

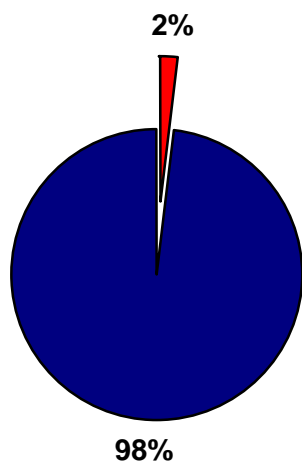
GENERAL FUND

DEBT & OTHER

Paul Macklem - Director of Financial Services

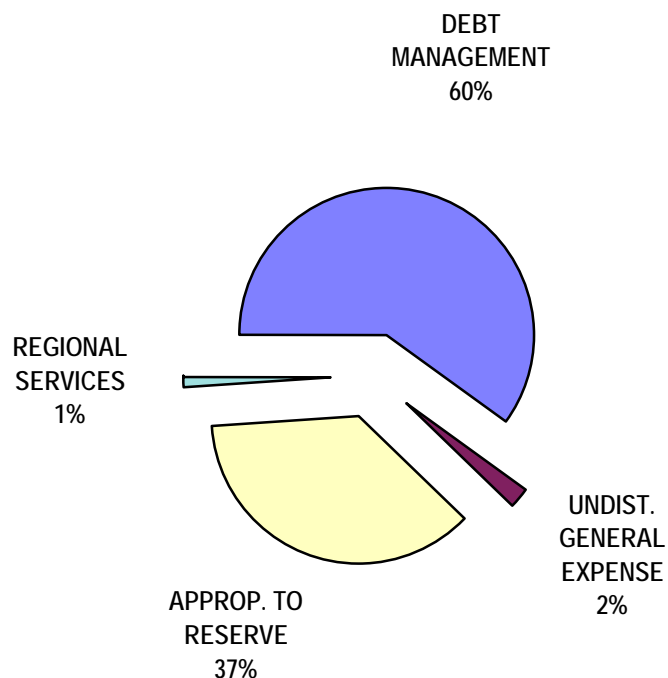
Percent of General Fund Operating

Debt & Other = \$1.7 Million



General Fund Operating = \$81.3 Million

Division Summary



Department Overview

Taxation Expenditures	Revised Adopted 2008	Financial Plan 2009	Change from Prior Year	Percent Change
Net Operating	1,067,569	1,674,178	606,609	56.8%
Capital	0	0	0	0.0%
Total Taxation Expenditure	1,067,569	1,674,178	606,609	56.8%
Authorized Positions	0.0	0.0	0.0	0.0%

DEBT AND OTHER

DEPARTMENT GOALS

Different areas are covered under this department group. The allocations section are established to provide a consistent allocation of general revenue fund overhead to the utilities (to ensure that utility rates reflect total cost recovery) and to provide a reduction in salaries for unfilled positions and positions that are not at their maximum level.

To maintain general fund debt at an acceptable level relative to Council's debt policy.

The appropriations to reserve section provides for the addition of interest to the various general fund reserve accounts and contains the other working capital allocation until it can be re-distributed to other areas.

The undistributed general expense division provides adequate stationery and supplies for general City operations.



DEBT & OTHER

Department ID Section Descriptions

DEBT MANAGEMENT

This section provides for all of the General Fund debt obligations of the City. This includes debenture debt, agreements for sale, short term borrowing and temporary debt categories.

ADMIN/PW ALLOCATIONS

The allocations section provides a consistent allocation of general fund overhead to the utilities (to ensure utility rates reflect total cost recovery) and also provides a reduction in salary costs as a vacancy factor.

APPROPRIATION TO RESERVE

Appropriation to reserve section is used to record all interest received by the reserve accounts and then the interest is appropriated back into the reserve. This section also includes the other working capital provision for contract requirements that have not been finalized at the time of preparing the financial plan.

