucherie Centre, Shannon Woods, Tallus Ridge and Shannon Lake. The advisory was in effect from early August to the beginning of November.

During the advisory, Council offered residents free water from a bulk filling station in Shannon Lake and directed staff to accelerate construction of a treatment plant at Rose Valley Reservoir. Council also requested funding support from the provincial and federal governments in hopes of advancing the construction timeline from the original estimate in 2021, as indicated in the Water Utility Master Plan. In March 2017, the city received word that it received \$41 million from the provincial and federal governments for the construction of the plant.

City Structure



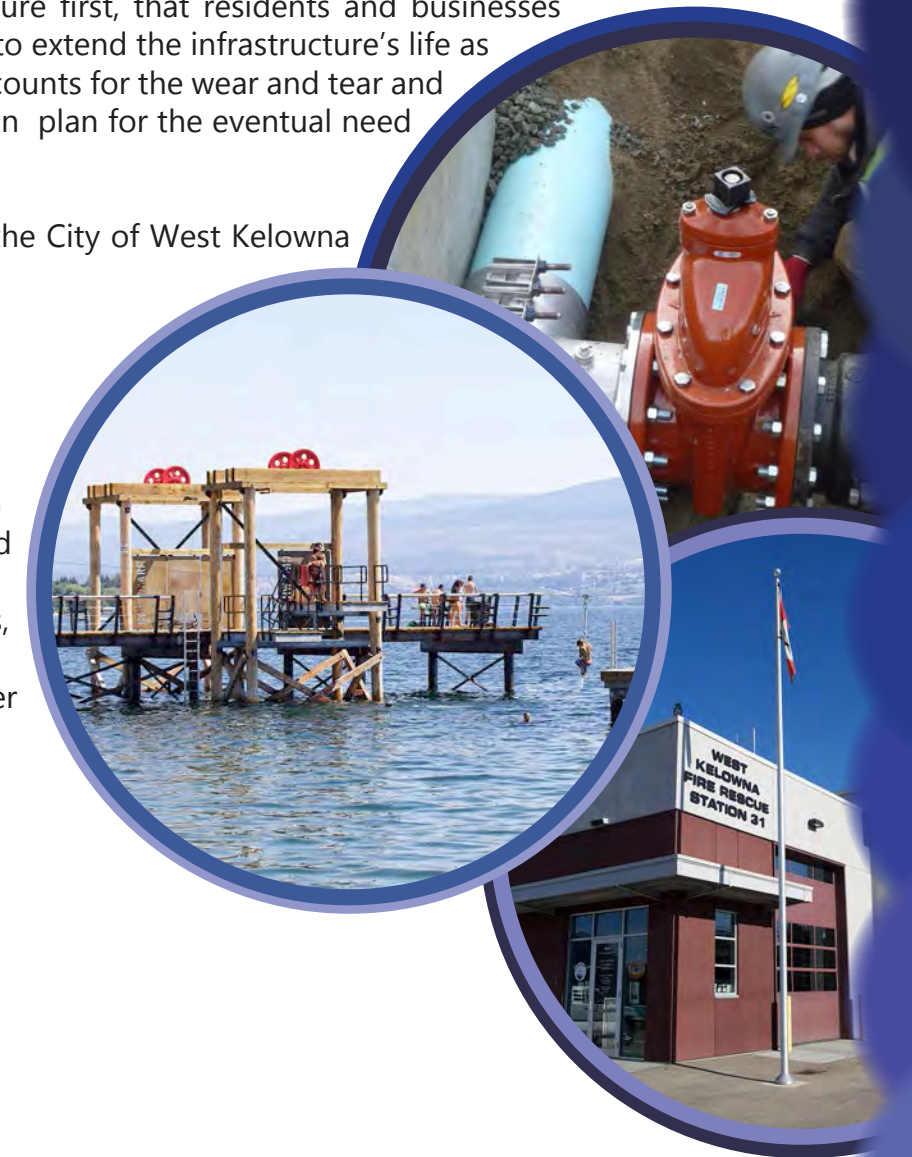
City Assets

West Kelowna's capital assets and works in progress had a net value of \$359.1 million in 2016 (see page 16 of the Audited Financial Statements included with this report). These assets include land and buildings, vehicles and equipment, roads and transportation infrastructure, and water and sewer facilities.

It's a lot to manage and maintain. But the City of West Kelowna ensures its assets are operated properly and well maintained to insure first, that residents and businesses receive quality services, and second, to extend the infrastructure's life as long as possible. The municipality accounts for the wear and tear and depreciation of infrastructure so it can plan for the eventual need to upgrade and replace the assets.

Here's a look at some of the assets the City of West Kelowna owns, operates and maintains:

- 1,750 streetlights
- 522 lane kilometres of road
- 277 km of water mains
- 220 km of sewer mains
- 139 parks, trails and walkways
- 75 vehicles (including fire trucks)
- 74 km of sidewalks and paved pathways
- 61 bobcats, mowers, tractors, Zamboni and other equipment
- 29 playgrounds (includes water playground)
- 26 sewer lift stations
- 21 km of multi-use trails
- 15 reservoirs
- 12 water pump stations
- 10 dams
- 10 head gates
- 9 reservoir lakes
- 8 km of bicycle lanes
- 6 bridges
- 5 water intakes (3 lake, 2 creek)
- 4 fire halls
- 3 administrative and operations buildings
- 2 arenas
- 2 community centres (a third was acquired in 2017)
- 2 diversion channels
- 1 indoor aquatic centre (owned by city, operated by private contractor)
- 1 museum (owned and maintained by the city, managed by a non-profit society)
- 1 RCMP detachment
- 1 seniors centre (owned and maintained by the city, managed by a non-profit society)
- 1 water treatment plant
- 1 chlorination building



Development Services

Highlights

The Development Services Division processed a record number of permits in 2016 - 649 with a total construction value of \$116.3 million, compared to 507 with a value of \$63.4 million.

The Planning Department oversaw development of the Westbank Centre Agricultural Plan, which Council adopted in October 2016. The Investment Agriculture Foundation of BC provided funding support. The plan encompasses eight parcels adjacent to the city centre, seven which are located within the Agricultural Land Reserve. It recommends ways to return fallow lands to profitable production including eggs and crops such as cider apples, sweet cherries, herbs, vegetables, blueberries and flowers.

Key Official Community Plan (OCP) bylaw amendments were presented for Council consideration. Among them was the Goats Peak/Gellatly Comprehensive Development Zone, which involves four properties totaling 110ha (see photo right). The proposal calls for 55% of the area to be set aside for parks and open space and 45% to be used for mixed development. Other benefits are a dedicated elementary school site, space suitable for a sports field, recreational connections to adjacent regional parkland and economic spin-offs for the Westbank Centre and Gellatly Bay areas.

A detailed review of hillside development permit area guidelines was also conducted during the year.

A new software system was implemented to assist in the streamlining of the development application process. The next steps will include an community portal which will allow both applicants and the public to access information and monitor the status of applications.

Tourism activities conducted as part of the Visit Westside Operational Plan included redesign of the Visitor Guide, creation of activity brochures, and hosting the first annual Tourism Experience Expo. The city's Economic Development Office oversees tourism activities.

Development Services staff mailed out a friendly reminder to both residents and contractors, noting that permits are required before work starts on almost all home repair and renovation projects.

About the Division

The Development Services Division oversees:

- Building Inspections
- Development Applications
- Development Engineering
- Economic Development Office
- Land Agent
- Planning - Current and Long Range
- Subdivision Approvals



By the Numbers

Application Statistics	2016	2015
Zoning amendments	12	12
OCP amendments	5	3
LUC amendments	1	2
Development permits	34	34
Variance permits	22	13
Agricultural reserve	4	2
Temporary use permits	5	3
Floodplain exemptions	0	0
Subdivision applications	35	27
Building permits	649	507
Business inquiries	35	31
Development inquiries	20	40
Business visits	24	41

Engineering and Public Works

Highlights

Engineering and Public Works pressed ahead with the city's ambitious infrastructure modernization program. The \$10.2 million 2016 capital plan included road rehabilitation and sidewalk extensions (\$1.2 million; see photo below right), Westbank water storage upgrades (\$1.17 million), drainage improvements on Boucherie Road (\$840,000), amphitheater and skate park construction in Memorial Park (\$813,000), and Vineyard Park planning and new amenities (\$170,000).

Design of Phase 2 of the Boucherie Road Wine Trail was also among the division's priority projects. The upgrades will extend from Stuart to Ogden Roads. Boucherie Road is West Kelowna's busiest street with about 9,400 vehicles using the Hudson Road/Boucherie intersection each day. Approximately 300 people attended a November 3 open house to give input on the proposed design.

An LED Streetlight Pilot Project was completed, with 200 fixtures installed at test sites in different neighbourhoods across the city, on residential and collector roads. LEDs will reduce electricity costs by up to 60%, last about 10 years longer than traditional lights and reduce maintenance costs. Lighting is directed toward roads and sidewalks to reduce glare. The project will be evaluated and used to create a business case for replacement of the city's 1,750 streetlights.

