City of Kamloops

Financial Statements

For the year ended December 31, 2003

CITY OF KAMLOOPS

CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

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BDO

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Auditors' Report

To the Mayor and Council of the City of Kamloops

We have audited the consolidated statement of financial position of the City of Kamloops as at December 31, 2003 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the city as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

BDO Dunwoody LLP
Chartered Accountants

Kamloops, British Columbia
April 7, 2004

BDO Dunwoody LLP *is a Limited Liability Partnership registered in Ontario*

CITY OF KAMLOOPS

Management's Responsibility for Financial Reporting

The accompanying financial statements of the City of Kamloops and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Council of the City.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The City maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the City's assets are appropriately accounted for and adequately safeguarded.

The City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Audit Committee reviews the City's financial statements and recommend their approval to City Council. The Audit Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Mayor and Council takes this information into consideration when approving the financial statements for issuance to the ratepayers. The Mayor and Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Dunwoody LLP in accordance with Canadian generally accepted auditing standard on behalf of the ratepayers. BDO Dunwoody LLP has full access to the Council and management.

Mayor

Finance and Information Technology Director

CITY OF KAMLOOPS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial assets		
Cash and short-term investments (note 2)	$ **60,704,944**	$ 45,092,231
Accounts receivable (note 3)	**13,858,378**	11,125,486
Long-term investments	**228,539**	218,930
	74,791,861	56,436,647
Liabilities		
Accounts payable (note 4)	**14,886,802**	9,976,792
Payroll benefits payable	**2,914,592**	5,624,395
Post-employment benefits payable	**4,242,223**	231,857
Landfill post-closure costs (note 5)	**1,206,572**	1,153,286
Deferred revenue (note 6)	**16,303,023**	17,873,487
Long-term debt (note 7)	**49,390,361**	31,793,228
Obligation under capital lease (note 8)	**541,877**	599,790
	89,485,450	67,252,835
Net financial liabilities	**(14,693,589)**	(10,816,188)
Non-financial assets		
Inventory	**1,024,016**	791,875
Prepaid expenses	**363,268**	264,939
Capital assets (note 9)	**573,928,351**	528,355,919
	575,315,635	529,412,733
Net Position	**560,622,046**	518,596,545
Reserves, Surplus and Equity		
Reserves for operating purposes (note 10)	**6,716,650**	5,243,279
Reserves for capital purposes (note 11)	**21,357,657**	18,410,776
Surplus from operations (note 12)	**11,257,664**	9,535,656
Total financial equity	**39,331,971**	33,189,711
Total capital equity	**521,290,075**	485,406,834
	560,622,046	518,596,545
	$ **-**	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Taxation (note 13)	$ 63,601,736	$ **62,372,695**	$ 59,400,563
Development levies utilized	4,392,143	**3,707,532**	2,342,172
Fees, rates and sales of service (note 14)	29,980,902	**31,367,457**	28,334,249
Grants (note 15)	23,504,787	**20,127,718**	8,474,655
Investment income	2,250,530	**5,261,077**	4,530,502
Private contributions	2,495,334	**1,222,480**	82,744
Sale of capital assets	718,500	**138,111**	357,880
	126,943,932	**124,197,070**	103,522,765
Expenditures (note 16)			
Cemetery	450,871	**479,979**	472,185
Community development	3,267,107	**3,117,961**	2,984,063
Corporate administration	5,747,243	**6,210,313**	4,990,679
Fire services	8,740,475	**8,883,109**	8,663,310
Infrastructure maintenance	5,197,016	**4,792,338**	5,222,546
Legislative and enforcement	3,518,122	**3,024,053**	2,953,870
Parks, recreation and leisure services	15,844,838	**16,096,199**	15,115,586
Police services	14,962,487	**14,320,718**	13,522,439
Public Transit	7,321,202	**7,337,081**	7,787,494
Solid waste	3,377,684	**3,240,530**	3,295,854
Water utility	4,286,853	**4,644,132**	4,188,061
Sewer utility	4,513,053	**3,928,543**	3,624,653
Kamloops Airport Authority Society	-	**21,505**	6,810
Debt servicing costs	4,813,591	**4,397,284**	4,248,128
Capital expenditures	58,934,389	**47,250,256**	27,444,573
	140,974,931	**127,744,001**	104,520,251
Net operating activity	(14,030,999)	**(3,546,931)**	(997,486)
Reduction of long-term debt	(4,161,411)	**(4,612,317)**	(4,571,661)
Capital assets acquired under capital lease	-	**-**	619,200
Repayment of obligations under capital lease	-	**(57,914)**	(19,410)
Capital assets acquired pending debenture issue	14,506,336	**14,359,421**	8,494,245
Cancellation of pending short-term debt issue	-	**-**	(1,764,363)
Increase (decease) in financial equity	$ (3,686,074)	$ **6,142,259**	$ 1,760,525

