

2026 Budget Deliberations

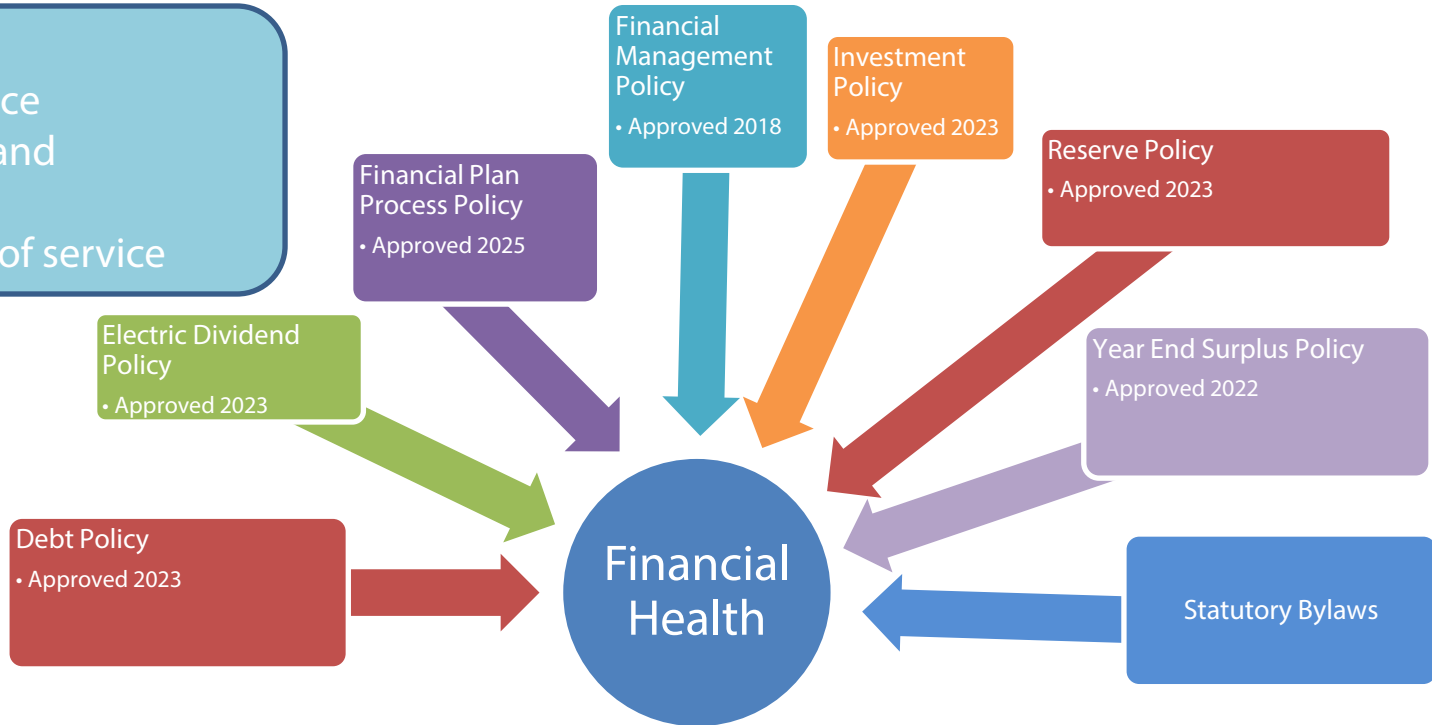
Financial Health
Reserves



Financial Health

Purpose

- Good governance
- Accountability and transparency
- Maintain levels of service



Financial Health



Reserve Policy – 41 Reserves

2024: \$128M

- Primary objective of funds
 - Ensure stable, predictable taxation
 - Focus on long-term financial stability
 - Safeguard & maintain existing assets
 - Provide for operating emergencies
 - Finance new assets
- Reserve details
 - Contribution sources
 - Minimum & optimal balances
 - Internal borrowing
 - Interest allocations



Financial Health

2024: \$10.9M

Year End Surplus Policy

- Treatment of fund surplus from annual Financial Statements
- Maintain adequate Accumulated Surplus
- Set aside funds for future priorities
 - RCMP
 - Financial Stabilization
 - Equipment Replacement
 - Asset Emergencies
 - Asset Sustainability



CITY OF Penticton Council Policy CP#2022-01
penticton.ca

Category: FINANCE
Subject: Year End Surplus Policy

Purpose
The City of Penticton Year End Surplus Policy will govern the City's treatment of fund surpluses as calculated in the annual financial statements to ensure funds are set aside to address future City priorities while meeting statutory requirements.

