
City of Kelowna

MEMORANDUM

DATE: April 25, 2003
FILE: 1830-20 and 0540-20
TO: City Manager
FROM: Mayor Gray, Chairman, Audit Committee
RE: Financial Statements for the Year Ending December 31, 2002

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, 2002 be received;

AND THAT Council approve the appropriation of \$2,717,000 of surplus generated from all general fund operations in 2002 to general reserves 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, 2002 was undertaken on April 23, 2003 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 2002 Surplus generated from all general fund operations, in the amount of \$2,717,000, 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 2002 of \$108,000, which maintains the targeted Accumulated Surplus balance of \$2.9 Million, equivalent to approximately 5% of taxation.

The General Reserves appropriations recommended are:

Arterial Roads Reserve	350,000
Asphalt Overlay Reserve	350,000
Major Facilities Reserve	1,000,000
Major Parks Purchase & Development Reserve	300,000
RCMP Operations Reserve	300,000
Fringe Benefit Load Reserve	100,000
General Reserve	267,000
Off-Road Bikeway Reserve	50,000
	<u>\$2,717,000</u>

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

Walter Gray
Mayor

RM/pb

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.