CITY OF KAMLOOPS

CONSOLIDATED STATEMENT OF EQUITY
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Opening Balance	$ **518,596,545**	$ 493,741,111
Financial Equity:		
Change in reserves for operating purposes	**1,473,371**	1,274,485
Change in reserves for capital purposes	**2,946,881**	(1,700,685)
Operating surplus (deficit) for the year	**1,722,008**	2,186,725
Net change in financial equity	**6,142,260**	1,760,525
Capital Equity:		
Capital expenditures	**47,250,256**	27,444,573
Cost of assets disposed	**(1,677,825)**	(1,291,653)
Principal payments on long-term debt	**2,850,726**	2,794,037
Actuarial adjustments on long-term debt	**1,761,591**	1,777,624
Capital assets acquired by obligation under capital lease	**-**	(619,200)
Repayment of obligation under capital lease	**57,914**	19,410
Debenture debt pending	**(14,359,421)**	(8,794,245)
Cancellation of prior pending short-term debt issue	**-**	1,764,363
Net change in capital equity	**35,883,241**	23,094,909
Ending balance	$ **560,622,046**	$ 518,596,545

See accompanying notes to consolidated financial statements.

CITY OF KAMLOOPS

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Cash provided by (used for):		
Operating		
Net operating activity	$ **(3,546,931)**	$ (997,486)
Changes in non-cash operating items:		
Decrease (increase) in accounts receivable	**(2,732,892)**	(22,725)
Decrease (increase) in inventory	**(232,141)**	101,503
Decrease (increase) in prepaid expenses	**(98,329)**	(57,325)
Decrease (increase) in investments	**(9,609)**	(10,822)
Increase (decrease) in accounts payable	**4,910,010**	1,502,229
Increase (decrease) in payroll benefits payable	**(2,709,803)**	-
Increase (decrease) in post-employment benefits payable	**4,010,366**	-
Increase (decrease) in landfill post-closure costs	**53,286**	53,286
Increase (decrease) in deferred revenue	**(1,570,464)**	(467,889)
	(1,926,507)	100,771
Financing:		
Proceeds from issuance of long-term debt	**22,209,450**	5,018,252
Principal repayments on long-term debt	**(4,612,317)**	(4,571,661)
Increase in obligations under capital lease	**-**	619,200
Repayment of obligations under capital lease	**(57,913)**	(19,410)
	17,539,220	1,046,381
Increase in cash for the year	**15,612,713**	1,147,152
Cash, beginning of the year	**45,092,231**	43,945,079
Cash, end of the year	$ **60,704,944**	$ 45,092,231

See accompanying notes to consolidated financial statements.

CITY OF KAMLOOPS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

The City of Kamloops was incorporated in 1893 under statute of the Province of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include cemetery; community development; fire; infrastructure maintenance; legislative and enforcement; parks, recreation and leisure; police; public transit; solid waste; water utility; sewer utility and fiscal services. The City is also responsible for the Kamloops Airport Authority Society.