Scope
The City of Penticton Year End Surplus Policy provides direction to staff on the distribution of the annual surplus for each fund.

Policy Statement
The City of Penticton Year End Surplus Policy applies to the treatment of the annual surplus for each fund as calculated during Year End.

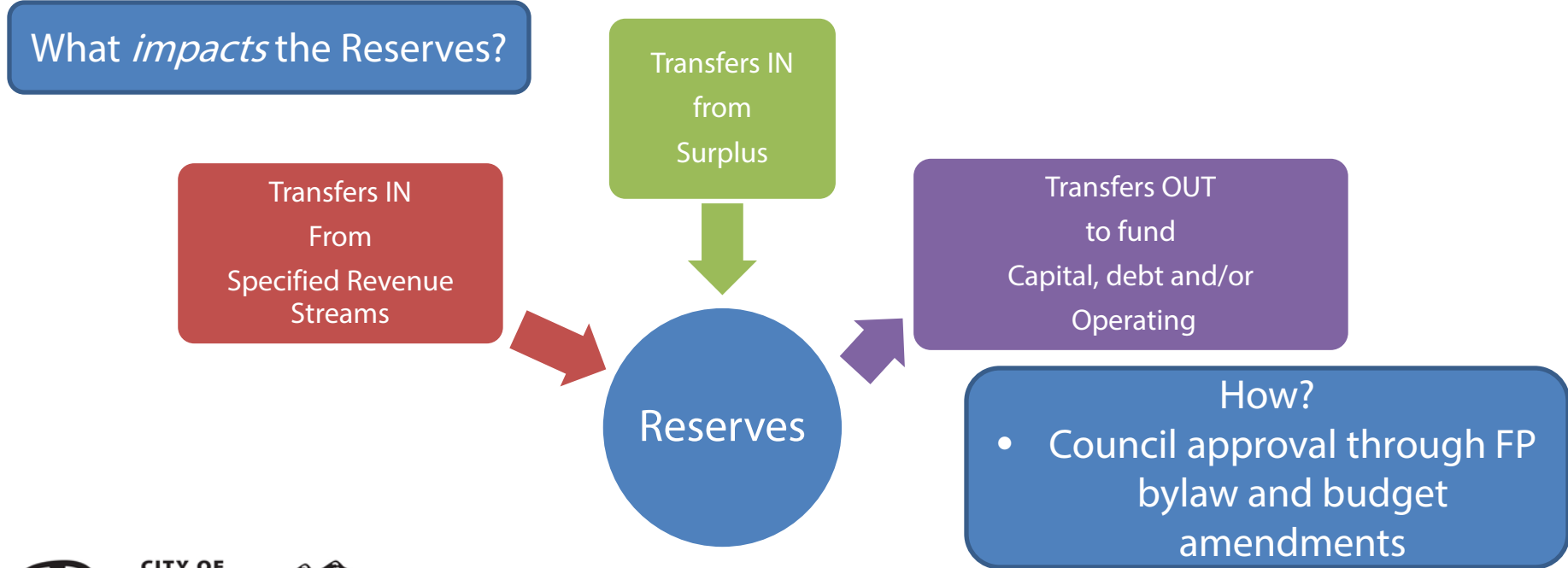
1. Definitions:
"Accumulated Surplus" means the accumulated excess of revenues over expenditures from prior years which has not been set aside for specific purposes;
"Annual Surplus" means the accumulated excess of revenues over expenditures for the current year;
"General Surplus" means the accumulated excess of revenues over expenditures for the current year for the General Fund;
"Non-Statutory Reserve" means funds allocated for a specified purpose but not established by bylaw;
"Maximum Accumulated Surplus" means the amount as calculated under 5.2 of this policy;
"Statutory Reserve" means a reserve fund established by bylaw for a specified purpose as per the Community Charter;
"Total Actual Annual Expenditures" means the total expenditures from the City's Financial Statements Statement of Operations as published in the City's Annual Report;
"Year End" means the end of the fiscal year.

