
CITY OF KELOWNA

MEMORANDUM

Date: April 24, 2007
File No.: 1830-20 and 0540-20
To: City Manager
From: Mayor Shepherd, Chairman, Audit Committee
Subject: Financial Statements for the Year Ending December 31, 2006

Report Prepared by: *Jackie Dueck*

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, 2006 be received.

THAT Council approves the appropriation of \$2,200,000 of surplus generated from all general fund operations in 2006 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, 2006 was undertaken on April 24, 2007 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 2006 Surplus generated from all general fund operations, in the amount of \$2,200,000, 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 2006 of \$71,700 and an Accumulated Surplus balance of \$1.2 Million, equivalent to approximately 1.6% of taxation.

The General Reserves appropriations recommended are:

Arterial Roads Reserve	\$ 700,000
Major System/Software	100,000
Future Overlays	200,000
Civic Facilities	250,000
Land Acquisitions	600,000
Downtown Streetscape	150,000
RCMP Operations	<u>200,000</u>
	<u>\$2,200,000</u>

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

LEGAL/STATUTORY AUTHORITY:

The Community Charter section 167 "Annual financial statements" requires that Municipal financial statements for a fiscal year must be presented to council for its acceptance.

Considerations that were not applicable to this report:

INTERNAL CIRCULATION TO:

LEGAL/STATUTORY PROCEDURAL REQUIREMENTS:

EXISTING POLICY:

FINANCIAL/BUDGETARY CONSIDERATIONS:

PERSONNEL IMPLICATIONS:

TECHNICAL REQUIREMENTS:

EXTERNAL AGENCY/PUBLIC COMMENTS:

ALTERNATE RECOMMENDATION:

Sharon Shepherd
Mayor

Approved for Inclusion:



Encls.

c.c. Councillor R. Hobson - Audit Committee
Councillor N. Letnick - Audit Committee
Director of Financial Services
Financial Accounting Manager

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