1 . Significant accounting policies:

(a) Basis of presentation:

It is the City's policy to follow accounting principles generally accepted for British Columbia municipalities and to apply such principles consistently. These consolidated financial statements include the operations of the General, Water and Sewer funds as well as the Kamloops Airport Authority Society. The consolidated financial statements have been prepared using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Accordingly, all revenue and expenditures are recorded on the accrual basis.

(b) Funds of the City:

The resources and operations of the City are segregated into General, Water and Sewer funds for accounting and financial reporting purposes.

(c) Principles of consolidation:

The consolidated financial statements include the accounts of all funds of the City as well as the Kamloops Airport Authority Society. Separate audited financial statements have been prepared for the Society. Inter-fund balances and transactions have been eliminated. Separate fund statements are presented as supplementary information to the consolidated financial statements.

(d) Inventory:

Inventory is valued at the lower of cost and net realizable value with cost determined by the average cost method.

(e) Investments:

Short-term investments and investments are recorded at cost, which approximate net realizable value.

(f) Capital assets:

Buildings, machinery and equipment, and engineered structures that have been acquired or constructed are recorded at cost. Amortization is not provided. Expenditures for repairs and upgrading that do not materially add to the value or life of an asset are expensed as incurred.

Infrastructure provided by developers and assumed by the City is not reflected in the financial statements.

1 . Significant accounting policies (continued):

(g) Long-term debt:

Long-term debt is recorded net of any related sinking fund balances. Debt service charges, including principal and interest, are charged against current revenue in the period in which they occur.

(h) Reserves:

Reserves for operating and capital purposes represent amounts reserved either internally or by statute for specific future purposes.

(i) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

(j) Financial instruments:

The City's financial instruments consist of cash and short-term investments, accounts receivable, investments, accounts payable, accrued liabilities, deferred revenue, long-term debt, and obligations under capital lease. Due to the nature of these financial instruments, fair value approximates their carrying value. It is management's opinion the City is not subject to any significant interest rate, currency, or credit risk associated with these financial instruments.

2 . Cash and short-term investments:

	2003	2002
Restricted cash and short-term investments:		
Statutory reserves	$ **10,565,585**	$ 8,607,026
Development cost charges	**7,326,680**	9,045,066
Cemetery Perpetual Care Trust Fund	**790,419**	717,371
Kamloops Airport Authority	**439,708**	289,556
	19,122,392	18,659,019
Unrestricted cash and short-term investments	**41,582,552**	26,433,212
	$ **60,704,944**	$ 45,092,231

3 . Accounts Receivable:

	2003	2002
General fund:		
Taxes	$ 3,046,470	$ 3,324,298
Utilities	1,210,132	1,054,866
Trade	3,789,554	2,722,201
Accrued interest	543,113	1,897,885
Province of British Columbia	37,699	858,730
Government of Canada	868,749	265,118
	9,495,717	10,123,098
Water Fund:		
Trade	621,617	698,283
Province of British Columbia	3,583,020	-
	4,204,637	698,283
Sewer Fund:		
Trade	-	55,651
Cemetery Trust:		
Accrued interest	1,034	12,662
Kamloops Airport Authority:		
Trade	156,990	235,792
	$ 13,858,378	$ 11,125,486

4 . Accounts payable

	2003	2002
General fund:		
Trade	$ 9,900,325	$ 5,694,104
Payroll and benefits	184,973	191,426
Province of British Columbia	1,614,057	1,186,098
Government of Canada	2,818,679	2,844,862
	14,518,034	9,916,490
Kamloops Airport Authority:		
Trade	368,768	60,302
	$ 14,886,802	$ 9,976,792

5 . Landfill post-closure costs

The City of Kamloops operates two solid waste landfill sites in the Kamloops area. Based on independent assessment conducted in September 2000, the main landfill at the Mission Flats site is expected to serve until 2066. Final closure and post-closure costs relating to reclamation of this area have been estimated at $2,981,000. At December 31, 2003, management estimates the site to be 25.73% utilized on a volumetric basis. The Barnhartvale site is expected to serve until 2017. Final closure and post-closure costs related to reclamation of this area have been estimated at $586,000. At December 31, 2003, Management estimates the site to be 52.64% utilized on a volumetric basis.