Council Policy - Year End Surplus Page 1 of 3



Financial Health

Reserves - Community Charter Section 188 - 189



Financial Health

\$	Utility Fee Revenues	Developer Fee Revenue	Grant Revenue
RESERVE	Water Surplus & Capital	Parkland Acquisition	Community Works
	Sewer Surplus & Capital	Public Amenity	Growing Communities
	Electric Surplus & Capital	Affordable Housing	Recycling
	Capital General	Alternative Transportation	Climate Action
	Storm Water	Local Improvement	
	Sewer Equipment Replacement	Off-site Parking	
		DCCs	
		Urban Forest	



Financial Health

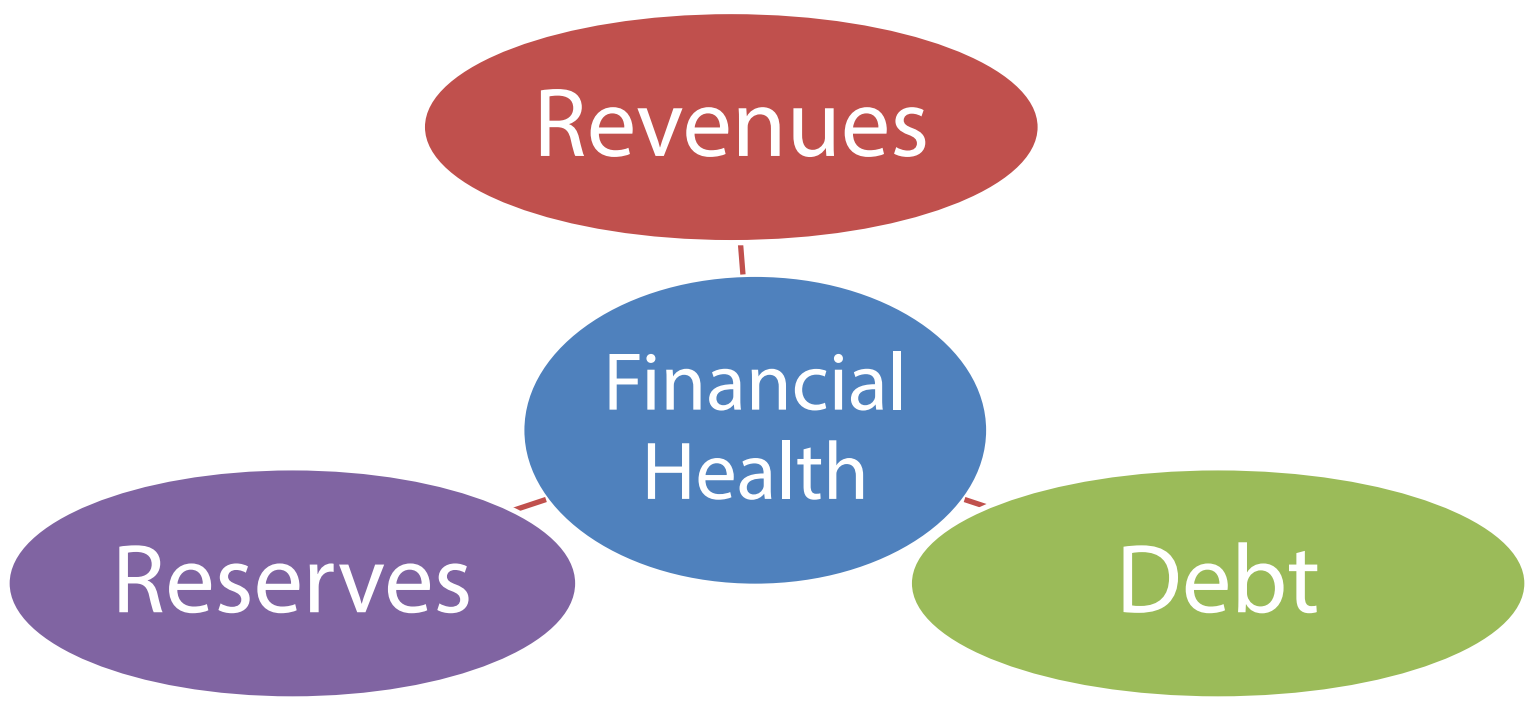
\$	General Revenue	Other Revenue	Other Revenue Source
RESERVE	RCMP	Land Acquisition	Land sales
	Financial Stabilization	Asset Sustainability	Gaming, rental fees
	Equipment Replacement	Marinas	Marina Leases
	Asset Emergency	Parking & Revitalization	Parking fees
	Asset Sustainability	Gaming	Gaming
	General Surplus	Online Accommodation	PRBC OAP funds