Recreation and Culture staff helped coordinate another popular Music in the Park summer concert series with more than 6,200 people taking in free Friday night events. The Annette Beaudreau Amphitheater was completed in time for visitors to enjoy the venue. West Kelowna World Music Festival on August 27 was also another success, giving free, family entertainment and international flavour. Staff also coordinated an event to welcome Pittsburgh Penguin Justin Schultz - a West Kelowna Minor Hockey and West Kelowna Warriors alumni - who brought home the Stanley Cup on July 28. Fans, including Mayor Findlater, filled Royal LePage Place to meet Justin and see the cup.

The new Mt. Boucherie Rush Trail, providing access to breathtaking mountaintop views of Okanagan Lake, quickly gained in popularity. In collaboration with Westbank First Nation, interpretive signs were placed at points of interest to showcase flora, fauna, geological history and aboriginal legends about the creation of Mt. Boucherie.

About the Division

The Engineering and Public Works Division oversees:

- Cemetery
- Facilities
- Fleet
- Roads and Sidewalks
- Parks, Recreation and Culture
- Sanitary and Storm Sewers
- Transit
- Water



By the Numbers

Statistics	#
Kilometres of roads	261
Kilometres of sidewalks	74
City-owned parks	139
Hectares of parkland	122
Water systems	5
Water customers	11,000
Kilometres of water mains	277
Kilometres of sewer mains	220
Civic facilities	16
Recreational programs	381
Recreational participants	15,417
Water pump stations	12
Sewer lift stations	26

Finance, Administrative and Protective Services

Highlights

Legislative Services Department staff oversaw back to back electoral approval processes, which asked voters to approve borrowing for construction of a new city hall. The processes included extensive public information campaigns including mail outs and various community events. An Alternative Approval Process (AAP) took place between March 23 and May 3. The process was defeated after 3,871 eligible voters submitted forms of opposition, which was more than the required 10%, or 2,603. Staff then oversaw a referendum on September 17, with two advance voting opportunities on September 7 and 13. A slim majority of eligible voters voted "No" to borrowing the funds.

For the first time, Bylaw Enforcement conducted bicycle patrols along West Kelowna's waterfront parks. The patrols began the May long weekend and continued through the summer.

The Communications Department launched the Your West Kelowna mobile app to help people on the move to easily and quickly connect with the city. The free app, available on iPhone and Android devices via the App Store and Google Play, provided a quick portal to service requests, recreation programs, facilities information, and news and events.

Staff coordinated the city's first year of involvement with WildSafe BC, partnering with Westbank First Nation, District of Peachland and Regional District of Central Okanagan to hire a community coordinator to help educate residents on how to limit human/wildlife encounters. In particular, public education focused on the importance of securing garbage to prevent access to bears and other wildlife.

The Finance Department undertook an interactive online budget survey, asking residents to provide input into the draft financial plan in February and March. Respondents used their property value, or the default average property value, to calculate their proposed taxes and how the bill was impacted if they chose to adjust service up or down.

Business Licensing staff processed 1,773 municipal, 1,124 home-based and 505 inter-community licenses in 2016. Business licenses increased in every category compared to the year earlier; totals in 2015 were: 1,644 municipal; 1,055 home-based and 457 inter-community.

About the Division

The Finance, Administrative and Protective Services Division oversees:

- Accounting
- Business Licensing
- Bylaw Enforcement
- Corporate Communications
- Financial Management
- Fire Rescue
- Legislative Services
- Purchasing
- Revenue and Risk Management

By the Numbers

Utility bills mailed	52,571
Tax notices issued	14,484
Purchase orders issued	333
FOI requests	44
Media releases	137
New social media followers	801
Council correspondence	1,121

Bylaw Enforcement

Complaint Type	2016	2015
Animal control	55	44
Business licensing	49	89
Miscellaneous	366	247
Noise	98	68
Parks	793	264
Parking/Traffic	752	820
Signs	22	48
Smoke	6	4
Unsanitary Premises	205	210
Waste management	12	50
Zoning	118	113
Total	2,671	2,166

Human Resources

Highlights

The City of West Kelowna had 164 staff as of December 31, 2016.

Human Resources oversaw an external safety audit, which was conducted in October as part of the city's ongoing commitment to a healthy and safe workplace. The audits are required every few years to maintain certification. The city's initial Certificate of Recognition was received in 2013 through WorkSafe BC, which partnered with industries across the province to develop the program. Recognition is awarded to organizations that have attained a Health and Safety Management System Standard. The first external audit in 2013 was followed by internal audits in 2014 and 2015. The second external audit in 2016 involved interviews with 40 employees who were tested on their knowledge of the City of West Kelowna's health and safety policies and procedures. Results will be announced in 2017.

The municipality ratified a new collective agreement with the Association of Local Government Employees Union. This was the third round of bargaining between the City and the ALGEU. The four-year agreement includes pay increases ranging between 1.7% and 2% annually.

Each year, City of West Kelowna staff participate in various fundraising activities to benefit local charities. In May 2016, staff presented \$1,000 to the George Pringle Breakfast Club, \$1,000 to the Westside Community Food Bank (photo right) and \$1,400 to West Kelowna KidSport.

Remembering a Difference Maker

Council and staff will always remember Annette Beaudreau as someone who gave 110% in everything she did, including her active involvement in the City of West Kelowna's national Communities in Bloom award winning entry in 2015, Greater Kelowna's bid to host the International Children's Games in 2011 (photo, mid-row, right) and West Kelowna's celebration to welcome the Olympic Torch of the Vancouver Winter Games in 2010, to name a few. Annette never saw her role as Recreation and Culture Manager as a job, but as a chance to serve the community she loved and positively impact the city she proudly called home. Outside of her job, she was a mom, wife, daughter, sister, aunt, niece, cousin, friend and go-getter, and stayed active in many clubs such as gymnastics and minor hockey. On October 17, 2016, Annette lost her lengthy battle with cancer; and, shortly thereafter Council voted to name the new amphitheater at Memorial Park in her honour as a fitting tribute to a difference maker in our community.

About the Department

Human Resources oversees:

- Collective bargaining
- Compensation planning
- Disability management
- Job classification reviews
- Health and Safety
- Labour and employee relations
- Recruitment and staffing
- Return to work programs
- Staff training and development



By the Numbers

Total employees	164
Positions filled	17
Resumes received/reviewed	1,254
Interviews conducted	103



Information Services

Highlights

WestMap, the City's interactive mapping application was updated to include civic building outlines data.

The Department oversaw the auction of used electronic equipment to the public via eBay. Bidders were able to make offers on cell phones, printers, laptop and desktop computers and more. The auction recovered more than \$10,000 in revenue for the City of West Kelowna.

A wireless backhaul was conducted, reducing the cost for leased network infrastructure through the installation of new technology that connected five facilities across the community.

By the Numbers

Computers	231
Mobile devices	185
Phones	180
Servers	103
Site locations	18
User profiles	330

About the Division

Information Services oversees:

- Digital security
- GIS and mapping (WestMap)
- Desktop and mobile hardware
- Telecommunications systems
- Servers
- Software systems and licences
- Technology help desk
- Technology service contracts (Internet, intranet, etc.)



RCMP Liaison

Highlight



Mayor and Council thanked RCMP Commander, Staff Sgt. Duncan Dixon for many years of service at the local detachment. Staff Sgt. Dixon moved to a new posting with the RCMP Southeast District Office in Kelowna. Staff Sgt. Lesli Roseberry, previously with White Rock RCMP, took over as West Kelowna RCMP commander in the summer of 2016.

About the RCMP

The RCMP provides various policing services in the City of West Kelowna including:

- Community policing/protection
- Complaint response/resolution
- Criminal investigations
- Criminal record checks
- Emergency response/9-1-1
- Fingerprinting
- Keeping the public peace
- Law enforcement
- School liaison
- Traffic enforcement

West Kelowna Fire Rescue

Highlights

West Kelowna Fire Rescue, Westbank First Nation Chief and Council and West Kelowna Mayor and Council gathered for a Fire Services Agreement public signing event May 24 to celebrate long-term establishment of a mutually beneficial agreement committed to providing stable and effective fire protection for both communities. The agreement was set for 15 years with the option of a five-year extension. The agreement will be reviewed by all parties every five years to ensure it still meets the needs of both communities.

New forest fire prevention measures started including an application to BC's Strategic Wildfire Prevention Initiative seeking \$18,000 for a Community Wildfire Protection Plan update. The plan will include mapping and analysis showing which areas of the city require mitigation treatment over the next few years. Council also approved the purchase of a fire weather station to provide accurate local fire hazard conditions, which the next nearest stations in Penticton and Fintry were not able to narrow in on.

West Kelowna Fire and Westbank First Nation personnel conducted a smoke alarm campaign during Fire Prevention Week in October. Efforts in 2016 focused on two mobile home parks. Officials went door to door ensuring residents had working alarms. The results showed that 63% of homes visited had no devices present, or had equipment that was not working or expired. Maintenance free, 10 year smoke and carbon monoxide alarms were installed at no cost.

