

2021 ANNUAL REPORT

DRAFT



WELCOME TO THE BEAUTIFUL



MUNICIPALITY OF WEST KELOWNA

City of West Kelowna

*Incorporated by Order of British Columbia's Lieutenant
Governor in Council December 06, 2007*

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ABOUT THE CITY OF WEST KELOWNA

West Kelowna is a vibrant and growing community of nearly 39,000 people and offers abundant recreational amenities and world class attractions just minutes away from any given neighbourhood. With warm, sunny summers and short, mild winters, West Kelowna is a desired place to live, work and play. Situated in the traditional territory of the syilx/Okanagan People, on the central, western hillsides of Okanagan Lake, the community has grown into a thriving city that has a 'rural' sophistication feel, and is a gateway to a valley complemented with many orchards, vineyards, beaches, parks and trails.

Known for our outstanding outdoors, our active community can be seen by kayaking along the spectacular shores of Okanagan Lake, mountain biking on best-in-class trails, hiking and snowshoeing through centuries old pine forests.

Award-winning wineries, local produce at farms and farmers markets and unique shops, cafes and artisan studios off the beaten paths, make West Kelowna a desirable city to visit and to call home.

Infrastructure delivery of priority projects informed by Council's Strategic Priorities are helping to accelerate long overdue road, active transportation, drainage and other infrastructure improvements throughout the city. We maintain many amenities for our community to enjoy, which includes more than 130 athletic fields, beaches, boat launches, parks, sports courts, and trails, two arenas, an air-supported multi-sport facility, an indoor aquatic centre and four community centres.

West Kelowna is experiencing unprecedented growth and must balance demands with preservation of its rural roots and protect the agricultural values that are part of the charm that draws people here. The City's goals and objectives reflect our efforts to achieve this balance and we thank our community for making West Kelowna the place to be.



MESSAGE FROM THE MAYOR



As we reflect back on our accomplishments in 2021, it comes with a range of mixed emotions from heartbreak and loss to gratitude and inspiration. This past year has demonstrated how resilient and compassionate our West Kelowna community is during the good and challenging times. It is truly an honour for our Council to work with everyone across our beautiful City.

In early 2021, we began with seeking community input into our annual strategic planning and budgeting process that help guide our way forward. The voice of our community shapes the investments in our much needed infrastructure, growing our economy, strengthening our community and fostering safety and the well-being of our citizens. We remained fiscally accountable to keep 2021 taxes low while delivering what the nearly 39,000 members of our community desires. Our population growth rate was higher-than-average at 4 per cent with record-breaking development applications and construction – another sure sign that West Kelowna is truly the place to be.

Hundreds of residents were displaced from their homes with the Mt. Law wildfire in 2021, and we remain extremely grateful to the incredible men and women firefighters who fought tirelessly to keep our families protected. Unprecedented floods in BC also kept people from their families, as did the continued effects of the pandemic.

Our community continues to come together to help one another, especially for our seniors and our local businesses. This is a true testament to the understanding, compassion and support of our residents.

Our advocacy and positive partnerships with all levels of government remain vital for investments in West Kelowna, including increasing essential funding and services to further develop our 14-year young City. We had discussions with various BC Provincial Ministers to increase the priority to provide a redundant power line and protect the existing line with increasing wildfires, and to provide long overdue social housing, childcare services and mental health supports. With our operations, we added an additional RCMP officer and one civilian staff with more to come and increased our Bylaw presence to further support education and compliance.

We also made significant construction progress with the Rose Valley Water Treatment Plant despite unprecedented supply chain and construction industry challenges. We supported the opening of a new temporary shelter, a temporary vaccination clinic, added a new Fire House to support our fire-rescue administration and began the design to replace Fire Hall #32 and give Mt. Boucherie Community Centre back to the public.

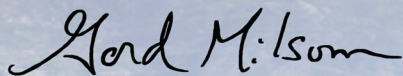
The remains of children found at Indigenous residential schools was absolutely devastating and now, more than ever, is the time for healing and the path toward reconciliation. Strengthening our partnership with Westbank First Nation remains a Council priority through joint Council meetings, our joint Visit Westside tourism program, incorporating Indigenous culture with the library as we continue to build our first City Hall/Library building and more.

An improved skateboard park opened, Music in the Park and the December Light-up event resumed along with other gatherings that brought our community back together to enjoy the sights and sounds in the City. There is much to celebrate in the days ahead.

It was also a year of recognition as the City won the prestigious Community Excellence Award from the Union of BC Municipalities, made possible by the outstanding public involvement that helped shape our first Community Vision.

I am proud of our community and the accomplishments that make West Kelowna the place to be. I share my optimism for a very bright future and, on behalf of our West Kelowna Council and staff, thank you for your resiliency and compassion over the last year!

Sincerely,



Mayor Gord Milsom

YOUR CITY COUNCILLORS



Rick de Jong
Councillor



Doug Flndlater
Councillor



Jason Friesen
Councillor



Stephen Johnston
Councillor



Carol Zanon
Councillor



Jayson Zilkie
Councillor

OUR VISION

The City of West Kelowna is a proactive, solution-oriented local government that, on its own and in partnership with others, leads efforts aimed at creating opportunities for growth and prosperity.

OUR MISSION

To plan for the future while taking care of today as the City develops and operates as a modern urban city that celebrates and supports its agricultural character and natural beauty.



COUNCIL'S STRATEGIC PRIORITIES



INVEST IN INFRASTRUCTURE

We will invest in building, improving and maintaining quality infrastructure to meet the needs of, and to provide a high quality of life for, current and future generations.



ECONOMIC GROWTH AND PROSPERITY

We will work with our partners on the Westside and throughout the region to advocate for and support efforts aimed at helping West Kelowna businesses prosper. With a focus on the future, we will advance opportunities to expand our economy, increase employment, and develop the community in ways that contribute towards prosperity for all.



STRENGTHEN OUR COMMUNITY

We will provide opportunities for the residents of West Kelowna to build connections, celebrate successes, embrace the community's strengths and diversity, address shared needs, and contribute to shaping the community's future.



FOSTER SAFETY AND WELL-BEING

We will pursue through direct action, advocacy, and partnerships with Westbank First Nation and local service providers, investments in community health, needs-based housing, emergency preparedness, policing, and other services that foster safety and well-being in West Kelowna.



COUNCIL SNAPSHOTS



West Kelowna Daybreak Rotary donates \$4,500 towards the 2022 Urban Re-Leaf tree planting program.

The new Skatepark in memorial Park officially opened on Sept. 22, 2021.



This year continued to impact gatherings and events as we recovered from the pandemic, but as restrictions started to ease throughout 2021, there were opportunities to take part in events and celebrate significant milestones.