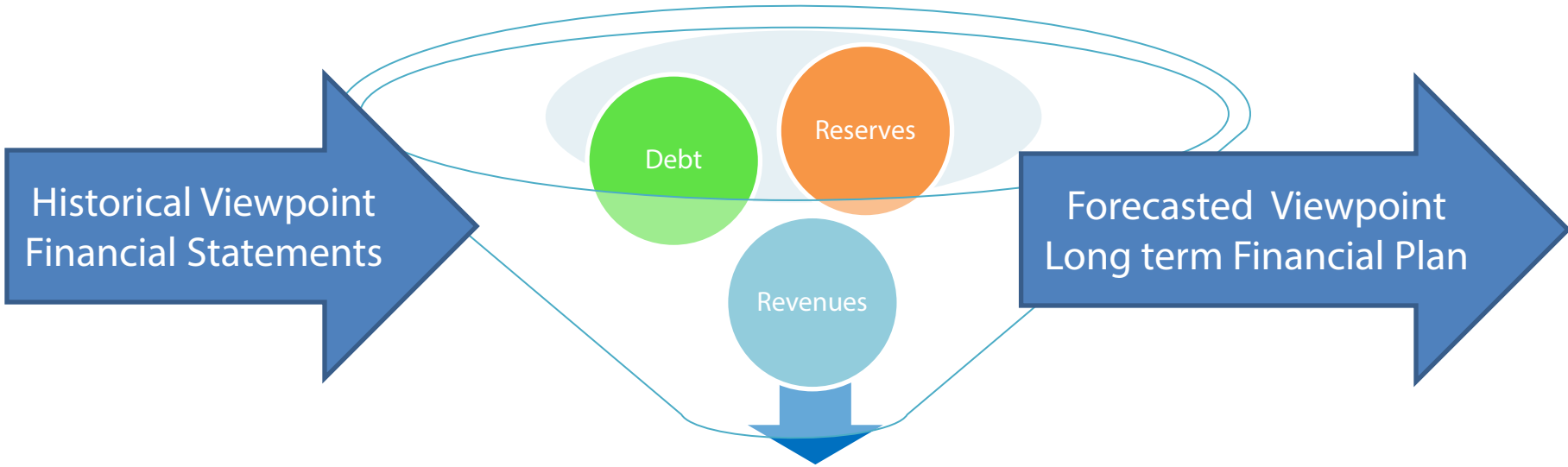
Financial Health



Financial Health



Financial Health Components



PSAB: Statement of Recommended Practice (SORP)
Trends and Ratios highlighting Sustainability, Flexibility and Vulnerability



Financial Health - Sustainability

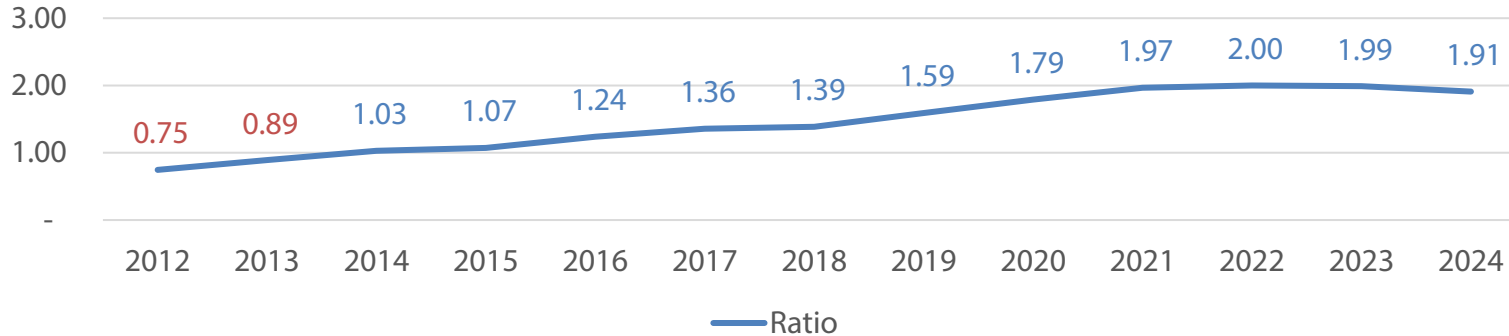
Indicator Story: This indicator measures the extent to which government requires future revenues to pay for past transactions.