On September 6, West Kelowna Fire Chief Jason Brolund, received a Governor General Award for 20 years of service.

Staff hosted FireSmart Family Day (photo right) on May 7. Over 1,000 people attended the event which offered free fun and educational activities for all ages, helping everyone learn how to be Fire Smart.

A new Wildland Urban Interface Fire Engine was purchased from Safetek Emergency Vehicles at a cost of \$750,000 (USD). The new truck replaced equipment that had exceeded its useful life as a front-line firefighting apparatus.

In response to the ongoing opioid crisis gripping Canada, firefighters were trained on the use of Naloxone, which they were equipped with to reverse overdose effects.

About the Department

West Kelowna Fire Rescue oversees:

- Burning complaints
- Emergency first response/9-1-1
- Fire inspections
- Fire permits
- Fire prevention
- Rescue services: high angle, ice, narrow spaces, swift water
- Structure fire suppression
- Wildfire suppression



By the Numbers

Category	2016	2015
Alarms	199	157
Burning complaints	110	110
Fire - minor	28	48
Fire - bush	15	22
Fire - structural	17	14
Fire vehicle	12	16
First response*	1,894	1,673
Motor vehicle accident	311	306
Public service	268	258
Smoke sighted	22	34
Total responses	2,876	2,638
*Includes Naloxone response		
Inspections	1,355	1,423

Citizens' Survey

Results

The ninth annual Citizens' Survey was distributed in the mail in late April to 1,000 randomly selected recipients. The questionnaire is the only anonymous, statistically-accurate polling of West Kelowna taxpayers and provides relevant, unbiased information, which is provided directly to Mayor and Council for their consideration in various deliberations including Strategic Priority planning and the 10 year financial plan.

In 2016, 360 respondents submitted completed surveys out of the 1,000 mailed. Previous years' returns were:

- 2015, 360 surveys returned
- 2014, 265 surveys returned
- 2013, 296 surveys returned

Significant findings from the 2016 Citizens' Survey follow.

Findings: Importance Versus Quality

The 2016 importance versus quality comparison, closely mirrors previous years' results.

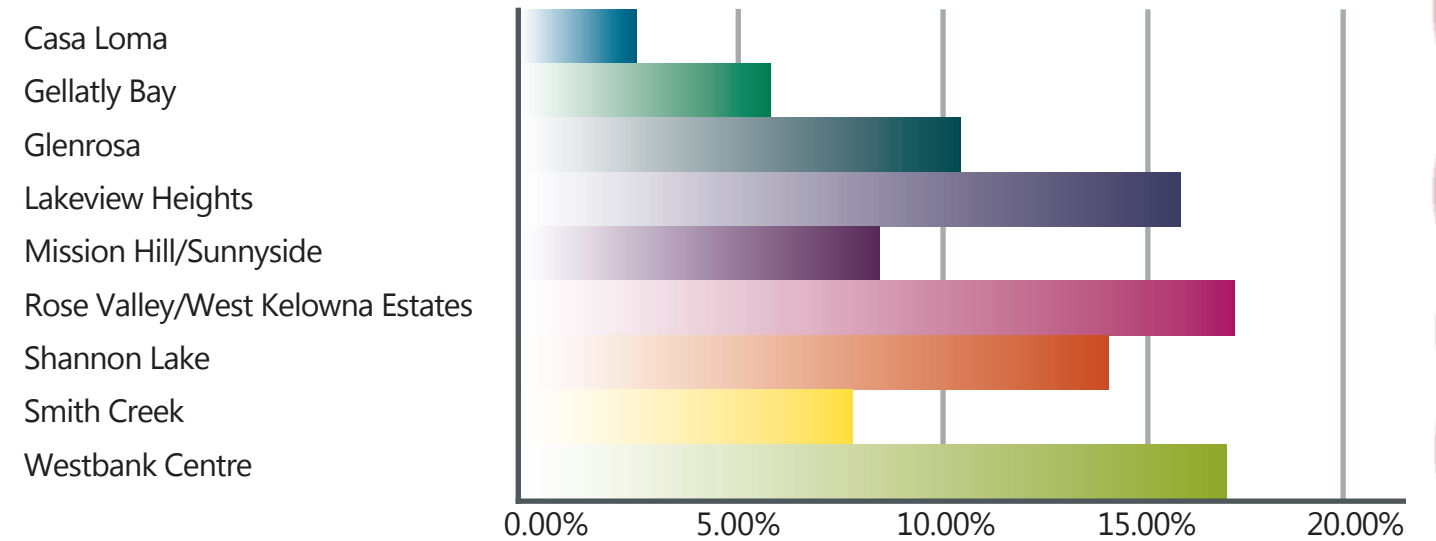
Services not meeting expectations in 2016	Services not meeting expectations in 2015
Roads maintenance	Snow clearing/removal
Snow clearing/removal	Roads maintenance
Roads	Roads
Sidewalks	Sidewalks
Illegal dumping cleanup program	Illegal dumping cleanup program
Economic development	Growth and development planning
	Economic development
	Recreational programs for teens

Services exceeding expectations in 2016	Services exceeding expectations in 2015
Recreational trails	Street lighting
Public library	Public library
Arenas	Sports fields, soccer and football
Sports fields, soccer and football	Arena
Sports fields, baseball	Community centres, halls
City website	Sports field - baseball
	City website
	Museum

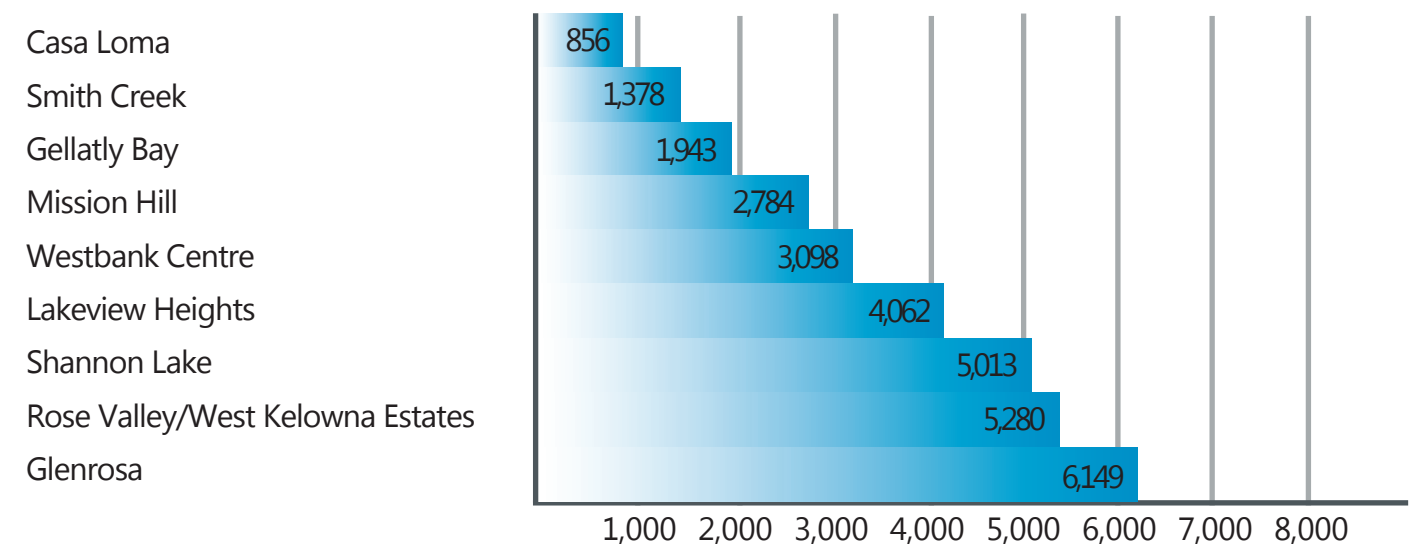
Citizens' Survey

Neighbourhood Representation

Slightly more than proportional responses were received from Smith Creek, Westbank Centre and Lakeview Heights; slightly less from Shannon Lake and significantly less from Glenrosa.



Population by Neighbourhood



Demographics

Notable age, labour, and household data from the survey included:

- No one aged 19 to 24 years submitted surveys in 2016; in 2015, 1.11% of respondents were in this age group.
- 68% of respondents were 55 years old or older; in 2015, 67% were 55 years old or older.
- 45% of respondents were retired; 23% worked in Kelowna or areas north; 17% worked in West Kelowna.
- 61% of respondents indicated that they have owned property in West Kelowna for 10 years or greater.

Citizens' Survey

Quality of Life

People also indicated that they enjoyed the type of lifestyle that the City of West Kelowna offered them, and that they were satisfied with the direction in which Mayor and Council were taking the municipality:

- 85% indicated their quality of life in West Kelowna was either good or very good; in 2015, 84% indicated good or very good.
- 50% of respondents indicated the performance of their elected officials was good or very good, down from 56% in 2015; 38% indicated performance is average.