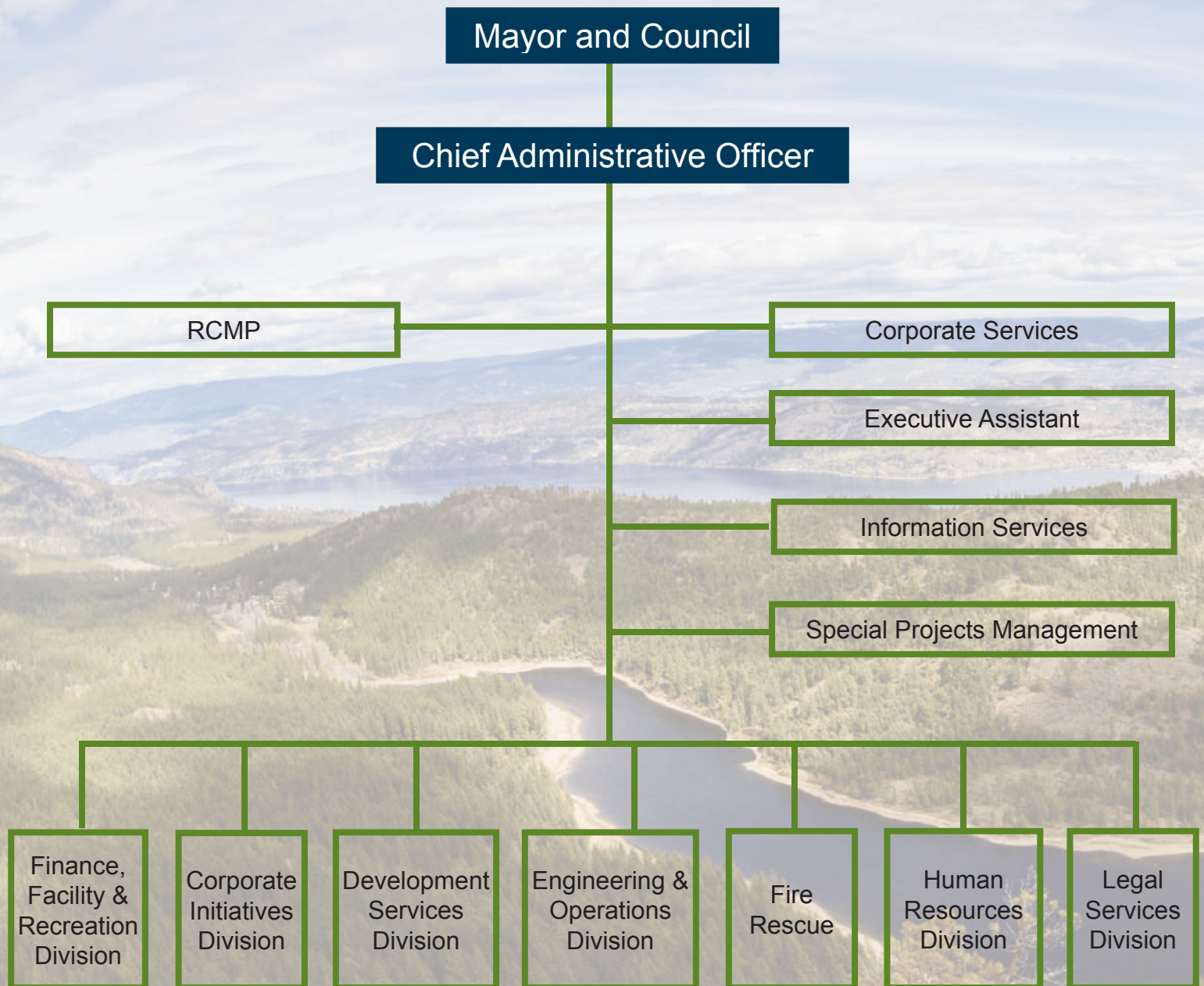


Council replicates the iconic Beatles' Abbey Road album cover at a new Glenrosa crosswalk.

West Kelowna Council thanks the Marr Family for their gift of temporary parkland.



ORGANIZATIONAL CHART



MESSAGE FROM THE CAO



On behalf of the outstanding staff team at the City of West Kelowna, it is my pleasure to lead our administration in delivering services, programs and significant initiatives to achieve Council's strategic priorities.

Our top priority is building the Rose Valley Water Treatment Plant to deliver safe, clean and reliable drinking water to the over 18,000 residents, businesses, schools and health facilities in West Kelowna. Despite global setbacks with supply chain, labour shortage and other issues resulting from the pandemic, construction of the plant remains ongoing with testing and commissioning scheduled in 2022. This past year, we also experienced extreme challenges with the Mt. Law and Brenda Creek wildfires and I want to acknowledge the outstanding expertise of our fire service in protecting our community from wildfires.

Continued investments were also made with the City's capital infrastructure design and construction, increased policing, increased active transportation and expanding our extensive pathways and park system. Our staff managed record-breaking development applications, continued with tourism and local business support, partnered to deliver longer-term social housing, launched our Official Community Plan update and led extensive community engagement programs across the City. As we recover and reset from unprecedented global times, we remain on solid financial ground, and I am excited about our bright future ahead.

Council's clear direction and leadership, along with ongoing community input, continues to guide our way toward success in delivering our core services. It remains an honour to serve our citizens in the vibrant and beautiful City of West Kelowna.

Sincerely,

A handwritten signature in black ink, which appears to read "Paul Gipps". The signature is fluid and stylized, with a long horizontal stroke at the end.

Paul Gipps, Chief Administrative Officer

OUR COMMUNITY VISION

In 2021, together with our community we established West Kelowna's Community Vision, which captures the values that are most important to our community for the next 20 years.

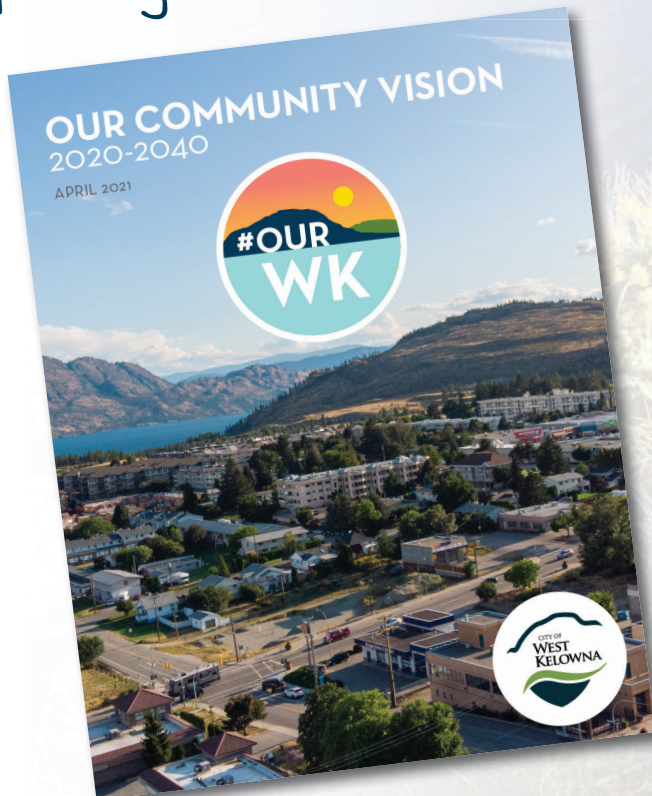
The vision is the foundation for the City's master plans (Official Community Plan, Transportation Master Plan and others).

West Kelowna celebrated a big win as the OurWK Community Vision earned the 2021 Community Excellence Award in Governance from the Union of BC Municipalities. We are humbled and grateful to our residents in helping create West Kelowna's first Community Vision for the next 20 years.

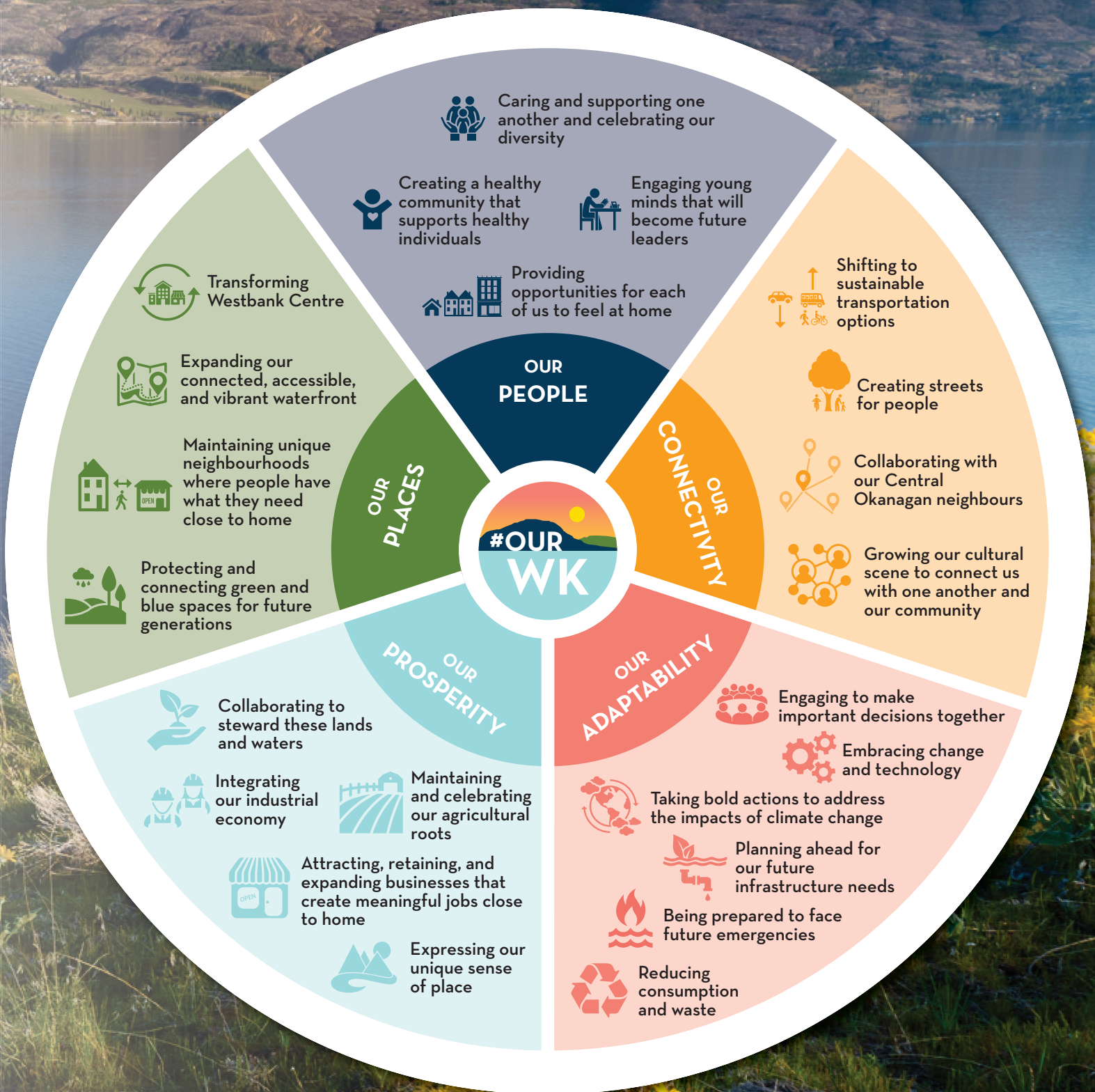
"We live in harmony with these lands and waters, with one another, and with our neighbours.