PERFORMANCE MEASURES

PROGRAM INPUT MEASURES		Actual 2007	Revised Adopted 2008	Financial Plan 2009
70X	DEBT MANAGEMENT	496,718	2,364,340	2,822,410
80X/901	ADMIN/PW ALLOCATIONS	(2,068,706)	(2,936,262)	(3,023,652)
911	UNDIST. GENERAL EXPENSE	104,576	97,955	97,955
921	APPROP. TO RESERVE	3,208,536	1,493,706	1,729,635
941	REGIONAL SERVICES	52,524	47,830	47,830
Total Net Operating Expenditures		1,793,648	1,067,569	1,674,178

DEBT & OTHER SUMMARY

REVENUES / EXPENDITURES BY CATEGORY

	ACTUAL 2007	REVISED ADOPTED 2008	FINANCIAL PLAN 2009
<u>REVENUE</u>			
PROPERTY TAXES	(238,477)	(227,806)	(202,526)
PARCEL TAXES	(56,092)	(58,044)	(58,044)
FEES AND CHARGES	(984,849)	(823,455)	(891,195)
Sales of Services	(395,222)	(150,100)	(150,100)
Other			
User Fees	(589,627)	(673,355)	(741,095)
OTHER REVENUE	(4,729,254)	(4,187,866)	(3,642,256)
TRANSFERS FROM FUNDS	(819,489)	(1,094,992)	(2,862,342)
Special (Stat Reserve) Funds	(485,306)	(485,307)	(1,134,227)
Development Cost Charge Funds		(252,200)	(1,370,630)
Accumulated Surplus	(334,183)	(357,485)	(357,485)
TOTAL REVENUE	(6,828,161)	(6,392,163)	(7,656,363)
<u>EXPENDITURES</u>			
SALARIES & WAGES	(438,669)	(825,099)	(825,099)
INTERNAL EQUIPMENT			
MATERIAL & OTHER	490,960	645,601	881,530
CONTRACT SERVICES		47,830	47,830
DEBT	1,856,257	5,068,413	6,703,293
INTERNAL ALLOCATIONS	1,835		
TRANSFERS TO FUNDS	6,711,426	2,522,987	2,522,987
Special (Stat Reserve) Funds	1,689,081		
Development Cost Charge Funds			
Accumulated Surplus	5,022,345	2,522,987	2,522,987
TOTAL EXPENDITURES	8,621,809	7,459,732	9,330,541
NET OPERATING EXPENDITURES	1,793,648	1,067,569	1,674,178
CAPITAL EXPENDITURES			
FROM TAX DEMAND			
OTHER FUNDING SOURCES			
GROSS CAPITAL EXPENDITURES			
NET OPERATING & CAPITAL EXP.	1,793,648	1,067,569	1,674,178

AUTHORIZED F.T.E. POSITIONS

Salaried
Hourly
Contract

DEBT & OTHER

Description of Program Changes	2009 Gross Cost Change	2009 Net Impact	2009 FTE
1) Annualized 2008 Budget Cost	\$1,751,430	\$633,000	
2) Airport Internal Allocations	(\$87,390)	(\$87,390)	
3) Other Working Capital Distributions	(\$554,071)	(\$554,071)	
4) 2009 Supplementals	\$1,306,450	\$615,070	
 Total Changes for 2009	\$2,416,419	\$606,609	0.0
 Unfunded 2009 Requests			
1) 2009 Supplementals			
 Total Unfunded Requests for 2009	\$0	\$0	0.0



**2008 SUPPLEMENTAL REQUEST SUMMARY
PROVISIONAL BUDGET
BY DEPARTMENT**

<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>GROSS AMOUNT</u>	<u>REVENUE</u>	<u>FUNDING SOURCE</u>	<u>NET AMOUNT</u>	<u>ONE-TIME ONGOING</u>
<u>DEBT AND OTHER</u>						
XXX-10-701G-0-XXXX	DEBT CHANGES	516,450	691,380		(174,930)	ON-GOING
488-10-941-0-001	OTHER WORKING CAPITAL	790,000			790,000	ON-GOING
DEPARTMENT TOTALS		<u>1,306,450</u>	<u>691,380</u>		<u>615,070</u>	



CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: DEBT & OTHER

DEPT. ID: DEBT MANAGEMENT

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
DEBT CHANGES		

JUSTIFICATION:
 This request is to cover general debt changes for 2009.

Automated garbage collection starts in 2009. There is a request for borrowing to purchase the bins required for this new project.

An additional two million dollars is needed for the Mission Aquatic Centre, but a reduction in rate has led to a net reduction of \$50,000.

Local Improvement debt issue 48 has been forgiven, and the associated debt financing has been extinguished.