Other Notable Indicators

Interesting findings also included:

- 66% of respondents indicated West Kelowna was growing at the right pace.
- 74% of respondents visited the Westbank Centre area once a week or more.
- 78% of respondents did not support a tax increase to change Bylaw Enforcement service to a proactive level.
- 63% of respondents rated the quality of special and seasonal events in the City of West Kelowna, including Music in the Park, as good or very good.
- 84% of respondents never used transit in 2016, compared to 80% in 2015.

More results are available online at www.westkelownacity.ca.



Survey results show more service is requested in areas of: illegal dumping cleanup; roads maintenance; and sidewalks.

Performance Measures

Strategic Priorities

Council developed its 2014-2018 Strategic Plan early in its term to establish goals and objectives to meet its vision for the community. Building on accomplishments of past strategic planning, Council refined its focus to initiatives intended to meet the following overarching principles:

- Encouraging economic prosperity and development of all sectors
- Conducting necessary infrastructure improvements
- Creating walkable, connected neighbourhood hubs
- Fostering of relationship with MLA and MP
- Continuing to build a collaborative relationship with Westbank First Nation
- Providing ongoing community engagement and consultation opportunities
- Ensuring efficient and cost effective government operations.

Council conducts strategic planning updates every year and staff provides quarterly updates on progress, allowing goals to be adjusted as needed.

#1 Community Enhancement

Goal: Pursue enhancements to the community with consideration given to safe and effective travel infrastructure, health and wellbeing of residents, community connectivity and cultural and recreational improvements.

Category of Focus	Completed or Initiated in 2016	2017	2018
1. Gellatly Road Future Phasing	X	X	X
2. Create Property Acquisition and Disposition Plan and Funding	X	X	
3. Boucherie Road Future Phasing	X	X	X
4. Sign Bylaw Review	X	X	
5. Recreation Facility Master Plan			X
6. Facilities Master Plan	X		

#2 Efficient Municipal Operations

Goal: To ensure City of West Kelowna operations are as efficient and cost effective as possible.

Category of Focus	Completed or Initiated in 2016	2017	2018
1. Civic Centre/City Hall	X		
2. Drought Plan	X	X	
3. Public Process for Development <ul style="list-style-type: none"> • Notice Area • Ongoing Council Consideration • Public Information Meeting 	X	X	X
4. Official Community Plan Review	X		
5. Council Procedure Bylaw Review	X	X	
6. Collaborative Relations with WFN	X	X	X

Performance Measures

#3 Economic Development

Goal: To diversify the City of West Kelowna's tax base by investing in economic development, small business support and new revenue opportunities.

Category of Focus	Completed or Initiated in 2016	2017	2018
1. Couplet	X	X	X
2. Business Support • Process for Improvements • Application Efficiencies	X		
3. Gravel Removal Royalty			X
4. External Tourism Promotional Review	X		

#4 Safety and Security

Goal: To ensure the City of West Kelowna is safe for all residents and visitors.

Category of Focus	Completed or Initiated in 2016	2017	2018
1. Sidewalk Development	X	X	X
2. Forest Service Road Maintenance and Emergency Egress	X	X	
3. Safety and Security Improvements in Westbank Centre	X	X	
4. Define/Establish Truck Routes	X	X	
5. Bylaw Enforcement Review	X		



Performance Measures

Continuing Priorities

The Operational Plan, with departmental priorities, is tracked to ensure Council's goals are met.

Category of Focus	Completed or Initiated in 2016	2017	2018
Chief Administrative Officer			
2016 Strategic Priorities Planning			
• Facilitation	X		
• Quarterly Updates to Council			
Strategic Planning Contracting Out	X	X	
Review Council Communications Policy - Letters	X		
Regular Community Consultation Sessions and Initiatives	X	X	X
Transit Service Review	X	X	X
Salary Review	X		
ALGEU Bargaining Unit	X		
Wireless Backhaul	X	X	
External Health and Safety Audit	X	X	
Post Collective Bargaining Work	X		
Web Cams	X		
Development Services			
Host Development Round-table	X		
Glenrosa Neighbourhood Plan	X		
Development Services Enhancements	X	X	X
Hillside Guidelines OCP Amendment	X		
Central Okanagan Planning Study	X	X	
Works and Services Bylaw Review	X	X	
Gellatly Village Waterfront Plan	X	X	
Gellatly Village Vision Brochure		X	
Development Cost Charges Bylaw	X		
Westbank Centre Agricultural Plan	X		
Business Park Gateway Signs	X		
Medical Marijuana Zoning Bylaw Review (Pending Federal Regulations Review)	X	X	
Agricultural Buffer Zoning Bylaw Review	X		

Performance Measures

Category of Focus	Completed or Initiated in 2016	2017	2018
Development Services Continued			
Agri-tourism Zoning Bylaw Review	X		
Safe Premises Bylaw Review	X		
Neighbourhood Hub Connectivity Plan		X	
Discharge Land Use Contracts		X	
Building Bylaw Review		X	
Technology Sector Development Strategy		X	
Social Planning		X	X
Finance, Administrative and Protective Services			
2018 General Election			X
Civic Centre - Electoral Approval (AAP)	X		
Civic Centre - Referendum	X		
UBCM Resolutions/Briefing Notes	X	X	X
Community Recognition Plan		X	
Investigate Need for a Disability Committee			X
Communications Plan	X		
Expanded Mosquito Control Program		X	
Vehicle Share - Reserve Parking		X	
BC Ambulance Service Allocation Plan	X	X	X
Westbank First Nation Fire Contract	X		
Purchasing Policy Communication	X		
Financial Reporting	X		
Efficiency Review Action Plan		X	
Grant In Aid Policy Review	X		
Recreation Fees and Charges Update	X		
Revenue Technology Advancements - Online Services, Billing, Etc.	X	X	
Engineering and Public Works			
Skate Park Design - Memorial Park	X		
Skate Park Construction	X		
Build Amphitheater - Memorial Park	X		

Performance Measures

Category of Focus	Completed or Initiated in 2016	2017	2018
Engineering and Public Works Continued			
Vineyard Park Plan	X		
Vineyard Park Plan - Build Phase 1	X		
Parks Master Plan Update	X		
Kinsman Park Plan	X		
Recreational Trails Improvements	X		
Drainage Partnership with WFN	X	X	
Sanitary Sewer Metering Program	X	X	
Emergency Back-up Infrastructure For Municipal Operations	X	X	X
Efficiency Review - Water and Sewer Utilities	X		
Waste Water Treatment Plant Services (Flow Percentages)	X	X	
Roads Maintenance Review	X	X	
Roads Rehabilitation Program	X	X	X
Gossett Road and Old Okanagan Hwy. Improvements	X		
Boucherie Road Wine Trail Phase 2 Design - Stuart to Ogden Roads	X	X	
Boucherie Road to Okanagan Lake Drainage Upgrade (Quails' Gate)	X	X	
Pedestrian Improvement Program	X	X	X
Westbank Water Storage Upgrades	X	X	
Horizon Village Lift Station Upgrade	X	X	
East Boundary/Casa Rio Lift Station Upgrades	X	X	
Utility Rate Policy and Bylaw Review	X	X	
BC National Cultural Days Launch	X		
Mayor's Youth Forum - Communicate With Youth Plan	X		
Lifeguards at the CNR Wharf Aquatic Park	X		

Permissive Tax Exemptions

Churches	2016 Amount
Church of Jesus Christ of Latter Day Saints	\$10,603.29
Emmanuel Assembly	\$2,369.92
Glenrosa Congregation of Jehovah's Witness	\$1,251.71
Grace Lutheran Church	\$4,634.53
Highway Gospel Hall	\$1,758.46
Lakeview Heights Baptist Church	\$3,436.04
Our Lady of Lourdes Catholic Church	\$8,419.89
Powers Creek Community Church	\$1,819.16
Redeemer Lutheran Church of Westbank	\$1,364.29
St. George's Anglican Church	\$5,240.53
Sunridge Community Church	\$10,299.43
Westbank Bible Chapel	\$1,301.78
Westbank Seventh-Day Adventist Church	\$1,084.82
Westbank United Church	\$2,203.02
Westside Alliance Church	\$2,561.84
Total for all churches	\$58,348.71
Non Profit Groups	2016 Amount
Greater Westside Board of Trade	\$4,140.06
Green Bay Bible Camp	\$90,477.93
Morning Star Bible Camp	\$32,562.84
Nature Trust of BC	\$1,757.39
Okanagan Boys and Girls Club	\$34,107.33
Westbank Lions Community Development Society	\$10,004.66
Westside Community Foodbank	\$7556.33
Total for all non profit groups	\$180,606.54
Private Schools	2016 Amount
Our Lady of Lourdes Catholic Church	\$425.11
Westbank Seventh Day Adventist Church	\$7,950.52
Total for all private schools	\$8,375.63
Total all 2016 Permissive Tax Exemptions	\$240,330.88