We maintain a deep connection with our agricultural roots and we celebrate the one-of-a-kind character of our community.

We prepare for and welcome change through innovation and collaboration. We are inclusive and supportive of one another, and we are ready to create our future together." - 2020 - 2040 Community Vision Document.



**Click on the cover to view
OUR COMMUNITY VISION
document.**



2021

A LOOK BACK AT OUR CITY'S ACCOMPLISHMENTS

In 2021, we made significant progress in investing in our community, connecting people to places, and enhancing our neighbourhoods to support our active community.

The Year In Review and the 2021 Annual Financial Statements provide a comprehensive report on the delivery of services and projects guided by Council's 2021-2022 Strategic Priorities and the City's capital and operating initiatives.

What's inside

We invite you to find out more about the investments in our city's roads, parks, sidewalks and water utilities and infrastructure. See the progress to date on providing safe, clean and reliable drinking water in West Kelowna and learn about the expanded economic opportunities that contribute toward community prosperity. We also engaged people throughout our city in community plans and special projects and worked diligently to keep our community safe.

It is a privilege to serve our community and we look forward building a brighter future in the beautiful City of West Kelowna.



2021 Year in Review

2021 YEAR IN REVIEW

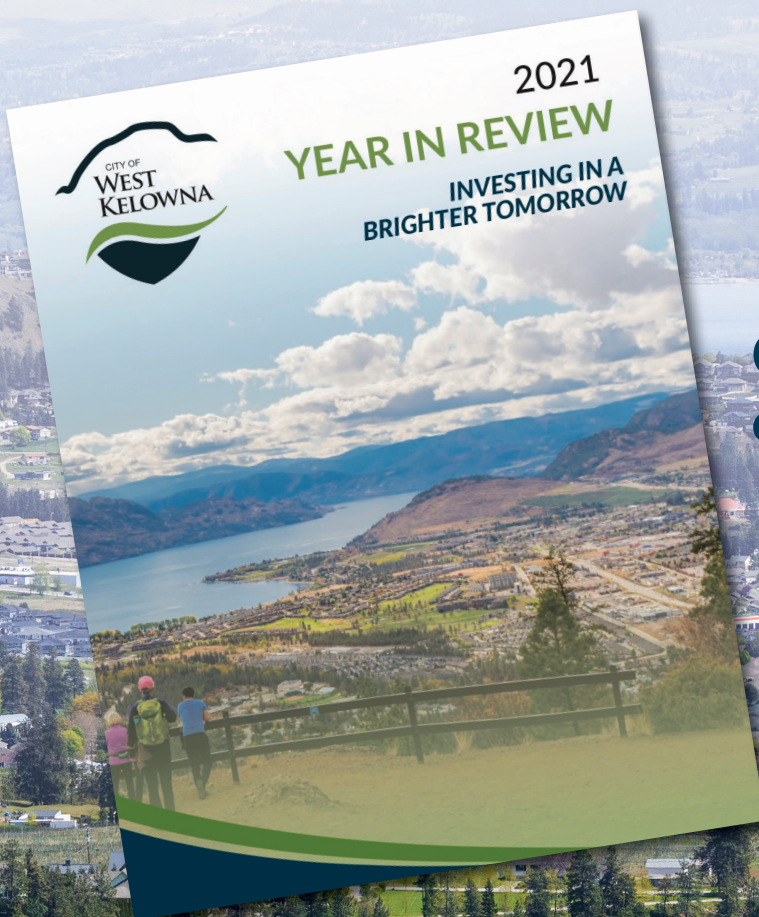
INVESTING IN A BRIGHTER
TOMORROW



Moving our community forward



Click to watch our 2021 Year in Review video.



**Click on the cover to read
our 2021 Year in Review.**

OUR COMMUNITY AT-A-GLANCE



139

parks and trails



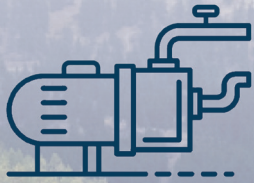
14

neighbourhoods



38,311

population (BC Stats)



29

sewer lift stations



6

bridges



1,159

fire hydrants



2

arenas



1

RCMP detachment



92.69

linear kilometres of sidewalk



4

fire stations



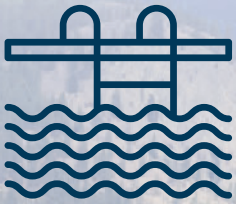
16

water pump/booster stations



521.75

lane kilometres of roads



1

indoor aquatic centre



4

community centres



140

licensed vehicles and equipment



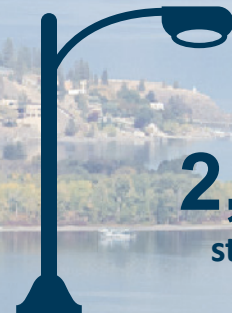
1

multi-process water
treatment plant



30

playgrounds



2,298

streetlights

2021 BY THE NUMBERS

 **\$11.3M**

invested in Rose Valley
Water Treatment Plant



kms of new mains: sewer,
storm, water (in 2021)



recreational programs
participants



increase in construction
value over 2020



wildfires actioned
and/or supported



calls for service to
West Kelowna RCMP



visits to the City's website



new online engagement
registrants



lane kms of roads
resurfaced (in 2021)

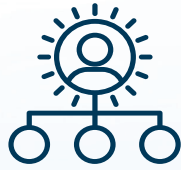


trees planted in City parks
and on public boulevards



\$213M

in development application
construction value



9

community engagement
programs completed



500

recreational programs



34%

increase in building
permits issued over 2020



200

new urban trees delivered



4,200

visits to our new online
engagement platform



5

wildfire mitigation
projects completed



1

new roundabout



3.5

lane kms of new active
transportation corridors
(in 2021)



70

FireSmart grant
applications received



828

building permits
issued (in 2021)



22

active or completed
infrastructure projects

CONNECTING WITH OUR COMMUNITY

As a young city, we are planning for the future while taking care of today. We're investing in infrastructure, our economic growth and prosperity, strengthening our community and fostering safety and well-being. As each initiative within Council's four Strategic Priority pillars is planned and implemented, we'll be working closely with stakeholders and the public so issues and opportunities are included at every step of the way.

From Community Visioning to capital project consultations, we're aligning our operational plan communication and consultations to better coordinate and enhance our service levels. Your opinion matters and we want to hear from you!

We need your involvement to help make West Kelowna one of the most desirable places to live, work and play. Have your say and please stay connected with us.



Phone
778-797-1000



Engage
[OurWK.ca](https://www.westkelownacity.ca/ourwk)



Email
info@westkelownacity.ca



Subscribe
[westkelownacity.ca/subscribe](https://www.westkelownacity.ca/subscribe)



Website
[westkelownacity.ca](https://www.westkelownacity.ca)



Service request
[westkelownacity.ca/servicerequest](https://www.westkelownacity.ca/servicerequest)



BEE KIND
educational garden

Special Thanks to our generous partners:
Bylands DOGWOOD

- Fosters a positive connection with the environment.
- Nurtures natural curiosity.
- Provides lifelong knowledge of how to grow & harvest food.
- Encourages healthy eating.
- Engages all the senses.
- Introduces scientific concepts and activities for motor development.
- Builds self-confidence while having fun in the dirt.