>1 Resources are on hand to finance future operations. Sustainable.

<1 Future revenues will be required to pay for past transactions. Not Sustainable.

2027-2028
Estimated
Projection
with FH
debt fully
drawn =
1.33

Financial Assets to Liabilities



Financial Health - Flexibility

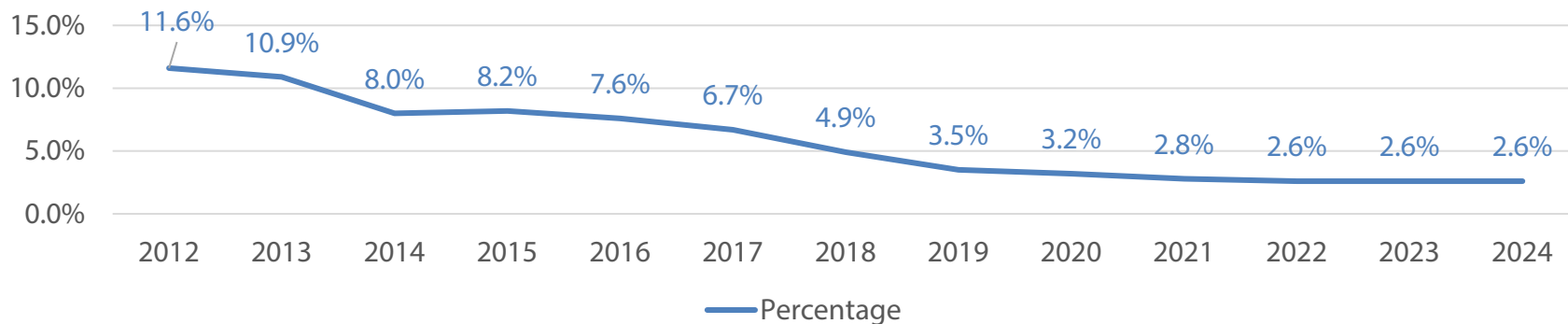
Indicator Story: Measures the impact of borrowing decisions on the city's ability to meet its financial and service commitments.

Decreasing % indicates increasing ability to meet servicing cost with revenues. Flexible.

Increasing % indicates decreasing ability to meet debt servicing cost with revenues. Limited flexibility.

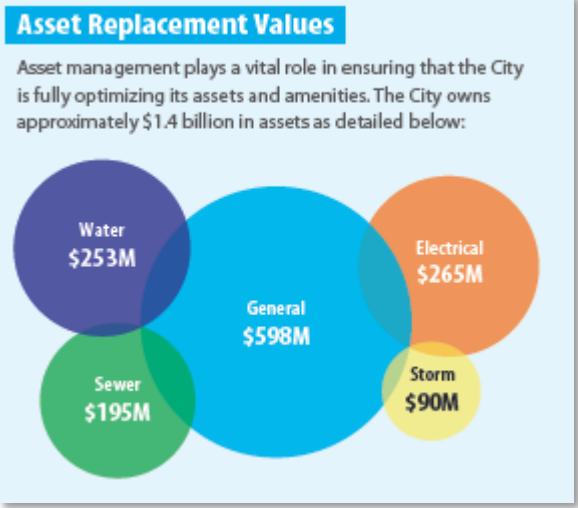
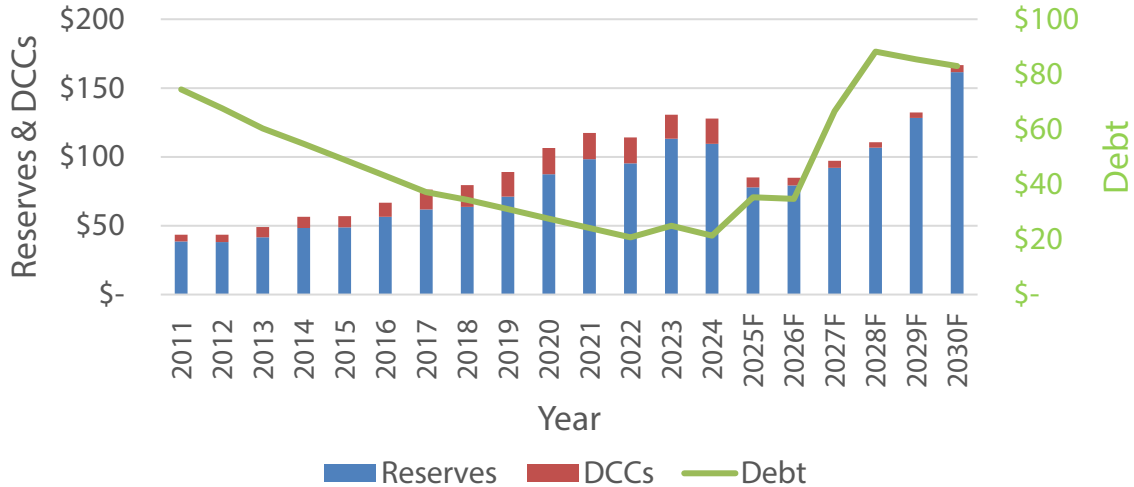
2027-2028
Estimated
Projection
with debt
fully
drawn =
4.5%