Grants In Aid

Cash Grants	2016 Amount
909 Peregrine Royal Canadian Air Cadets	\$1,750
Canadian Red Cross	\$12,000
Central Okanagan Bursary and Scholarship Society	\$1,000
Gellatly Bay Trails and Parks Society	\$2,000
Kelowna and District Safety Council	\$1,500
Kelowna Rowing Club	\$1,500
Liquid Lightning Swim Club	\$11,781
Okanagan Boys and Girls Club (Restorative Justice)	\$3,500
Scouts - Lakeview	\$1,500
Scouts - Westside	\$1,500
Suk ^w temsqilx ^w West Kelowna Arts Council	\$7,500
Telemark Cross Country Ski Club	\$2,500
Therapeutic Lake Cruises Society	\$1,200
West Kelowna Community Policing Society	\$7,000
West Kelowna Firefighters Association	\$3,000
West Kelowna Yacht Club	\$5,000
West Kelowna Youth Ambassador Program	\$2,500
Westside Celebration Society	\$18,000
Westside Health Network Society	\$12,000
Total of all cash grants	\$96,731
Non Cash Grants	2016 Amount
Girl Guides of Canada	\$2,613
Kinsmen Club	\$1,335
Lakeview Heights Community Association	\$427
Lakeview Heights Thursday Niters' AA Group	\$1,748
Mt. Boucherie Figure Skating Club	\$51,098
Royal Canadian Legion	\$1,800
Westside Girls Softball	\$518
Westside Minor Baseball	\$8,998
Westside Minor Football	\$2,042
Westside Minor Hockey	\$170,574
Westside Ringette	\$29,826
Westside Youth Soccer	\$1,350
Total of all cash non-cash grants	\$272,329

Audited Financial Statements



2016 Consolidated Financial Statements

For the fiscal year ending December 31, 2016.

Audited Financial Statements

Contents of the Financial Statements

Management's Report	29
Independent Auditors' Report	30
Financial Statements	
• Statement of Financial Position	32
• Statement of Operations and Accumulated Surplus	33
• Statement of Changes in Net Debt	34
• Statement of Cash Flows	35
• Notes to the Financial Statements	36
• Schedule 1 - Tangible Capital Assets and Work in Progress	50
• Schedule 2 - Accumulated Surplus	51
• Schedule 3 - Segment Disclosure	52



Audited Financial Statements

Management's Report

City of West Kelowna
December 31, 2016

Management's Responsibility for Financial Reporting

The Council of the City of West Kelowna has delegated the responsibility for the integrity and objectivity of the financial information contained in the consolidated financial statements to the management of the City of West Kelowna. The consolidated financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.


To assist in carrying out their responsibility, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

Mayor and Council oversee management's responsibilities for the financial reporting and internal control systems. Council annually reviews and approves the consolidated financial statements.

The City of West Kelowna's independent auditors, KPMG LLP, are engaged to express an opinion as to whether these consolidated financial statements present fairly the City's consolidated financial position, financial activities and cashflows in accordance with Canadian public sector accounting standards. Their opinion is based on procedures they consider sufficient to support such an opinion in accords with Canadian generally accepted auditing standards.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.

Lisa Pleadwell
Chief Financial Officer
May 9, 2017



Audited Financial Statements

Independent Auditors' Report



KPMG LLP
200-3200 Richter Street
Kelowna, BC
V1W 5K9
Canada
Telephone (250) 979-7150
Fax (250) 763-0044
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To Mayor and Council of the City of West Kelowna

We have audited the accompanying consolidated financial statements of the City of West Kelowna, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Audited Financial Statements

Independent Auditors' Statement



Opinion

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

Comparative Information

The consolidated financial statements of the City of West Kelowna as at December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on May 10, 2016.

Chartered Professional Accountants

May 9, 2017

Kelowna, Canada

Audited Financial Statements

Financial Position

City of West Kelowna Statement of financial position December 31, 2016

	2016	2015
Financial assets		
Cash and cash equivalents (Note 4)	\$ 37,209,186	\$ 30,181,193
Accounts receivable (Note 4)	<u>15,622,884</u>	<u>15,302,926</u>
	<u>52,832,070</u>	<u>45,484,119</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	7,629,394	6,305,534
Security deposits	5,008,386	4,031,016
Deferred revenue (Note 4)	2,663,974	2,432,895
Deferred development cost charges (Note 4)	11,965,139	9,147,156
Long-term debt (Note 4)	<u>23,102,952</u>	<u>25,332,192</u>
	<u>50,369,845</u>	<u>47,248,793</u>
Net financial assets (debt)	<u>2,462,225</u>	<u>(1,764,674)</u>
Non-financial assets		
Prepaid expenses and inventory	795,805	404,606
Tangible capital assets and work in progress (Note 5)	<u>359,110,773</u>	<u>362,937,518</u>
	<u>359,906,578</u>	<u>363,342,124</u>
Accumulated surplus (Schedule 2)	<u>\$ 362,368,803</u>	<u>\$ 361,577,450</u>

Contingent liabilities and commitments (Note 9 and 10)

Lisa Pleadwell
Chief Financial Officer

Doug Findlater
Mayor, City of West Kelowna

See accompanying notes to the financial statements.

Audited Financial Statements

Operations and Accumulated Surplus

City of West Kelowna			
Statement of operations and accumulated surplus			
Year ended December 31, 2016			
	2016	2016 Budget (Note 13)	2015
Revenue			
Taxation - net (Note 6)	\$ 30,111,188	\$ 30,260,423	\$ 28,586,732
Sales of service and regulatory fees	17,168,170	18,131,319	16,810,232
Government transfers (Note 7)	2,782,655	2,247,370	5,171,512
Other (Note 8)	5,031,711	4,991,555	5,173,948
Total revenues	55,093,724	55,630,667	55,742,424
Expenses (Schedule 3)			
General government services	14,434,294	14,536,083	13,886,868
Protective services	11,717,618	12,264,722	11,877,331
Transportation services	5,158,736	5,405,929	5,084,200
Environmental & health development services	4,601,224	4,454,801	4,275,075
Recreation and cultural services	6,711,586	6,680,468	6,462,365
Water services	5,965,371	6,091,218	5,860,350
Sewer services	5,496,187	6,050,298	5,460,716
Storm drainage	217,348	208,739	207,971
Total expenses	54,302,364	55,692,258	53,114,876
Annual surplus (deficit)	791,360	(61,591)	2,627,548
Accumulated surplus, beginning of year	361,577,450	361,577,450	358,949,902
Accumulated surplus, end of year	\$ 362,368,810	\$ 361,515,859	\$ 361,577,450

See accompanying notes to the financial statements.

Audited Financial Statements

Changes in Net Debt

City of West Kelowna			
Statement of changes in net debt			
Year ended December 31, 2016			
	2016	2016 Budget (Note 13)	2015
Annual surplus (deficit)	\$ 791,360	\$ (61,591)	\$ 2,627,548
Acquisition of tangible capital assets and work in progress	(7,053,104)	(10,108,731)	(5,797,559)
Amortization of tangible capital assets	10,879,842	10,879,842	10,667,327
Proceeds from disposal of tangible capital assets	-	-	-
Gain on disposal of tangible capital assets	-	-	-
Net change in prepaid expenses and inventory	(391,199)	-	266,692
Increase in financial assets	4,226,899	709,520	7,764,008
Net debt, beginning of year	(1,764,674)	(1,764,674)	(9,528,682)
Net debt, end of year	\$ 2,462,225	\$ (1,055,154)	\$ (1,764,674)

See accompanying notes to the financial statements.

Audited Financial Statements

Cash Flows

City of West Kelowna Statement of cash flows Year ended December 31, 2016		
	2016	2015
Cash provided by (used for)		
Operating activities		
Annual surplus (deficit)	\$ 791,360	\$ 2,627,548
Adjustment for non cash items		
Amortization of tangible capital assets	10,879,841	10,667,327
Developer and donor contribution of tangible capital assets	-	(675,054)
Actuarial adjustment on long-term debt	(603,736)	(600,407)
(Increase) decrease in		
Accounts receivable	(319,959)	455,305
Prepaid expenses and inventory	(391,200)	266,692
Increase (decrease) in		
Accounts payable and accrued liabilities	1,323,859	(3,417,642)
Security deposits	977,369	(701,342)
Deferred development cost charges	2,817,982	1,163,071
Deferred revenue	231,078	359,225
	<u>15,706,594</u>	<u>10,144,723</u>
Financing activities		
Repayment of long-term debt	(1,625,505)	(1,727,632)
	<u>(1,625,505)</u>	<u>(1,727,632)</u>
Capital activities		
Acquisition of tangible capital assets and work in progress	(7,053,096)	(5,122,505)
Proceeds from disposal of tangible capital assets	-	-
	<u>(7,053,096)</u>	<u>(5,122,505)</u>
Increase (decrease) in cash and cash equivalents	7,027,993	3,294,586
Cash and cash equivalents, beginning of year	<u>30,181,193</u>	<u>26,886,607</u>
Cash and cash equivalents, end of year	\$ 37,209,186	\$ 30,181,193
Supplementary cash flow information		
Interest paid	\$ 1,426,706	\$ 1,652,341

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements

City of West Kelowna Notes to the financial statements December 31, 2016

1. Nature of operations

The City of West Kelowna is a local government situated in the province of British Columbia, Canada. The City of West Kelowna is subject to the laws and regulations of the provincial statutes of the *Community Charter*, the *Local Government Act*. West Kelowna was officially incorporated as Westside District Municipality on December 6, 2007. In 2008, the name was changed to District of West Kelowna. On June 26, 2015, West Kelowna was reclassified from District to Municipality. At that time, the City of West Kelowna had become British Columbia's 51st city. The City of West Kelowna provides community services to its taxpayers and is responsible for creating and maintaining an infrastructure to serve a population in excess of the full time residents.