6 . Deferred revenue

	Balance at December 31, 2002	Collected	Interest	Recognized	**Balance at December 31, 2003**
General fund:					
Taxes	$ 7,582,242	$ 14,169,003	$ 133,874	$ (14,055,451)	**$ 7,829,668**
Leases	156,603	-	-	(12,214)	**144,389**
Business licenses	811,339	819,917	-	(811,339)	**819,917**
Other	278,237	462,992	-	(558,860)	**182,369**
	8,828,421	15,451,912	133,874	(15,437,864)	**8,976,343**
Development cost charges	9,045,066	1,624,101	365,044	(3,707,531)	**7,326,680**
	$ 17,873,487	$ 17,076,013	$ 498,918	$ (19,145,395)	**$ 16,303,023**

7 . Long-term debt

(a) Long-term debt outstanding:

	Balance at December 31, 2002	Debt Principal repayments	Actuarial adjustments	Debt acquired	**Balance at December 31, 2003**
General fund	$ 10,139,527	$ (912,461)	$ (446,676)	$ 5,016,197	**$ 13,796,587**
Water fund	12,028,034	(1,309,012)	(366,157)	14,874,505	**25,227,370**
Sewer Fund	9,625,667	(629,252)	(948,759)	2,318,748	**10,366,404**
	$ 31,793,228	$ (2,850,725)	$ (1,761,592)	$ 22,209,450	**$ 49,390,361**

7 . Long-term debt (continued):

(b) Future sinking fund requirements on outstanding borrowings over the next five years and thereafter are as follows:

	General fund	Water fund	Sewer fund	Total
2004	$ 1,076,347	$ 912,484	$ 723,847	$ 2,712,678
2005	1,076,347	912,484	723,847	2,712,678
2006	1,076,347	912,484	723,847	2,712,678
2007	545,650	912,484	723,847	2,181,981
2008	545,650	900,527	723,847	2,170,024
Thereafter	4,027,698	5,565,430	2,979,254	12,572,382

The weighted average interest rate on long-term debt in 2003 was 6.68%. (2002 - 5.80%).

(c) Un-issued debt:

The City internally finances certain capital projects pending the issue of long-term debt and/or short-term debt. For budget and financial reporting purposes, borrowed funds received in the current year are applied to advances pending from prior year's. A summary of the current year's transactions and cumulative advances pending debenture issue are as follows:

	Balance at December 31, 2002	Capital assets purchased pending debt	Debt acquired	Adjustments	**Balance at December 31, 2003**
General fund	$ 4,016,195	$ 1,419,380	$ (5,016,197)	$ -	**$ 419,378**
Water fund	4,805,348	10,410,455	(5,073,333)	(986,915)	**9,155,555**
Sewer Fund	1,734,524	2,529,588	(2,318,748)	(1,654,849)	**290,515**
	$ 10,556,067	$ 14,359,423	$ (12,408,278)	$ (2,641,764)	**$ 9,865,448**

8 . Obligations under capital lease:

The City has entered into a capital lease agreement with the Municipal Finance Authority to finance the acquisition of a certain capital asset. The required minimum lease payment over the next four years and the net obligation under capital lease is as follows:

	2003	2002
2003	$ -	$ 78,728
2004	**78,728**	78,728
2005	**78,728**	78,728
2006	**78,728**	78,728
2007	**362,086**	362,086
Net minimum lease payments	**598,270**	676,998
Less amount representing interest at approximately 3.6%	**(56,393)**	(77,208)
Present value of capital lease payments	**541,877**	599,790
Less current portion	**78,729**	78,729
	$ **463,148**	$ 521,061

Interest of $20,815 (2002 - $6,833) relating to capital lease obligations has been included in interest expense.