Additional lease revenue for the City of Kelowna main library, which is applied against the borrowing for the facility.

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

Debt budget will be incorrectly stated.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
40X-10-701G-0-DXXX	Automated Collection	648,920	648,920	648,920
723-10-701G-0-R850	Landfill Reserve	(648,920)	(648,920)	(648,920)
404-10-701G-0-D251	Mission Aquatic Centre bylaw 9359	(50,000)	(50,000)	(50,000)
6001-10-701G-0-9010	Local Improvement Levy	25,280	25,280	25,280
404-10-701G-0-D109	Local Improvement 1987 Construction	(56,280)	(56,280)	(56,280)
403-10-701G-0-D109	Local Improvement 1987 Construction	(26,190)	(26,190)	(26,190)
618-10-701G-0-9013	Recovery - Downtown Library	(67,740)	(67,740)	(67,740)
TOTAL COST ADDITION		(174,930)	(174,930)	(174,930)

FUTURE BUDGET IMPACT	ON-GOING	X	
	ONE-TIME		
SPECIAL REMARKS	PRIORITY: 1		

CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: DEBT AND OTHER

DEPT. ID: ALLOCATIONS AND APPROPRIATIONS

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
OTHER WORKING CAPITAL		

JUSTIFICATION:
To provide for contracts and other requirements that are not resolved at this time but will become due during 2009.

STRATEGIC PLAN OBJECTIVE:
Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
488-10-921-0-001	Other Working Capital	790,000	790,000	790,000

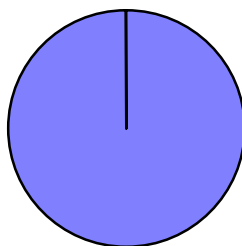
TOTAL COST ADDITION	790,000	790,000	790,000
----------------------------	----------------	---------	---------

FUTURE BUDGET IMPACT	ON-GOING	X	PRIORITY: 1
SPECIAL REMARKS	ONE-TIME		

NATURAL GAS

Paul Macklem - Director of Financial Services

Division Summary



NATURAL GAS
DIST. LEASE
100%

Department Overview

Taxation Expenditures	Revised Adopted 2008	Financial Plan 2009	Change from Prior Year	Percent Change
Net Operating	0	0	0	0.0%
Capital	0	0	0	0.0%
Total Taxation Expenditure	0	0	0	0.0%
Authorized Positions	0.0	0.0	0.0	0.0%



NATURAL GAS

COMPARISON OF 2008 AND 2009 REVENUES AND EXPENDITURES

	<u>2008</u> <u>BUDGET</u>	<u>2009</u> <u>BASE</u>	<u>2009</u> <u>CHANGES</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Lease Revenue	5,086,967	5,086,967	(162,450)	4,924,517
Interest Earned	78,800	78,800	23,600	102,400
	<u>5,165,767</u>	<u>5,165,767</u>	<u>(138,850)</u>	<u>5,026,917</u>
<u>EXPENDITURES</u>				
BC Gas Franchise	12,000	12,000		12,000
BC Gas Capital Lease	260,870	260,870		260,870
Debenture Debt	4,352,390	4,352,390		4,352,390
	<u>4,625,260</u>	<u>4,625,260</u>	<u>0</u>	<u>4,625,260</u>
Net Operating Revenue	<u>540,507</u>	<u>540,507</u>	<u>(138,850)</u>	<u>401,657</u>
Capital Expenditures				
Surplus (Deficit)	<u>540,507</u>	<u>540,507</u>	<u>(138,850)</u>	<u>401,657</u>
Projected Accumulated Surplus	3,467,216			3,868,873



NATURAL GAS

Department ID Section Descriptions

ADMINISTRATION

In 2001 the City entered into an agreement with Terasen Gas Inc. for the capital lease of the gas distribution system within the City of Kelowna for a 35 year term. The City has an operating lease agreement that allows Terasen the use of the gas distribution system for a 17 year term. The City borrowed \$49.3 million for the capital transaction and receives revenue from the lease-back to provide for annual debt requirements.