2. Summary of significant accounting policies

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

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

Basis of presentation

The City's resources and operations are segregated into General, Water, Sewer, Statutory Reserve and Non-statutory Reserve Funds for accounting and financial reporting purposes. The financial statements include all of the accounts of these funds. All interfund transactions and balances have been eliminated within the financial statements.

Accrual accounting

The financial statements are prepared using the accrual basis of accounting.

Cash and cash equivalents

Management classifies all term deposits and highly liquid investments that are cashable on demand as cash equivalents.

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

2. Summary of significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives according to an estimated useful life as follows:

Asset class	Estimated useful life
Buildings	25-50 years
Building improvements	5-30 years
Computer	3-25 years
Infrastructure	3-20 years
Machinery	10-20 years
Office furniture and equipment	10-25 years
Roads	40 years
Sewer infrastructure	20-100 years
Sidewalks	50 years
Small tools and equipment	5-25 years
Solid waste carts	25 years
Storm drain	10-50 years
Vehicles	10-20 years
Water infrastructure	25-100 years

Work in progress

Work in progress represents capital projects under construction but not yet completed and are valued at cost. Work in progress is not amortized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

The City has numerous works of art located throughout the City which are not reflected in these financial statements due to the subjectivity as to their value.

Long-term debt

Outstanding debenture debt is reported net of applicable sinking fund balances.

Interest on debt is charged to current operations. Interest charges are accrued for the period from the date of the latest interest payment to the end of the year.

Contributions by developers

Tangible capital assets constructed and contributed by developers are recorded at their fair value and are capitalized into tangible capital assets and reflected in the statement of operations and accumulated surplus as revenue.

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

2. Summary of significant accounting policies (continued)

Municipal Finance Authority debt reserve deposits

The City issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are 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. The details of the cash deposits and demand notes at year end are as follows:

	Demand notes	Cash deposits	2016	2015
General Fund	\$ 435,325	\$ 176,557	\$ 611,882	\$ 607,081
Water Funds	11,423	5,260	16,683	16,540
Sewer Fund	586,714	304,144	890,858	892,238
	<u>\$ 1,033,462</u>	<u>\$ 485,961</u>	<u>\$ 1,519,423</u>	<u>\$ 1,515,859</u>

Reserve funds

Non-statutory reserves represent an appropriation of surplus for specific purposes. Reserves for future expenses represent funds that are available to temporarily finance operations until planned revenues (i.e. property taxes, grants, etc.) are received, or for other operating or capital purposes as determined by Council. Statutory reserves have been established by bylaw in accordance with the *Community Charter* and their use is restricted by legislation.

Revenue recognition

Taxation revenues are recorded on the accrual basis and recognized in the year they are levied. Sale of services and regulatory fees are recognized when the service or product is provided by the City. 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. Other revenue from own services is recorded as it is earned and measurable. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligation that led to the collection of funds.

Budget figures

The budget figures are from the 10-Year Financial Plan Bylaw, adopted before May 15th of each year. Subsequent amendments have been made by Council to reflect changes in the budget as required by law.

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts, and disclosure of, assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit accrual, the measurement of an allowance for doubtful accounts receivable, the existence and measurement of any contingent liabilities and tangible capital asset estimated useful life and related amortization expense. Actual results could differ from management's best estimates as additional information becomes available. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as the period of settlement if the amount is different.

Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

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

The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

3. Current and future accounting changes

PS 1201 – Financial statement presentation (2019)

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

PS 2200 – Related party transactions (2018)

This section establishes the definition of a related party, the criteria for identifying related parties of the City, the circumstances in which disclosure of the transaction with the related party would be required, and the required content of those disclosures, if necessary. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 2601 – Foreign currency translation (2020)

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

PS 3041 – Portfolio investments (2020)

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

PS 3210 – Assets (2018)

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

PS 3320 – Contingent assets (2018)

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

PS 3380 – Contractual rights (2018)

This new section defines and establishes disclosure requirements for contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

PS 3420 – Inter-entity transactions (2018)

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

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

3. Current and future accounting changes (continued)

PS 3450 – Financial instruments (2020)

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

4. Financial assets and liabilities

Cash and cash equivalents

Cash and cash equivalents held by the City include cash and term deposits with interest rates between 1.05% and 2.06%.

Accounts receivable

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

	2016	2015
Taxes	\$ 2,606,750	\$ 2,635,293
Federal government	581,663	464,106
Provincial government	1,434,193	866,071
Other governments	(34,195)	33,117
Sewer funds	7,350,987	7,771,542
Utilities	2,945,343	2,946,604
Other	738,143	586,193
	<u>\$ 15,622,884</u>	<u>\$ 15,302,926</u>

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2016	2015
Trade payables	\$ 1,400,799	\$ 1,798,738
Wages and payroll benefits	1,713,590	1,472,941
Accruals	663,960	52,868
Other governments	3,799,595	2,784,793
Other	51,450	196,194
	<u>\$ 7,629,394</u>	<u>\$ 6,305,534</u>

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna
Notes to the financial statements
December 31, 2016

4. Financial assets and liabilities (continued)

Deferred revenue is comprised of the following:

	2016	2015
Property taxes	\$ 2,232,336	\$ 2,046,361
Recreation program fees	97,717	105,830
Cemetery perpetual care fund	115,739	104,379
Utility fees	151,563	117,719
Other	66,619	58,606
	<u>\$ 2,663,974</u>	<u>\$ 2,432,895</u>

Deferred development cost charges ("DCC's")

Pursuant to the provisions of the Local Government Act, DCC's are held in statutory reserve funds for the purpose for which the charges have been imposed. When the related costs are incurred, the DCC's are recognized as revenue. Because these funds are restricted in nature they are shown as a liability.

	2016	2015
Balance, beginning of year	\$ 9,147,156	\$ 7,984,085
Contributions from developers	3,112,354	1,311,399
Interest on investments	125,919	102,174
Bylaw expenditures	(420,290)	(250,502)
Balance, end of year	<u>\$ 11,965,139</u>	<u>\$ 9,147,156</u>

DCC's are comprised of the following:

	2016	2015
Roads	\$ 6,257,380	\$ 3,982,345
Water	4,192,629	3,823,000
Parks	1,507,091	1,341,811
Sewer	2,485	-
Storm Sewer	5,554	-
	<u>\$ 11,965,139</u>	<u>\$ 9,147,156</u>

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

4. Financial assets and liabilities (continued)

Long-term debt

	Year of Maturity	Balance, beginning of year	Additions	Sinking fund payments	Actuarial adjustment	Balance, end of year	Current interest rate (%)
General fund							
MFA issue #95	2025	\$ 1,962,701	\$ -	\$ 120,896	\$ 46,408	\$ 1,795,397	1.80
MFA issue #99	2017	187,159	-	131,496	55,663	-	4.43
MFA issue #105	2029	6,420,778	-	277,414	73,603	6,069,761	4.90
		<u>8,570,638</u>	<u>-</u>	<u>529,806</u>	<u>175,674</u>	<u>7,865,158</u>	
Water funds							
MFA issue #101	2027	169,190	-	8,228	3,032	157,930	4.52
MFA issue #103	2028	103,266	-	4,720	1,490	97,056	4.65
Province of BC	2027	7,589,876	-	503,134	-	7,086,742	4.95
		<u>7,862,332</u>	<u>-</u>	<u>516,082</u>	<u>4,522</u>	<u>7,341,728</u>	
Sewer fund							
MFA issue #64	2016	10,890	-	4,310	6,580	-	4.43
MFA issue #66	2017	102,431	-	20,762	29,205	52,464	4.82
MFA issue #66	2017	5,371	-	1,089	1,531	2,751	4.82
MFA issue #70	2019	46,945	-	5,536	5,433	35,976	2.10
MFA issue #71	2019	143,365	-	16,906	16,592	109,867	2.10
MFA issue #71	2019	306,408	-	36,133	35,460	234,815	2.10
MFA issue #73	2020	26,039	-	2,516	2,244	21,279	2.10
MFA issue #73	2020	542,562	-	52,425	46,751	443,386	2.10
MFA issue #74	2021	259,849	-	19,295	18,906	221,648	3.05
MFA issue #74	2021	68,302	-	5,072	4,969	58,261	3.05
MFA issue #74	2021	80,235	-	5,958	5,838	68,439	3.05
MFA issue #74	2021	28,510	-	2,117	2,074	24,319	3.05
MFA issue #74	2021	30,750	-	2,283	2,239	26,228	3.05
MFA issue #74	2021	57,346	-	4,258	4,173	48,915	3.05
MFA issue #75	2021	10,589	-	786	771	9,032	3.05
MFA issue #75	2021	386,922	-	28,730	28,154	330,038	3.05
MFA issue #75	2021	155,583	-	11,553	11,319	132,711	3.05
MFA issue #77	2022	889,161	-	57,915	51,291	779,955	3.05
MFA issue #79	2023	1,016,320	-	59,265	47,165	909,890	2.10
MFA issue #85	2024	543,045	-	28,795	20,453	493,797	2.00

