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City of Kelowna

**MEMORANDUM**

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DATE: April 30, 2002  
FILE: 1830-20 and 0540-20  
TO: City Manager  
FROM: Mayor Gray, Chairman, Audit Committee  
RE: Financial Statements for the Year Ending December 31, 2001

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**RECOMMENDATION:**

THAT the Statement of Financial Position, Statement of Financial Activities and Auditor's Report, for the City of Kelowna, for the year ending December 31, 2001 be received.

THAT Council approve the appropriation of \$2,412,400 of surplus generated from all general fund operations in 2001 to general reserves and unappropriated surplus as detailed in the body of this report.

AND THAT the Statement of Financial Position, Statement of Financial Activities and Auditor's Report be reprinted in booklet form.

AND THAT the Council Remuneration and Expenses, Employee Remuneration and Payment for Provision of Goods and Services report be received.

**BACKGROUND:**

A detailed review of draft City of Kelowna Financial Statements for the year ending December 31, 2001 was undertaken on April 25, 2002 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Finance and Corporate Services staff.

City Administration has recommended the Appropriation to Reserves of 2001 Surplus generated from all general fund operations, in the amount of \$2,300,000 in addition to those amounts that are normally appropriated through the budget process. The Audit Committee is in agreement with reasons provided for the appropriation. This results in an unappropriated surplus for 2001 of \$112,400, which maintains the targeted Accumulated Surplus balance of \$2.8 Million, equivalent to approximately 5% of taxation.

The General Reserves appropriations recommended are:

Arterial Roads Reserve	350,000
Asphalt Overlay Reserve	300,000
Sidewalk Network Reserve	100,000
Major Facilities Reserve	1,000,000
Major Parks Purchase & Development Reserve	300,000
Town Centre Roads Reserve	200,000
Off-Road Bikeway Reserve	50,000
	<u>\$2,300,000</u>

Enclosed are sufficient copies of the Financial Statements for members of Council, senior staff and the media.

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Walter Gray  
Mayor

Encls.

c.c. Councillor R. Hobson - Audit Committee  
Councillor A. Blanleil - Audit Committee  
Director of Finance & Corporate Services  
Deputy Director of Finance  
Financial Accounting & Systems Manager

Grant Thornton LLP - Auditor  
- Mr. Jim Grant, M.B.A., C.A.