Debt Charges to Operating Revenue



Reserves, Debt & Asset Management Planning (in millions)

Reserves and Debt
2011 - 2030



Reserve Balances - Summary

Reserves	Financial Statement 2024
Statutory	\$ 65.6M
Non-statutory	\$ 43.9M
DCC	\$ 18.3M
Total	\$ 127.8M



Reserve Balances – Statutory Reserves

Statutory Reserves	2024 (\$M)
Affordable Housing	0.3
Alternative Transportation	0.2
Asset Sustainability	11.2
Capital Reserve	1.2
Community Works	2.8
Electric Capital	9.3
Equipment Replacement	7.6
Growing Communities	6.5
Land Acquisition	0.7
Local Improvement	1.4
Off-Street Parking	0.1
Parkland Acquisition	0.3
Public Amenity	0.1
Sewer Capital	9.8
Tax Sale Lands	0.0
Water Capital	14.0
Total	65.6



Reserve Balances – Non-Statutory Reserves

Own Reserves	2024 (\$M)
Asset Emergency	2.6
Cemetery Land	0.1
Climate Action	0.6
Election	0.1
Electric Surplus	8.8
Financial Stabilization	3.2
Gaming	1.4
General Surplus	10.9
Marinas	0.5
MMBC	2.0
OAP Reserve	0.6

Own Reserves	2024 (\$M)
Parking & Revitalization	0.1
RCMP	1.1
Sewer Equipment Replac	0.4
Sewer Surplus	4.9
Storm Water	1.2
Urban Forest	0.0
Water Surplus	3.2
West Bench Capital	1.2
West Bench Water	1.1
Total	43.9



Reserve Balances – DCC's

DCC by Type	2024 (\$M)
Roads	2.0
Parks	0.8
Storm (Drainage)	1.3
Waste Water	10.6
Water	3.6
Total	\$ 18.3

The Corporation of the City of Penticton

Bylaw No. 2022-38

A Bylaw to impose development cost charges.

WHEREAS pursuant to the Local Government Act, Council is empowered to impose Development Cost Charges;

AND WHEREAS Council has adopted the City of Penticton Development Cost Charges Bylaw No. 2007-79 and now desires to repeal and replace that bylaw;

NOW THEREFORE the Municipal Council of The Corporation of the City of Penticton in open meeting assembled ENACTS as follows:

Title:

1. This bylaw may be cited for all purposes as "Development Cost Charges Bylaw No. 2022-38".

Administration:

2. The Director of Development Services is hereby appointed to administer this bylaw.

Definitions:

3. In this bylaw, unless the context otherwise requires, the definitions in the City of Penticton Zoning Bylaw, Local Government Act, Land Title Act and Interpretation Act govern, and the following definitions apply:

"Agricultural zone" means the Rural Zones as designated in the Zoning Bylaw.

"Apartment" means a residential building consisting of three (3) or more dwelling units on a lot, where each dwelling unit has its principal access from a common entrance or hallway. Ground level dwelling units may have the principal access from a common entrance or hallway or may have direct ground level access to the outside.

"Apartment in C5 and C6 Zone" means an Apartment unit on a parcel located within the C5 Urban Centre Commercial Zone or C6 Urban Peripheral Commercial Zone as set out in the Zoning Bylaw.

"Bare land strata lot" means the smallest unit of land defined on a horizontal plane according to a bare land strata plan under the provisions of regulations pursuant to the Strata Property Act.