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

4. Financial assets and liabilities (continued)

Long-term debt (continued)

MFA issue #85	2024	\$ 34,221	\$ -	\$ 1,815	\$ 1,288	\$ 31,118	2.00
MFA issue #95	2025	550,561	-	33,913	13,018	503,630	1.80
MFA issue #99	2027	12,662	-	660	278	11,724	4.43
MFA issue #99	2027	833,708	-	43,433	18,386	771,889	4.43
MFA issue #101	2027	1,793,411	-	87,212	32,143	1,674,056	4.52
MFA issue #101	2027	420,074	-	20,428	7,528	392,118	4.52
MFA issue #101	2027	543,962	-	26,452	9,750	507,760	4.52
		<u>8,899,222</u>	<u>-</u>	<u>579,617</u>	<u>423,539</u>	<u>7,896,066</u>	
Total long-term debt		\$ 25,332,192	\$ -	\$ 1,625,505	\$ 603,735	\$ 23,102,952	

The requirements for future repayments of principal on existing debt for the next five years are as follows:

	2017	2018	2019	2020	2021
General Fund	\$ 398,310	\$ 398,310	\$ 398,310	\$ 398,310	\$ 398,310
Water Funds	541,442	568,082	596,063	625,456	656,330
Sewer Fund	575,304	553,453	553,453	494,879	439,938
	<u>\$ 1,515,056</u>	<u>\$ 1,519,845</u>	<u>\$ 1,547,826</u>	<u>\$ 1,518,645</u>	<u>\$ 1,494,578</u>

5. Tangible capital assets and work in progress

Tangible capital assets and work in progress are comprised of the following:

	2016 Net book value	2015 Net book value
General		
Land	\$ 101,254,568	\$ 101,254,568
Buildings	26,202,261	26,756,847
Equipment	6,958,164	7,284,397
Engineering structures	111,569,864	113,401,026
	<u>245,984,857</u>	<u>248,696,838</u>
Water infrastructure	59,456,292	60,745,271
Sewer infrastructure	51,445,643	52,365,338
Tangible capital assets	\$ 356,886,792	\$ 361,807,447
Work in progress	\$ 2,223,981	\$ 1,130,071
Tangible capital assets and work in progress (Schedule 1)	\$ 359,110,773	\$ 362,937,518

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

6. Taxation - net

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

	2016	2015
General municipal purposes	\$ 29,904,553	\$ 28,586,732
Collections for other governments		
Provincial Government - Schools	14,835,839	14,841,322
Central Okanagan Regional Hospital District	2,580,702	2,574,508
Regional District of the Central Okanagan	3,395,149	3,065,034
British Columbia Assessment Authority	438,146	446,809
Municipal Finance Authority	1,549	1,450
	<u>51,155,938</u>	<u>49,515,855</u>
Transfers to other governments		
Provincial Government - Schools	(14,835,839)	(14,841,322)
Central Okanagan Regional Hospital District	(2,580,702)	(2,574,508)
Regional District of the Central Okanagan	(3,188,514)	(3,065,034)
British Columbia Assessment Authority	(438,146)	(446,809)
Municipal Finance Authority	(1,549)	(1,450)
	<u>(21,044,750)</u>	<u>(20,929,123)</u>
	<u>\$ 30,111,188</u>	<u>\$ 28,586,732</u>

7. Government transfers

	2016	2015
Provincial unconditional transfers		
Other	51,572	56,953
	<u>51,572</u>	<u>56,953</u>
Provincial conditional transfers		
Okanagan Basin Water Board grant	45,559	48,314
Regionally significant gas tax funds	-	3,051,500
Other	406,638	111,673
	<u>452,197</u>	<u>3,211,487</u>
Federal unconditional transfers		
Traffic fine revenue sharing grant and Federal grants	923,218	591,570
Federal conditional transfers		
Gas tax community works fund	1,355,668	1,311,502
	<u>\$ 2,782,655</u>	<u>\$ 5,171,512</u>

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

8. Revenue - other

	2016	2015
DCC contributions	\$ 420,290	\$ 250,502
Cost recoveries	648,984	965,062
Development permits	1,395,466	825,020
Interest earned	231,144	634,655
Actuarial adjustment on long-term debt	605,501	600,407
Licenses and permits	232,694	211,445
Penalties and interest on taxes	465,165	412,543
Rentals	591,740	584,036
Donations	23,221	371,507
Other	417,506	318,771
	<u>\$ 5,031,711</u>	<u>\$ 5,173,948</u>

9. 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 City and each member municipality within the Regional District including the City of West 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. As at December 31, 2016, the City does not anticipate being required to assume any of the Regional District's debt.

Legal actions

The City 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 actions will be recorded in the accounts in the period in which the loss is realized. The City has insurance policies and financial reserves to offset associated risks.

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 administering the Plan, including investment of assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, the Plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 contributors from local governments.

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

9. Contingent liabilities (continued)

Pension liability (continued)

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Plan as at December 31, 2015 indicated a \$2.224 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2018 with results available in 2019.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The City paid \$1,317,740 (2015-\$1,325,195) for employer contributions while employees contributed \$1,132,503 (2015-\$1,168,351) to the Plan in fiscal 2016.

10. Commitments

The City has entered into various operating leases for equipment and payments under contracts for services with terms varying from one to five years. The total lease commitments payable in each of the next five years are as follows:

2017	\$ 2,380,228
2018	\$ 195,501
2019	\$ 188,026
2020	\$ 84,300
2021	\$ 51,240
	<u>\$ 2,899,295</u>

Vacation pay and sick leave

Vacation pay, which may be accumulated up to 10 days, is charged to expense in the year earned. The ALGEU Collective Agreement allows for the accumulation of sick leave to a maximum of 100 days, it is expensed in the year it is accumulated. Earned sick leave vests after 10 years of employment and is paid to a maximum of 50 days.

11. Letters of Credit

The City is holding letters of credit in the amount of \$6,663,764 (2015-\$5,566,720), which are received as security related to performance deposits.

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statement December 31, 2016

12. Segmented information

The City of West Kelowna is a diversified municipal government that provides a wide range of services to its citizens. 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 services, protective services, transportation services, environmental health and developmental services, and recreation and cultural services. The utility operations are comprised of the water, sewer and storm drainage systems, each accounting for its own operations and programs within their own funds. Operating results reported by the following segments are included in Schedule 3.

General government services

General government services are comprised of a number of different functions including Legislative services, Administration, Finance and Information Services. Legislative services involves staff working closely with Council and community partners to coordinate the delivery of a wide range of functions and services. Administration is responsible for the Human Resources function, which oversees the recruitment and retention of superior quality staff, management of labour relations, administration of collective agreements, employee compensation and benefit programs, staff training and development, employee health and safety and Work Safe BC regulations. Finance is responsible for the requisition of tax revenues from the Province and other taxing authorities and all treasury and accounting functions. Information Services includes an all-encompassing computer database and mapping system for properties in the City, which is used by City departments, other government agencies and members of the public.

Protective services

Protective services consists of all the various services provided by the RCMP, Fire Services and Bylaw Enforcement designed to protect the lives and property of both citizens and visitors with a focus on emergency response, law enforcement, search and rescue, education and prevention.

Transportation services

Transportation services include roads and maintenance, street lighting, traffic management and transit system.

Environmental health and development services

Environmental health and development services, which also include cemetery operations, are responsible for delivering health, planning and development services to the City. The specific functions include planning, building permits and inspections, business licensing, design and engineering services as well as tourism and economic development.

(continued)

See accompanying notes to the financial statements.

Audited Financial Statements

Notes to the Financial Statements Continued

City of West Kelowna Notes to the financial statements December 31, 2016

12. Segmented information (continued)

Recreation and cultural services

Recreation and cultural services include recreational program design, delivery and management, municipal facilities/parks development and maintenance and the museum operation, as well as coordination of many recreational/sporting activities and groups.

Water services

Water services is responsible for the operation and maintenance of the five water systems that provide water services to the residents and businesses within the municipal boundaries of the City.

Sewer services

Sewer services deals with the operation and maintenance of the sewer collection system within the municipal boundaries of the City.