An aerial photograph of a coastal residential area. In the upper half, a calm lake reflects the sky, with several houses and docks along its shore. Below the lake, a large vineyard with rows of green and yellowing vines stretches across the middle ground. A road runs horizontally through the vineyard. In the lower right, more houses are visible, some with autumn-colored trees. The overall scene is peaceful and scenic.

FINANCIAL SECTION

FINANCIAL SERVICES HIGHLIGHTS

Each year, the City invites the public to provide input into the annual budget and five-year financial plan early in the year. In 2021, a proposed 4.05 per cent tax increase was approved, including a one percent infrastructure levy, to continue to invest in active transportation projects and meet the needs of our growing community. Originally, the proposed increase was anticipated to be 4.75 per cent, but was further reduced due to ongoing community growth.

The City continued to experience revenue losses and cost increases due to the pandemic, and lower than normal recreation program and facility rental revenue. The COVID-19 Safe ReStart Grant from the Province of BC was applied to offset \$522,850 revenue losses and additional costs. To alleviate the long term impacts of the pandemic, staff proposed allocating the grant over a few years. Projected remaining allocations include \$1.75 million for 2022 and \$1 million for 2023, leaving \$79,150 for contingencies.

The value for taxes are directly attributed to the delivery of programs, services and other strategic priority projects of Council based on community input, including providing other supports such as the grant in aid program for non-profit organizations.

Council carefully considers funding requests from not-for-profit groups that provide valuable social and community services to West Kelowna. In 2021, Council approved cash Grants in Aid totaling \$114,325 to 22 not-for-profit groups a further \$429,132 in non-cash grants in aid to reduce facility, field and rink rental fees for more than one dozen West Kelowna organizations and community service clubs.

GRANT FUNDING

\$5M TO INVEST IN A SAFER AND CONNECTED COMMUNITY

Grants assist with projects and initiatives that help to address aging infrastructure, road safety and improves the way we deliver services to residents – it is also an important means to keeping taxation low. We received over \$5.25 million and highlights include the following:

- \$973,110 received through the new COVID-19 Resilience Infrastructure Stream, for the Shannon Lake active transportation corridor. The federal cost share is \$778,488 with the provincial contribution of \$194,662.
- \$442,200 towards the replacement of its 21-year-old ammonia chiller at Jim Lind Arena and Royal LePage Place, thanks to the Province of BC's Community Economic Recovery Infrastructure Program.
- \$157,193.50 received through the Strengthening Communities' Services Fund supported the addition of a City Bylaw Officer through August 2022 for specialized populations to enhance connections to resources and contribute to a safer environment for all members in the community.
- \$150,000 to support Flood Risk Assessment, Flood Mapping and Flood Mitigation Planning
- \$30,000 received through the Housing Needs Report Program Fund to aid in the development of a Housing Needs Assessment specific to West Kelowna related to future land use, housing supply and gaps across the housing continuum.

The City thanks our federal and provincial partners for supporting our growing community.

Community Resiliency Investment Program 2021 - FireSmart Grants and Wildfire Mitigation	\$132,970.00
Community Economic Recovery Infrastructure Program - Ammonia Chiller Replacement	\$442,200.00
FCM Municipal Asset Management Program	\$50,000.00
BC Hydro Community Re-Greening - Westbank Centre Tree Planting	\$4,750.00
Canada Community-Building Fund - Road Rehabilitation and Pedestrian Improvements Programs	\$2,925,382.58
Strengthening Communities Fund - Peer Ambassador Initiative	\$157,193.50
Housing Needs Reports Program - Housing Needs Assessment	\$30,000.00
Flood Risk Assessment, Flood Mapping and Flood Mitigation Planning	\$150,000.00
COVID-19 Infrastructure Resilience Stream - Shannon Lake Active Transportation Corridor	\$973,110.00
ICBC Road Improvement Program - Gellatly Carrington Roundabout	\$88,000.00
ICBC Road Improvement Program - Shannon Lake-Bartley-Stevens Roundabout	\$50,200.00
ICBC Road Improvement Program - Glenrosa-McIver Upgrades	\$19,600.00
Total	\$5,023,406.08



CASH GRANTS IN AID: \$114,325

Air Cadet League of Canada 909 Peregrine	\$ 2,000
Canadian Red Cross	\$ 15,000
Central Okanagan Bursary & Scholarship Society	\$ 1,000
Crossing Creek Community Theatre	\$ 2,000
Gellatly Bay Trails and Parks Society	\$ 2,000
Girl Guides of Canada (non-Anders Hall)	\$ 1,000
Glenrosa Residents' Association	\$ 600
Kelowna Aqua Jets (Liquid Lightning) Swim Club	\$ 13,400
Kelowna and District Safety Council	\$ 1,500
Kelowna Rowing Club	\$ 1,500
Lakeview Heights Community Association	\$ 625
Okanagan Boys & Girls Club - Youth Justice Program	\$ 5,000
Telemark Nordic Club	\$ 3,500
Therapeutic Lake Cruises Society	\$ 1,500
West Kelowna Community Policing Society	\$ 7,000
West Kelowna Firefighters' Association	\$ 4,000
West Kelowna Trail Crew Society	\$ 2,200
West Kelowna Yacht Club	\$ 6,000
West Kelowna Youth Ambassador Program	\$ 3,500
Westside Celebration Society	\$ 25,000
Westside Health Network Society	\$ 14,000
Westside Salvation Army	\$ 2,000

In the event of a discrepancy, the official list will prevail. For a copy of the official list, email info@westkelownacity.ca.

NON-CASH GRANTS:

\$429,132

First Lakeview Scouts	\$ 5,464
Girl Guides of Canada (Anders Hall)	\$ 3,474
Westside Canada Day Classic	\$ 1,548
Lakeview Heights Thursday Niters' AA Group	\$ 2,540
Lakeview Heights Tuesday Group	\$ 2,540
Royal Canadian Legion	\$ 2,087
Mt. Boucherie Figure Skating Club	\$ 55,840
Westside Girls Softball	\$ 876
Westside Minor Baseball	\$ 19,070
Westside Minor Football	\$ 3,899
Westside Minor Hockey	\$ 178,357
Westside Ringette	\$ 30,036
Westside Youth Soccer	\$ 9,076

In the event of a discrepancy, the official list will prevail. For a copy of the official list, email info@westkelownacity.ca.

PERMISSIVE TAX EXEMPTIONS

Westbank United Church, Trustees of	
St. George's Anglican Church, Synod of the Diocese of Kootenay	
Westbank Bible Chapel, Trustees of	
Redeemer Lutheran Church of Westbank	
Our Lady of Lourdes Church and School (private), Roman Catholic Bishop of Nelson	
Congregation of the Highway Gospel Hall, The Trustees of the	
Sunridge Community Church, B.C. Conference of the Mennonite Brethren Churches	
Lakeview Heights Baptist Church	
Grace Lutheran Church of Westbank	
Westside Alliance Church, Christian and Missionary Alliance of Canada	
Glenrosa Congregation of Jehovah's Witnesses	
Powers Creek Community Church	
Westbank Seventh-Day Adventist Church and School (Private)	
Emmanuel Assembly, Pentecostal Assembly of Canada	
Green Bay Bible Camp (not for profit)	
Central Okanagan Community Foodbank Society (not for profit)	
Morning Star Bible Camp (not for profit)	
School District No. 23, leased by Okanagan Boys and Girls Club (not for profit)	
Pathways Abilities Society (not for profit)	
City of West Kelowna, leased by Greater Westside Board of Trade (not for profit)	
Nature Trust of BC, park leased by City of West Kelowna (local government property)	
Westbank First Nation (local government property)	
Total Permissive Tax Exemptions	\$187,892.29

In the event of a discrepancy, the official list will prevail. For a copy of the official list, email info@westkelownacity.ca.





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Disclaimer

The 2021 Annual Report provides highlights of programs, services and projects and is not a full representation of the City's many initiatives and investments on behalf of the community. If you would like more detailed information, please contact us; we would be happy to help:

- Visit westkelownacity.ca
- Call 778-797-1000
- Email communications@westkelownacity.ca
- Write Municipal Hall, 2760 Cameron Road, West Kelowna, BC V1Z 2T6

westkelownacity.ca

2021 AUDITED FINANCIAL STATEMENTS





2021 Financial Statements

And Independent Auditors' Report thereon

Fiscal Year Ending December 31, 2021

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City of West Kelowna
December 31, 2021

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 financial statements to the management of the City of West Kelowna. The 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 financial statements.

