
City of Kelowna

MEMORANDUM

DATE: April 18, 2005
FILE: 1830-20 and 0540-20
TO: City Manager
FROM: Mayor Gray, Chairman, Audit Committee
RE: Financial Statements for the Year Ending December 31, 2004

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, 2004 be received.

THAT Council approve the appropriation of \$2,700,000 of surplus generated from all general fund operations in 2004 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 and form part of the City of Kelowna's annual report.

BACKGROUND:

A detailed review of draft City of Kelowna Financial Statements for the year ending December 31, 2004 was undertaken on April 18, 2005 by the Audit Committee, the City of Kelowna Auditor, Grant Thornton LLP, and Financial Services staff.

City Administration has recommended the Appropriation to Reserves of 2004 Surplus generated from all general fund operations, in the amount of \$2,700,000, 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 2004 of \$8,300, which maintains the targeted Accumulated Surplus balance of \$3.1 Million, equivalent to approximately 5% of taxation.

The General Reserves appropriations recommended are:

Arterial Roads Reserve	\$ 600,000
Transit Facilities Enhancement Reserve	100,000
Slope Stability Reserve	100,000
Major Facilities Reserve	400,000
Civic Facilities	200,000
Major Parks Purchase & Development Reserve	400,000
Non-Arterial Road Reserve	400,000
Insurance Deductible Reserve	100,000
Community Arts Centre Reserve	100,000
Off-Road Bikeway Reserve	300,000
	<u>\$2,700,000</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 Financial Services
Financial Accounting & Systems Manager

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