Storm drainage

Storm drainage is responsible for the operation and maintenance of the storm drainage collection system within the municipal boundaries of the City.

13. Budget

The budget amounts presented reflect the statutory financial plan as adopted by Council on April 26, 2016, adjusted for amortization and other items for comparability with the actual results.

The following table reconciles the balanced statutory financial plan to the budget surplus reported on the statement of operations and accumulated surplus.

Surplus as per 10 year Financial Plan Bylaw No. 0195, 2016	\$	-
Adjust for non-operating items included in Financial Plan:		
Acquisition of tangible capital assets		10,108,731
Repayment of principal portion of long-term debt		1,625,505
Net transfers from reserves		(915,986)
		<u>10,818,250</u>
Adjust for operating items excluded in Financial Plan:		
Amortization (actual)		(10,879,841)
		<u>(10,879,841)</u>
Budget deficit as per the statement of operations and accumulated surplus	\$	(61,591)

See accompanying notes to the financial statements.

Audited Financial Statements

Schedule of Tangible Capital Assets and Work in Progress

City of West Kelowna Schedule 1 - Schedule of tangible capital assets and work in progress December 31, 2016

	Engineering structures															
	Land	Buildings	Computer	Machinery	Equipment	Office furniture & equipment	Small tools	Solid waste carts	Infrastructure	Roads	Sidewalks	Storm drains	Water Infrastructure	Sewer Infrastructure	Total	
Cost, beginning of year	\$101,254,568	\$37,176,162	\$3,351,007	\$2,069,629	\$872,932	\$1,196,531	\$724,312	\$7,636,079	\$1,537,145	\$9,881,435	\$231,073,256	\$5,892,046	\$2,271,487	\$87,295,770	\$64,941,501	\$556,549,548
Additions	361,793	103,755	211,906	103,755	113,404	113,404	472,590	624,862	2,110,625	624,862	471,617	1,094,974	294,803	98,857	5,959,186	
Disposals	37,532,955	2,123,384	3,562,913	2,123,384	872,632	1,309,955	6,085,271	1,537,145	12,022,050	231,659,118	6,363,663	3,366,461	87,490,573	65,040,338	562,465,332	
Cost, end of year	101,254,568	37,532,955	3,562,913	2,123,384	872,632	1,309,955	6,085,271	1,537,145	12,022,050	231,659,118	6,363,663	3,366,461	87,490,573	65,040,338	562,465,332	
Accumulated amortization, beginning of year	-	10,419,315	2,511,479	733,661	581,313	724,312	4,405,321	422,840	1,283,926	132,101,892	1,801,147	650,233	26,550,499	12,576,163	194,742,101	
Amortization	-	916,379	442,691	185,264	23,201	91,994	423,251	61,487	659,956	5,118,056	127,284	227,944	1,583,782	1,018,552	10,879,841	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Accumulated amortization, end of year	-	11,335,694	2,954,170	918,925	604,514	816,306	4,805,172	484,327	1,943,882	137,219,948	1,928,431	854,177	28,134,281	13,594,715	205,598,547	
Net book value, end of year	\$101,254,568	\$26,202,261	\$608,743	\$1,254,459	\$268,118	\$493,649	\$3,280,097	\$1,052,818	\$10,078,168	\$94,479,170	\$4,435,232	\$2,508,284	\$59,456,292	\$51,445,623	\$356,886,792	
Work in progress	-	-	-	-	-	-	-	-	212,726	212,721	-	273,924	145,556	1,388,554	2,223,981	
Tangible capital assets and work in progress	\$101,254,568	\$26,202,261	\$608,743	\$1,254,459	\$268,118	\$493,649	\$3,280,097	\$1,052,818	\$10,290,894	\$94,691,891	\$4,435,232	\$2,782,208	\$59,601,848	\$52,834,177	\$359,110,773	

See accompanying notes to the financial statements.

Audited Financial Statements

Schedule of Accumulated Surplus

City of West Kelowna Schedule 2 - Schedule of accumulated surplus December 31, 2016

	Balance, beginning of year	Transfer to	Transfer from	Interest	Balance, end of year
Reserves					
Capital - general	4,599,088	1,793,107	(2,178,966)	52,874	4,266,103
Capital - water	3,178,033	1,040,703	(347,443)	42,296	3,913,589
Capital - sewer	582,798	157,779	(103,957)	7,317	643,937
Community projects	3,476,318	1,355,667	(921,986)	44,317	3,954,316
Equipment replacement	3,075,081	856,361	(782,901)	37,342	3,185,883
Future expenses	508,902	1,582,849	(877,810)	10,337	1,224,278
Municipal facilities	1,879,892	1,585,192	-	32,070	3,497,154
Other	4,229,050	12,261,057	(12,234,255)	17,466	4,273,318
Policing	985,644	-	(200,000)	10,629	796,273
Property acquisition	1,566,849	-	-	18,802	1,585,651
Recreation	165,429	105,341	(2,810)	2,601	270,561
Road maintenance and snow clearing	604,032	-	-	7,249	611,281
Storm drainage	251,079	200,000	(92,115)	3,660	362,624
	<u>25,102,195</u>	<u>20,938,056</u>	<u>(17,742,243)</u>	<u>286,960</u>	<u>28,584,968</u>
Investment in non-financial assets					
Investment in tangible capital assets	336,475,255	8,188,428	(10,879,841)	-	333,783,842
	<u>\$361,577,450</u>	<u>\$ 29,126,484</u>	<u>\$(28,622,084)</u>	<u>286,960</u>	<u>\$362,368,810</u>

Audited Financial Statements

Schedule of Segment Disclosure

City of West Kelowna Schedule 3 - Schedule of segment disclosure December 31, 2016

	General Fund							2015 Totals	2016 Totals	2017 Totals
	General government services	Protective services	Transportation services	Environmental health & development services	Recreation & cultural services	Water services	Sewer services			
Revenue										
Taxation-net	\$ 10,286,084	\$ 9,607,497	\$ 4,482,647	\$ 463,000	\$ 5,054,612	\$ -	\$ -	\$ -	\$ 217,348	\$ 30,111,188
Sale of services and regulatory fees	-	1,624,342	643,043	2,619,052	1,297,060	6,219,876	4,764,797	-	-	17,168,170
Government transfers	2,538,917	197,849	330	-	-	1	45,558	-	-	2,782,655
Other	1,733,305	992,638	32,715	1,418,675	166,201	258,611	429,566	-	-	5,031,711
Total revenue	<u>14,558,306</u>	<u>12,422,326</u>	<u>5,158,735</u>	<u>4,500,727</u>	<u>6,517,873</u>	<u>6,478,488</u>	<u>5,239,921</u>	<u>217,348</u>	<u>-</u>	<u>55,093,724</u>
Expenses										
Amortization	8,169,886	-	-	43,170	-	1,648,234	1,018,552	-	-	10,879,842
Building and grounds maintenance	191,069	59,890	-	-	309,908	151,182	-	-	-	712,049
Civic grants	110,777	-	-	-	-	-	-	-	-	110,777
Contract services	828,269	212,289	2,293,396	2,222,075	1,424,241	631,771	3,477,458	144,508	-	11,234,007
Interest on long-term debt	533,916	-	-	-	-	344,776	548,014	-	-	1,426,706
Equipment maintenance and fuel	482,424	246,612	90,182	11,458	180,615	503,581	20,828	6,611	-	1,542,311
Library	-	-	-	-	1,410,926	-	-	-	-	1,410,926
Gain on disposal of tangible capital assets	-	3,349,116	-	-	-	-	-	-	-	3,349,116
RCMP E-Division Contract	355,962	461,159	95,294	156,943	267,252	241,797	31,426	3,547	-	1,613,380
Supplies, small tools and equipment	-	-	1,796,136	-	-	-	-	-	-	1,796,136
Transit	188,731	117,797	247,853	4,524	638,904	527,756	63,047	-	-	1,798,612
Utilities	3,573,260	7,270,755	635,875	2,163,054	2,479,740	1,916,274	336,862	62,682	-	18,438,502
Wages, benefits & professional development	14,434,294	11,717,618	5,158,736	4,601,224	6,711,586	5,965,371	5,496,187	217,348	-	54,302,364
Total expenses	<u>\$ 124,012</u>	<u>\$ 704,708</u>	<u>\$ -</u>	<u>\$ (100,497)</u>	<u>\$ (193,713)</u>	<u>\$ 513,117</u>	<u>\$ (256,266)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,360</u>
Annual surplus (deficit) for the year										<u>\$ 2,622,548</u>

See accompanying notes to the financial statements.

Contact Us



*Incorporated under the Local Government Act
of the Province of British Columbia,
by Order of the Lieutenant Governor in Council,
on December 6, 2007.*

*City of West Kelowna
2760 Cameron Road
West Kelowna, BC
V1Z 2T6*

*T. 778-797-1000 | F. 778-797-1001
info@westkelownacity.ca
www.westkelownacity.ca*



Neighbourhoods and Neighbours