The City of West Kelowna's independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether these financial statements present fairly the City's 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 accordance with Canadian generally accepted auditing standards.

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

Warren Everton, CPA, CMA
Chief Financial Officer
May 10th, 2022

Independent Auditor's Report

To the Mayor and Council of The City of West Kelowna

Opinion

We have audited the financial statements of the City of West Kelowna (the "City"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2021, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The financial statements for the year end December 31, 2020 were audited by another practitioner who expressed an unmodified opinion on those financial statements on May 11, 2021.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of Schedule 4 of the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kelowna, British Columbia

May 10, 2022

City of West Kelowna
Statement of financial position
December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and cash equivalents (Note 3)	\$ 63,581,033	\$ 65,541,190
Accounts receivable (Note 4)	<u>20,753,267</u>	<u>18,778,124</u>
	<u>84,334,300</u>	<u>84,319,314</u>
Liabilities		
Accounts payable and accrued liabilities (Note 5)	13,357,029	15,530,937
Security deposits	12,800,404	9,757,377
Deferred revenue (Note 6)	13,596,463	14,694,470
Deferred development cost charges (Note 7)	19,989,460	19,425,058
Equipment debt (Note 8)	4,346,461	472,883
Long-term debt (Note 9)	<u>12,150,805</u>	<u>14,343,455</u>
	<u>76,240,622</u>	<u>74,224,180</u>
Net financial assets	<u>8,093,678</u>	<u>10,095,134</u>
Non-financial assets		
Prepaid expenses and inventory	2,445,152	955,970
Tangible capital assets and work in progress (Note 10)	<u>400,821,854</u>	<u>385,349,441</u>
	<u>403,267,006</u>	<u>386,305,411</u>
Accumulated surplus (Schedule 2)	<u>\$ 411,360,684</u>	<u>\$ 396,400,545</u>

Contingent liabilities and commitments (Notes 14 and 15)



Warren Everton, CPA, CMA
Chief Financial Officer



Gord Milsom
Mayor, City of West Kelowna

City of West Kelowna

Statement of operations and accumulated surplus

Year ended December 31, 2021, with comparative information for 2020

	2021	2021 Budget (Note 17)	2020
<hr/>			
Revenue			
Taxation - net (Note 11)	\$ 38,033,529	\$ 38,276,480	\$ 35,860,409
Sales of service and regulatory fees	27,067,227	24,673,325	24,418,233
Government transfers (Note 12)	9,520,677	45,052,527	12,473,908
Other (Note 13)	9,109,976	48,646,217	5,892,851
Total revenues	<u>83,731,409</u>	<u>156,648,549</u>	<u>78,645,401</u>
Expenses (Schedule 3)			
General government services	17,357,900	17,910,340	16,725,161
Protective services	17,401,094	16,675,191	17,770,660
Transportation services	5,722,473	6,199,570	5,808,569
Environmental & health development services	4,724,494	4,892,838	4,574,047
Recreation and cultural services	8,533,594	8,532,321	8,003,597
Water services	8,482,213	8,966,018	8,071,646
Sewer services	6,232,033	6,933,376	6,208,309
Storm drainage	317,469	400,444	366,893
Total expenses	<u>68,771,270</u>	<u>70,510,098</u>	<u>67,528,882</u>
Annual surplus	14,960,139	86,138,451	11,116,519
Accumulated surplus, beginning of year	396,400,545	396,400,545	385,284,026
Accumulated surplus, end of year	<u>\$ 411,360,684</u>	<u>\$ 482,538,996</u>	<u>\$ 396,400,545</u>

City of West Kelowna

Statement of changes in net financial assets

Year ended December 31, 2021, with comparative information for 2020

	2021	2021 Budget (Note 17)	2020
Annual surplus	\$ 14,960,139	\$ 86,138,451	\$ 11,116,519
Acquisition of tangible capital assets and work in progress	(28,646,380)	(79,997,325)	(20,595,377)
Amortization of tangible capital assets	12,695,805	9,706,704	12,384,766
Loss on disposal of tangible capital assets	478,162	-	205,521
Net change in prepaid expenses and inventory	<u>(1,489,182)</u>	<u>-</u>	<u>88,379</u>
Increase (decrease) in net financial assets	(2,001,456)	15,847,830	3,199,808
Net financial assets, beginning of year	<u>10,095,134</u>	<u>10,095,134</u>	<u>6,895,326</u>
Net financial assets, end of year	<u>\$ 8,093,678</u>	<u>\$ 25,942,964</u>	<u>\$ 10,095,134</u>

City of West Kelowna

Statement of cash flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used for)		
Operating activities		
Annual surplus	\$ 14,960,139	\$ 11,116,519
Adjustment for non cash items		
Amortization of tangible capital assets	12,695,805	12,384,766
Actuarial adjustment on debt	(681,281)	(701,228)
Loss on disposal of tangible capital assets	478,162	205,521
(Increase) decrease in		
Accounts receivable	(1,975,143)	(416,949)
Prepaid expenses and inventory	(1,489,182)	88,379
Increase (decrease) in		
Accounts payable and accrued liabilities	(2,173,908)	7,351,152
Security deposits	3,043,027	(19,866)
Deferred development cost charges	564,402	3,388,570
Deferred revenue	(1,098,007)	(2,274,764)
	<u>24,324,014</u>	<u>31,122,100</u>
Financing activities		
Proceeds from debt	3,972,803	518,274
Repayment of debt	(1,610,594)	(1,564,039)
	<u>2,362,209</u>	<u>(1,045,765)</u>
Capital activities		
Acquisition of tangible capital assets and work in progress	(28,646,380)	(20,595,377)
Increase in cash and cash equivalents	<u>(1,960,157)</u>	<u>9,480,958</u>
Cash and cash equivalents, beginning of year	<u>65,541,190</u>	<u>56,060,232</u>
Cash and cash equivalents, end of year	<u>\$ 63,581,033</u>	<u>\$ 65,541,190</u>
Supplementary cash flow information		
Interest paid	\$ 703,238	\$ 790,808

City of West Kelowna

Notes to the financial statements

December 31, 2021

1. Nature of operations

The City of West Kelowna ("the City") is a local government situated in the province of British Columbia, Canada. The City 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 had become British Columbia's 51st city. The City 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 following is a summary of the City's significant accounting policies:

a) Segregation of Operations

The City's resources and operations are segregated into General, Water, Sewer, Storm Drainage, 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.

b) Basis of accounting

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

c) Cash and cash equivalents

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

City of West Kelowna

Notes to the financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

d) Tangible capital assets

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The City does not capitalize interest associated with the acquisition or construction of tangible capital assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives 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 drains	10-50 years
Vehicles	10-20 years
Water infrastructure	15-100 years

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.

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.

e) Work in progress

Work in progress represents capital projects under construction but not yet completed and are recorded at cost. Work in progress is not amortized. Amortization of these assets will commence when the asset is put into service.

f) Prepaid expenses and inventory

Prepaid expenses consist of amounts paid related to future years' expenses. Inventory consists of supplies held for construction use and are recorded at lower of cost or replacement cost.

City of West Kelowna

Notes to the financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

g) Employee future benefits

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, the City's contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn future benefits.

h) 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.

i) Debt

Outstanding 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.

j) 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. These amounts are contingent in nature and are not reflected in these accounts. The details of the cash deposits and demand notes at year end are as follows:

	Demand notes	Cash deposits	2021	2020
General Fund	\$ 350,582	\$ 170,688	\$ 521,270	\$ 518,416
Water Funds	11,423	5,820	17,243	17,145
Sewer Fund	343,780	186,979	530,759	671,484
	<u>\$ 705,785</u>	<u>\$ 363,487</u>	<u>\$ 1,069,272</u>	<u>\$ 1,207,045</u>

k) 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.

City of West Kelowna

Notes to the financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

l) Revenue recognition

Taxation revenues are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. 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 or stipulations, 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.

m) Budget figures

The budget figures are from the City's 10-Year Financial Plan Bylaw, adopted before May 15th of each year. Subsequent amendments have been authorized by Council to reflect changes in the budget as required by law. Such amendments are not reflected in the financial statement budget figures (Note 17).

n) 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. Areas requiring the use of management estimates relate to the determination of payroll liabilities, 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.

o) 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.