"Boarding home" is defined as a building in which the owner or manager supplies accommodation and/or sleeping unit accommodation for remuneration. It may or may not include meal service. It includes lodges for senior citizens but does not include hotels, motels, temporary shelter services, congregate housing, or bed and breakfast homes.

"Building Bylaw" means the City of Penticton Building Bylaw as amended from time to time.

"Building permit" means permission or authorization in writing from the Chief Building Official to perform work regulated by the Building Bylaw.

Development Cost Charges Bylaw No. 2022-38

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City Reserves (as at Dec 31, 2024)

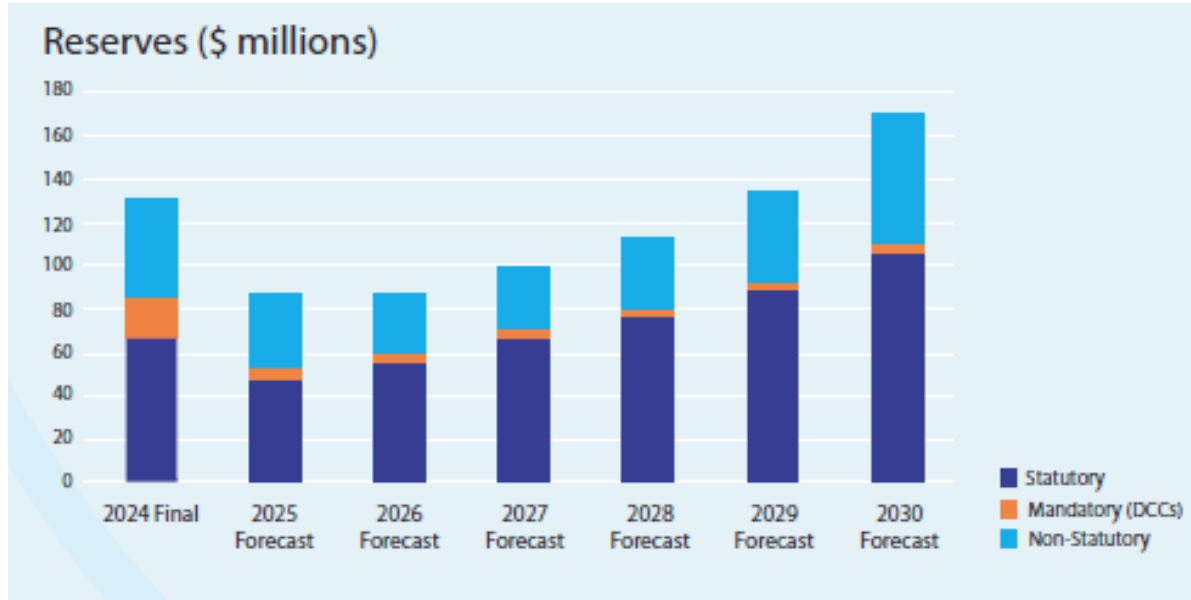
Total Reserves as of December 31, 2024	\$127.8M
Less Restricted:	
Statutory	\$65.6M
Development Cost Charges	\$18.3M
Utility Reserves	\$20.7M
Other Restricted (Climate Action, Recycle BC)	\$2.6M
Reserves For Consideration	\$20.6M



General Reserves (as at Dec 31, 2024)

Financial Stabilization	\$3.3M
Gaming	\$1.4M
Surplus	\$10.9M
Assets (asset emergencies, or other capital needs)	\$3.3M
Other (RCMP, Election, OAP)	\$1.7M
Reserves Available for General Use	\$20.6M

City Reserves (5 year projected)



General Capital Reserve Optimums

Reserves (in millions)

Reserve	2024 Actual	2030 Forecast	Optimum
Asset Sustainability	\$11.2M	\$20.3M	\$60.0M
Capital Reserve Fund	\$1.2M	\$1.9M	\$3.0M
Equipment Replacement	\$7.6M	\$0M	\$4.2M
Total	\$20.0M	\$22.2M	\$67.2M



Reserve Optimums

Reserve (in millions)

Reserve	2024 Actual	2030 Forecast	Optimum
Statutory	\$65.6M	\$103.4M	\$138.5M
Non-Statutory	\$43.9M	\$58.2M	\$33.7M
DCC's	\$18.3M	\$5.1M	N/A
Total	\$127.8M	\$166.7M	\$192.2M



Questions?



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