PERFORMANCE MEASURES

<i>PROGRAM INPUT MEASURES</i>		Actual 2007	Revised Adopted 2008	Financial Plan 2009
960	NATURAL GAS DIST. LEASE	(603,779)	(540,507)	(401,657)
961	NATURAL GAS SURPLUS/DEFICIT	0	540,507	401,657
Total Net Operating Expenditures		(603,779)	0	0

NATURAL GAS SUMMARY

REVENUES / EXPENDITURES BY CATEGORY

	ACTUAL 2007	REVISED ADOPTED 2008	FINANCIAL PLAN 2009
<u>REVENUE</u>			
FEES AND CHARGES	(5,173,457)	(5,086,967)	(4,924,517)
OTHER REVENUE	(77,240)	(78,800)	(102,400)
TRANSFERS FROM FUNDS			
Special (Stat Reserve) Funds			
Development Cost Charge Funds			
Accumulated Surplus			
TOTAL REVENUE	(5,250,697)	(5,165,767)	(5,026,917)
<u>EXPENDITURES</u>			
SALARIES & WAGES			
INTERNAL EQUIPMENT			
MATERIAL & OTHER		12,000	12,000
CONTRACT SERVICES			
DEBT	4,646,918	4,613,260	4,613,260
INTERNAL ALLOCATIONS			
TRANSFERS TO FUNDS		540,507	401,657
Special (Stat Reserve) Funds			
Development Cost Charge Funds			
Accumulated Surplus		540,507	401,657
TOTAL EXPENDITURES	4,646,918	5,165,767	5,026,917
NET OPERATING EXPENDITURES	(603,779)	0	0
CAPITAL EXPENDITURES			
FROM TAX DEMAND			
OTHER FUNDING SOURCES			
GROSS CAPITAL EXPENDITURES			
NET OPERATING & UTILITY CAP. EXP.	(603,779)	0	0

AUTHORIZED F.T.E. POSITIONS

Salaried
Hourly
Contract

NATURAL GAS

Description of Program Changes	2009 Gross Cost Change	2009 Net Impact	2009 FTE
1) Surplus Deficit Adjustments	(\$138,850)	(\$138,850)	
2) 2009 Supplemental	\$138,850	\$138,850	
 <i>Total Changes for 2009</i>	 <i>\$0</i>	 <i>\$0</i>	 <i>0.0</i>



**2009 SUPPLEMENTAL REQUEST SUMMARY
PROVISIONAL BUDGET
BY DEPARTMENT**

<u>ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>	<u>GROSS AMOUNT</u>	<u>REVENUE</u>	<u>FUNDING SOURCE</u>	<u>NET AMOUNT</u>	<u>ONE-TIME ONGOING</u>
<u>NATURAL GAS</u>						
XXX60-960-0-XXX	LEASE REVENUE/INTEREST COSTS	0	138,850	REVENUE	(138,850)	ON-GOING
DEPARTMENT TOTALS		<u>0</u>	<u>138,850</u>		<u>(138,850)</u>	



CITY OF KELOWNA

2009 SUPPLEMENTAL REQUEST DETAILS

DEPARTMENT: NATURAL GAS

DEPT. ID: NATURAL GAS DISTRIBUTION LEASE

DESCRIPTION:	NEW or EXPANDED Program?	EXPANDED
---------------------	-----------------------------	-----------------

LEASE REVENUE\INTEREST COSTS

JUSTIFICATION:

Adjustment to Lease Revenue and Interest.

Lease revenue reduction from current base budget 5,086,967 to 4,924,517
 Lease revenue interest earned increase from current base budget 78,800 to 102,400

The Interest earned revenue has been adjusted to reflect current investment earnings rates.

The surplus projected for 2009 is \$401,657.

STRATEGIC PLAN OBJECTIVE:

Goal 2, Objective 4 - Commit to continued sound fiscal management.

CONSEQUENCES OF NOT FUNDING:

The revenue budget will be overstated.

Acct-Fund-Dept-Prog-Class	DESCRIPTION	2009 AMOUNT	2010 AMOUNT	2011 AMOUNT
403-60-960-0-3204	Capital Lease - Principal	3,102	3,102	3,102
404-60-960-0-3204	Capital Lease - Interest	(3,102)	(3,102)	(3,102)
618-60-960-0-9411	Lease Revenue	162,450	162,450	162,450
623-60-960-0-9460	Interest Earned	(23,600)	(23,600)	(23,600)
TOTAL COST ADDITION		138,850	138,850	138,850

FUTURE BUDGET IMPACT	ON-GOING ONE-TIME	X	PRIORITY:	1
SPECIAL REMARKS				