City of West Kelowna
Notes to the financial statements
December 31, 2021

2. Summary of significant accounting policies (continued)

p) Segmented disclosure

A segment is defined as distinguishable activity of group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of segments as well as presented financial information in segmented format in Note 16 and Schedule 3.

3. Financial assets - Cash and cash equivalents

Cash and cash equivalents held by the City include cash with an average interest rate of 1.02% (2020 - 1.33%).

4. Financial assets - Accounts receivable

	2021	2020
Property taxes	\$ 2,911,626	\$ 3,251,324
Federal government	953,597	617,644
Provincial government	4,663,308	3,868,321
Other governments	865	831
Sewer	5,120,934	5,582,470
Utilities	6,396,959	4,468,397
Other	705,978	989,137
	<u>\$ 20,753,267</u>	<u>\$ 18,778,124</u>

5. Liabilities - Accounts payable and accrued liabilities

	2021	2020
Trade	\$ 4,439,869	\$ 1,957,177
Wages and payroll	3,788,992	2,835,980
Accrued liabilities	708,207	358,419
Provincial government - school tax	-	5,758,109
Other governments	4,231,078	4,262,450
Other	188,883	358,802
	<u>\$ 13,357,029</u>	<u>\$ 15,530,937</u>

City of West Kelowna
Notes to the financial statements
December 31, 2021

6. Liabilities - Deferred revenue

	2021	2020
Property taxes	\$ 4,017,386	\$ 3,363,587
Recreation program fees	175,591	133,781
Cemetery perpetual care fund	189,951	167,122
Utility fees	325,258	218,752
Other	8,888,277	10,811,228
	<u>\$ 13,596,463</u>	<u>\$ 14,694,470</u>

As at December 31, 2021, other deferred revenue includes \$8,604,823 (2020 - \$10,743,647) from the provincial government in respect of the City's 2018-2022 water infrastructure project.

7. Liabilities - Deferred development cost charges ("DCC's")

	2021	2020
Balance, beginning of year	\$ 19,425,058	\$ 16,036,488
Contributions from developers	3,576,568	3,532,108
Interest on investments	229,339	168,585
Bylaw expenditures (Note 13)	(3,241,505)	(312,123)
Balance, end of year	<u>\$ 19,989,460</u>	<u>\$ 19,425,058</u>

DCC's are comprised of the following:

	2021	2020
Roads	\$ 8,631,930	\$ 10,061,343
Water	8,224,121	7,085,198
Parks	2,993,171	2,139,662
Sewer	95,809	72,713
Storm Sewer	44,429	66,142
	<u>\$ 19,989,460</u>	<u>\$ 19,425,058</u>

8. Liabilities - Short Term & Equipment debt

	Current interest rate (%)	Year of Maturity	Balance, beginning of year	Additions	Sinking fund payments	Actuarial adjustment	Balance, end of year
Short Term Debt							
MFA loan #0001-0	0.90	2025	\$ 322,741	\$ -	\$ 75,306	\$ -	\$ 247,435
MFA loan #0002-01	0.90	2026	-	979,435	95,817	-	883,618
MFA loan #0002-01	0.90	2026	-	158,366	15,493	-	142,873
MFA loan #0002-01	0.90	2026	80,401	-	7,866	-	72,535
MFA Bylaw #289	0.97	2026	-	3,000,000	-	-	3,000,000
			<u>403,142</u>	<u>4,137,801</u>	<u>194,482</u>	<u>-</u>	<u>4,346,461</u>

City of West Kelowna

Notes to the financial statements

December 31, 2021

Interest is charged on a daily floating rate basis and compounded monthly. Interest paid during the year was \$19,275 (2020 - \$3,132).

Estimated principal payments on the loan for the duration of the term are as follows:

	2022	2023	2024	2025	2026
\$	314,999	\$ 318,159	\$ 321,357	\$ 264,697	\$ 127,249

9. Liabilities - Long-term debt

	Current interest rate (%)	Year of Maturity	Balance, beginning of year	Additions	Sinking fund payments	Actuarial adjustment	Balance, end of year
General fund							
MFA issue #95	1.80	2025	\$ 1,065,541	\$ -	\$ 134,007	\$ 66,692	\$ 864,842
MFA issue #105	2.25	2029	4,519,554	-	277,414	149,652	4,092,488
			<u>5,585,095</u>	<u>-</u>	<u>411,421</u>	<u>216,344</u>	<u>4,957,330</u>
Water funds							
MFA issue #101	2.25	2027	108,202	-	8,228	5,471	94,503
MFA issue #103	2.65	2028	69,625	-	4,720	2,835	62,070
Province of BC	4.95	2027	4,807,487	-	643,382	-	4,164,105
			<u>4,985,314</u>	<u>-</u>	<u>656,330</u>	<u>8,306</u>	<u>4,320,678</u>
Sewer fund							
MFA issue #74	1.75	2021	48,758	-	19,295	29,463	-
MFA issue #74	1.75	2021	12,815	-	5,072	7,743	-
MFA issue #74	1.75	2021	15,056	-	5,958	9,098	-
MFA issue #74	1.75	2021	5,350	-	2,117	3,233	-
MFA issue #74	1.75	2021	5,770	-	2,283	3,487	-
MFA issue #74	1.75	2021	10,760	-	4,258	6,502	-
MFA issue #75	1.75	2021	1,987	-	786	1,201	-
MFA issue #75	1.75	2021	72,601	-	28,730	43,871	-
MFA issue #75	1.75	2021	29,193	-	11,553	17,640	-
MFA issue #77	1.75	2022	285,724	-	57,915	81,463	146,346
MFA issue #79	2.25	2023	428,222	-	59,265	76,571	292,386
MFA issue #85	2.25	2024	270,914	-	28,795	34,061	208,058
MFA issue #85	2.25	2024	17,071	-	1,815	2,146	13,110
MFA issue #95	1.80	2025	298,897	-	37,591	18,708	242,598
MFA issue #99	1.75	2027	7,576	-	660	483	6,433
MFA issue #99	1.75	2027	498,878	-	43,433	31,779	423,666
MFA issue #101	2.25	2027	1,146,943	-	87,212	58,002	1,001,729
MFA issue #101	2.25	2027	268,650	-	20,428	13,586	234,636
MFA issue #101	2.25	2027	347,881	-	26,452	17,594	303,835
			<u>3,773,046</u>	<u>-</u>	<u>443,618</u>	<u>456,631</u>	<u>2,872,797</u>
Total long-term debt			<u>\$ 14,343,455</u>	<u>\$ -</u>	<u>\$ 1,511,369</u>	<u>\$ 681,281</u>	<u>\$ 12,150,805</u>

City of West Kelowna
Notes to the financial statements
December 31, 2020

9. Liabilities - Long-term debt (continued)

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

	2022	2023	2024	2025	2026
General Fund	\$ 411,421	\$ 411,421	\$ 411,421	\$ 411,421	\$ 277,414
Water Funds	688,760	722,825	758,607	796,192	835,672
Sewer Fund	<u>363,564</u>	<u>305,649</u>	<u>246,384</u>	<u>215,775</u>	<u>178,185</u>
	<u>\$ 1,463,745</u>	<u>\$ 1,439,895</u>	<u>\$ 1,416,412</u>	<u>\$ 1,423,388</u>	<u>\$ 1,291,271</u>

10. Tangible capital assets and work in progress

	2021 Net book value	2020 Net book value
General		
Land	\$ 110,873,279	\$ 110,873,279
Buildings	27,954,791	28,865,061
Equipment	10,363,847	9,367,032
Engineering structures	<u>111,948,894</u>	<u>110,170,153</u>
	261,140,811	259,275,525
Water infrastructure	58,186,798	59,405,998
Sewer infrastructure	<u>49,948,240</u>	<u>50,869,474</u>
Tangible capital assets	<u>\$ 369,275,849</u>	<u>\$ 369,550,997</u>
Work in progress	<u>\$ 31,546,005</u>	<u>\$ 15,798,444</u>
Tangible capital assets and work in progress (Schedule 1)	<u>\$ 400,821,854</u>	<u>\$ 385,349,441</u>

City of West Kelowna
Notes to the financial statements
December 31, 2021

11. Taxation - net

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

	2021	2020
General municipal purposes	\$ 38,033,529	\$ 35,860,409
Collections for other governments		
Provincial Government - Schools	17,357,482	14,995,513
Central Okanagan Regional Hospital District	2,995,857	2,817,754
Regional District of the Central Okanagan	3,876,586	3,684,139
British Columbia Assessment Authority	490,693	480,319
Municipal Finance Authority	2,302	2,196
	<u>62,756,449</u>	<u>57,840,330</u>
Transfers to other governments		
Provincial Government - Schools	(17,357,482)	(14,995,513)
Central Okanagan Regional Hospital District	(2,995,857)	(2,817,754)
Regional District of the Central Okanagan	(3,876,586)	(3,684,139)
British Columbia Assessment Authority	(490,693)	(480,319)
Municipal Finance Authority	(2,302)	(2,196)
	<u>(24,722,920)</u>	<u>(21,979,921)</u>
	<u>\$ 38,033,529</u>	<u>\$ 35,860,409</u>

12. Government transfers

	2021	2020
Provincial unconditional transfers (repayments)		
Other	<u>322,647</u>	<u>82,982</u>
	<u>322,647</u>	<u>82,982</u>
Provincial conditional transfers		
Okanagan Basin Water Board grant	27,084	43,408
Safe Start grant	-	4,602,000
Clean water fund grant	5,779,699	5,779,699
Other	195,908	263,549
	<u>6,002,691</u>	<u>10,688,656</u>
Federal unconditional transfers		
Traffic fine revenue sharing grant and Federal grants	<u>269,956</u>	<u>271,978</u>
Federal conditional transfers		
Gas tax community works fund	<u>2,925,383</u>	<u>1,430,292</u>
Total transfers from other governments	<u>\$ 9,520,677</u>	<u>\$ 12,473,908</u>

City of West Kelowna
Notes to the financial statements
December 31, 2021

13. Revenue - other

	2021	2020
DCC contributions (Note 7)	\$ 3,241,505	\$ 312,123
Cost recoveries	923,760	1,789,461
Development permits	2,314,327	1,113,229
Interest	444,923	507,494
Actuarial adjustment on long-term debt (Note 9)	681,281	701,228
Licenses and permits	225,281	272,818
Penalties and interest on taxes	651,806	299,590
Rentals	306,800	528,110
Donations	24,447	21,024
Other	295,846	347,774
	<u>\$ 9,109,976</u>	<u>\$ 5,892,851</u>

The City has entered into contracts or agreements in the normal course of operations that it expects will result in the realization of assets and revenues in future fiscal years. The amounts these agreements are shown in Rentals above.

14. 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, 2021, the City does not anticipate being required to assume any of the Regional District's debt.

Municipal Insurance Association

The City is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claims in excess of premiums received, it is possible that the City, along with the other participants, would be required to contribute towards the deficit. Management does not consider external payments under this contingency to be likely and therefore no amounts have been accrued.

Legal actions

The nature of the City's operations are such that the City is subject to potential or ongoing litigation, 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 ongoing litigation 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.

City of West Kelowna

Notes to the financial statements

December 31, 2021

14. Contingent liabilities (continued)

Pension

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$2,019,984 (2020-\$1,913,260) for employer contributions while employees contributed \$1,665,899 (2020-\$1,579,085) to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021 with results available later in 2022.

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.

15. 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 four years are as follows:

2022	\$	935,291
2023	\$	621,926
2024	\$	114,230
2025	\$	51,810
	\$	<u>1,723,257</u>

City of West Kelowna

Notes to the financial statement

December 31, 2021

15. Commitments (continued)

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. Accrued earned sick leave and vacation pay is included in wages and payroll liabilities.

Letters of Credit

The City is holding letters of credit in the amount of \$15,669,034 (2020-\$5,198,070), which are received as security related to performance deposits.

Operating Line

The City has revolving credit facilities with one Canadian chartered bank providing for borrowing of up to \$6,000,000 (2020 - \$8,000,000). The facilities bear interest at the bank prime rate less 0.5% and are due on demand. As at December 31, 2021, the \$nil (2020 - \$nil) has been drawn on these facilities.

16. 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.

The various segments are described as follows:

a) General government services

This segment is responsible for 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 people, 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.

City of West Kelowna
Notes to the financial statements
December 31, 2021

16. Segmented information (continued)

b) Protective services

This segment is responsible for 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.

c) Transportation services

This segment is responsible for roads and maintenance, street lighting, traffic management and transit system.

d) Environmental health and development services

This segment is 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.

e) Recreation and cultural services

This segment is responsible for recreational program design, delivery and management, municipal facilities/parks development and maintenance and museum operations, as well as coordination of many recreational/sporting activities and groups.

f) Water services

This segment 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.

g) Sewer services

This segment is responsible for the operation and maintenance of the sewer collection system within the municipal boundaries of the City.

h) Storm drainage

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

City of West Kelowna
Notes to the financial statements
December 31, 2021

17. Budget

The budget amounts presented reflect the statutory financial plan as adopted by Council on April 7, 2021, 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. 0263, 2020	\$ -
Adjust for non-operating items included in Financial Plan:	
Acquisition of tangible capital assets	117,465,085
Repayment of principal portion of long-term debt	1,511,369
Net transfers from reserves	<u>(23,131,299)</u>
	<u>95,845,155</u>
Adjust for operating items excluded in Financial Plan:	
Amortization	<u>(9,706,704)</u>
Budget surplus as per the statement of operations and accumulated surplus	<u>\$ 86,138,451</u>

City of West Kelowna
Schedule 1 - Schedule of tangible capital assets and work in progress
December 31, 2021

	Equipment							Engineering structures							Total
	Land	Buildings & Improvements	Computer	Machinery	Office furniture & equipment	Small tools & equipment	Vehicles	Solid waste carts	Infrastructure	Roads	Sidewalks	Storm drains	Water Infrastructure	Sewer Infrastructure	
Cost, beginning of year	\$110,873,279	\$ 44,350,328	\$ 5,538,174	\$ 3,284,705	\$ 839,496	\$ 1,883,693	\$ 11,265,044	\$ 1,537,145	\$ 16,215,548	\$246,999,360	\$ 8,901,535	\$ 5,155,329	\$ 94,186,202	\$ 68,756,803	\$ 619,786,639
Additions	-	195,714	6,118	664,725	-	1,494,396	480,267	-	1,337,033	6,190,338	971,414	865,915	530,423	162,476	12,898,819
Disposals	-	-	(2,553,751)	-	-	-	(181,776)	-	(529,182)	(840,530)	-	-	-	-	(4,105,239)
Cost, end of year	<u>\$110,873,279</u>	<u>\$ 44,546,042</u>	<u>\$ 2,990,541</u>	<u>\$ 3,949,430</u>	<u>\$ 839,496</u>	<u>\$ 3,378,089</u>	<u>\$ 11,563,535</u>	<u>\$ 1,537,145</u>	<u>\$ 17,023,399</u>	<u>\$252,349,168</u>	<u>\$ 9,872,949</u>	<u>\$ 6,021,244</u>	<u>\$ 94,716,625</u>	<u>\$ 68,919,279</u>	<u>\$ 628,580,219</u>
Accumulated amortization, beginning of year	-	15,485,267	4,663,371	1,692,077	606,860	1,380,675	5,907,970	730,270	5,108,154	157,566,540	2,526,483	1,900,442	34,780,205	17,887,328	250,235,642
Amortization	-	1,105,984	411,721	265,319	15,512	266,998	700,557	61,486	890,407	5,579,903	189,361	375,224	1,749,622	1,083,711	12,695,805
Disposals	-	-	(2,626,651)	-	-	-	(181,776)	-	(132,295)	(686,355)	-	-	-	-	(3,627,077)
Accumulated amortization, end of year	<u>-</u>	<u>\$ 16,591,251</u>	<u>\$ 2,448,441</u>	<u>\$ 1,957,396</u>	<u>\$ 622,372</u>	<u>\$ 1,647,673</u>	<u>\$ 6,426,751</u>	<u>\$ 791,756</u>	<u>\$ 5,866,266</u>	<u>\$ 162,460,088</u>	<u>\$ 2,715,844</u>	<u>\$ 2,275,666</u>	<u>\$ 36,529,827</u>	<u>\$ 18,971,039</u>	<u>\$ 259,304,370</u>
Net book value, end of year	<u>\$110,873,279</u>	<u>\$ 27,954,791</u>	<u>\$ 542,100</u>	<u>\$ 1,992,034</u>	<u>\$ 217,124</u>	<u>\$ 1,730,416</u>	<u>\$ 5,136,784</u>	<u>\$ 745,389</u>	<u>\$ 11,157,133</u>	<u>\$ 89,889,080</u>	<u>\$ 7,157,105</u>	<u>\$ 3,745,578</u>	<u>\$ 58,186,798</u>	<u>\$ 49,948,240</u>	<u>\$ 369,275,849</u>
Work in progress	<u>\$ -</u>	<u>\$ 2,088,719</u>	<u>\$ 139,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,134</u>	<u>\$ 44,147</u>	<u>\$ -</u>	<u>\$ 671,500</u>	<u>\$ 3,731,365</u>	<u>\$ 305,427</u>	<u>\$ 47,911</u>	<u>\$ 23,996,179</u>	<u>\$ 445,266</u>	<u>\$ 31,546,005</u>
Tangible capital assets and work in progress	<u>\$110,873,279</u>	<u>\$ 30,043,510</u>	<u>\$ 681,457</u>	<u>\$ 1,992,034</u>	<u>\$ 217,124</u>	<u>\$ 1,806,550</u>	<u>\$ 5,180,931</u>	<u>\$ 745,389</u>	<u>\$ 11,828,633</u>	<u>\$ 93,620,445</u>	<u>\$ 7,462,532</u>	<u>\$ 3,793,489</u>	<u>\$ 82,182,977</u>	<u>\$ 50,393,506</u>	<u>\$ 400,821,854</u>

City of West Kelowna
Schedule 2 - Schedule of accumulated surplus
December 31, 2021

	Balance, beginning of year	Transfer to	Transfer from	Interest	Balance, end of year
Reserves					
Capital - general	4,859,856	7,697,938	(5,891,202)	76,611	6,743,203
Capital - water	4,737,553	3,727,440	(794,633)	70,542	7,740,902
Capital - sewer	569,800	450,000	-	10,571	1,030,371
Community projects	3,243,577	2,850,409	(1,090,014)	54,846	5,058,818
Equipment replacement	2,513,825	1,460,000	(647,879)	46,110	3,372,056
Fire	-	250,000	-	1,663	251,663
Future expenses	1,551,949	450,000	(193,568)	22,346	1,830,727
Municipal facilities	6,274,317	700,000	-	88,104	7,062,421
Other	15,442,869	28,354,071	(24,855,475)	24,798	18,966,263
Policing	560,922	165,000	(19,475)	8,428	714,875
Property acquisition	134,093	343,951	-	4,071	482,115
Recreation	288,532	107,116	-	4,550	400,198
Road maintenance and snow clearing	652,042	155,000	-	9,703	816,745
Storm drainage	137,763	-	-	1,832	139,595
	<u>40,967,098</u>	<u>46,710,925</u>	<u>(33,492,246)</u>	<u>424,175</u>	<u>54,609,952</u>
Investment in non-financial assets					
Investment in tangible capital assets	<u>355,433,447</u>	<u>13,642,143</u>	<u>(12,324,858)</u>	<u>-</u>	<u>356,750,732</u>
Accumulated surplus	<u>\$ 396,400,545</u>	<u>\$ 60,353,068</u>	<u>\$ (45,817,104)</u>	<u>\$ 424,175</u>	<u>\$ 411,360,684</u>

City of West Kelowna
Schedule 3 - Schedule of segment disclosure
December 31, 2021

	General Fund									
	General government services	Protective services	Transportation services	Environmental health & development services	Recreation & cultural services	Water services	Sewer services	Storm drainage	2021 Totals	2020 Totals
Revenue										
Taxation-net	\$ 12,106,989	\$ 12,137,115	\$ 3,991,376	\$ 3,495,893	\$ 5,952,109	\$ -	\$ -	\$ 350,047	\$ 38,033,529	\$ 35,860,409
Sale of services and regulatory fees	-	2,245,925	532,471	3,287,028	1,786,828	13,564,094	5,650,880	-	27,067,227	24,418,233
Government transfers	3,843,832	269,956	340	-	-	5,379,467	27,084	-	9,520,677	12,473,908
Other	2,009,593	997,659	3,172,630	2,376,827	(18,100)	8,309	483,834	79,226	9,109,976	5,892,851
Total revenue	<u>17,960,414</u>	<u>15,650,655</u>	<u>7,696,817</u>	<u>9,159,748</u>	<u>7,720,837</u>	<u>18,951,870</u>	<u>6,161,798</u>	<u>429,273</u>	<u>83,731,409</u>	<u>78,645,401</u>
Expenses										
Amortization of tangible assets	9,706,705	-	-	47,962	-	1,857,427	1,083,711	-	12,695,805	12,384,766
Building and grounds maintenance	363,116	125,264	-	-	297,211	259,307	111	-	1,045,009	934,319
Civic grants	360,765	-	-	-	-	-	-	-	360,765	352,721
Contract services	495,668	464,460	2,317,017	1,974,121	1,456,328	776,856	3,899,967	87,186	11,471,603	11,868,891
Interest on long-term debt	223,361	-	-	-	-	222,410	257,467	-	703,238	790,808
Equipment maintenance and fuel	721,386	282,198	147,107	9,129	286,411	450,724	32,817	43,865	1,973,637	1,565,532
Library	-	-	-	-	1,596,395	-	-	-	1,596,395	1,600,118
Recoverable Emergency Operations	-	754,691	-	-	-	-	-	-	754,691	1,315,350
RCMP E-Division Contract	-	4,516,676	-	-	-	-	-	-	4,516,676	5,387,476
Supplies, small tools and equipment	459,769	469,153	139,430	157,526	298,776	1,138,738	93,039	23,380	2,779,811	2,923,302
Transit	-	-	1,796,676	-	-	-	-	-	1,796,676	1,830,136
Utilities	191,045	139,585	266,059	8,085	804,162	505,738	61,251	-	1,975,925	1,811,555
Wages, benefits & professional development	4,836,085	10,649,067	1,056,184	2,527,671	3,794,311	3,271,013	803,670	163,038	27,101,039	24,763,908
Total expenses	<u>17,357,900</u>	<u>17,401,094</u>	<u>5,722,473</u>	<u>4,724,494</u>	<u>8,533,594</u>	<u>8,482,213</u>	<u>6,232,033</u>	<u>317,469</u>	<u>68,771,270</u>	<u>67,528,882</u>
Annual surplus (deficit) for the year	<u>\$ 602,514</u>	<u>\$ (1,750,439)</u>	<u>\$ 1,974,344</u>	<u>\$ 4,435,254</u>	<u>\$ (812,757)</u>	<u>\$ 10,469,657</u>	<u>\$ (70,235)</u>	<u>\$ 111,804</u>	<u>\$ 14,960,139</u>	<u>\$ 11,116,519</u>

City of West Kelowna

Schedule 4 - Provincial COVID-19 Restart Grant (unaudited)

December 31, 2021

The COVID-19 Restart Grant was received by the Provincial Government in 2020 and was included as Provincial Grant Revenue and transferred to a reserve to cover expenses and reduced revenue over the next 4 years. The schedule provides disclosure of funds received, spent and remaining over the corresponding years.

Safe Restart Grant (as of December 31, 2021)	<u>2020 (actual)</u>	<u>2021 (actual)</u>	<u>2022</u>	<u>2023</u>
Grant Total Carryforward	\$ 4,602,000	\$ 3,352,000	\$ 2,829,150	\$ 1,079,150
Usage Areas:	-	-	-	-
COVID-19 Expenses	411,000	65,971	100,000	100,000
Facilities and Recreation revenue shortfall	400,000	-	350,000	200,000
Paperless and ERP Projects Operating Side	-	139,979	200,000	100,000
Other reduced revenues	439,000	200,000	100,000	100,000
Operating Budget	<u>\$ 1,250,000</u>	<u>\$ 405,950</u>	<u>\$ 750,000</u>	<u>500,000</u>
Capital Budget / Projects	-	116,900	1,000,000	500,000
Balance of Grant (available for future years)	<u>\$ 3,352,000</u>	<u>\$ 2,829,150</u>	<u>\$ 1,079,150</u>	<u>\$ 79,150</u>

The pandemic continues to provide uncertainty over the City's future cash flows, and may have a significant impact on the City's future operations. Potential impacts on the City's business could include future decreases in revenue, impairment of investments or reduction in investment income, and delays in completing capital project work. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effects of the City is not known at this time and as such the above schedule of how these grant funds are proposed to be spent may change.