9 . Capital Assets

	2003	2002
General fund:		
Engineered structures	$ 181,811,526	$ 172,657,798
Buildings	68,303,842	66,539,526
Machinery and equipment	58,206,120	55,776,279
Land	18,018,764	17,568,614
	326,340,252	312,542,217
Water Fund:		
Engineered structures	116,094,434	88,012,746
Buildings	662,101	662,101
Machinery and equipment	3,456,799	3,273,829
Land	152,785	152,785
	120,366,119	92,101,461
Sewer Fund:		
Engineered structures	82,420,777	78,322,734
Buildings	298,555	298,555
Machinery and equipment	3,566,754	3,477,321
Land	250,790	250,790
	86,536,876	82,349,400
Kamloops Airport Authority:		
Capital assets	40,685,104	41,362,841
	$ 573,928,351	$ 528,355,919

Included in machinery and equipment (General Fund) are capital assets under capital lease with a net cost of $619,200.

CITY OF KAMLOOPS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

10 . Reserves for operating purposes

	Balance at December 31, 2002	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2003**
General fund:				
Affordable Housing	$ -	$ 50,000	$ -	$ **50,000**
Art Gallery	445,066	19,003	-	**464,069**
Arts Legacy	206,146	5,085	-	**211,231**
Bi-centennial Legacy	218,929	9,610	-	**228,539**
Canada Games Legacy	571,165	1,387	-	**572,552**
Community Arts	34,499	-	(26,500)	**7,999**
Deferred Operating	101,122	588,157	(81,122)	**608,157**
DFO Grant	99,500	95,500	(57,000)	**138,000**
General Building	(4,750)	12,214	-	**7,464**
Heritage Foundation	10,000	20,000	(20,000)	**10,000**
Insurance	1,000,000	-	(117,532)	**882,468**
Oak Hills Dyke	12,932	-	-	**12,932**
Police Contract	244,849	517,254	-	**762,103**
Sports Legacy	177,548	1,895	-	**179,443**
Stream Stewardship	5,000	-	-	**5,000**
Working Capital	1,326,909	434,000	-	**1,760,909**
Youth Legacy	4,331	-	-	**4,331**
	4,453,246	1,754,105	(302,154)	**5,905,197**
Water:				
Deferred Operating	30,000	-	(20,000)	**10,000**
Sewer:				
Deferred Operating	30,000	-	(20,000)	**10,000**
Cemetery:				
Cemetery Care Trust Fund	730,033	61,420	-	**791,453**
	$ 5,243,279	$ 1,815,525	$ (342,154)	$ **6,716,650**

CITY OF KAMLOOPS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

11 . Reserves for capital purposes

	Balance at December 31, 2002	Interest income and contributions	Transfers to operations and capital	**Balance at December 31, 2003**
Statutory reserves:				
Tax sale property fund	$ 2,792,596	$ 1,144,691	$ (68,450)	**$ 3,868,837**
Local improvement fund	755,301	134,690	(855)	**889,136**
Debt retirement fund	313,200	12,823	(309,325)	**16,698**
Parking facility reserve	751,671	136,133	(246,496)	**641,308**
Land sale reserve fund	308,667	76,894	(52,974)	**332,587**
Equipment replacement fund	3,685,591	2,939,243	(1,807,815)	**4,817,019**
	8,607,026	4,444,474	(2,485,915)	**10,565,585**
Non-statutory reserves:				
General fund	$ 4,741,444	$ 3,705,970	$ (3,355,753)	**$ 5,091,661**
Water fund	2,874,673	1,208,780	(345,608)	**3,737,845**
Sewer fund	1,746,453	452,915	(403,551)	**1,795,817**
	9,362,570	5,367,665	(4,104,912)	**10,625,323**
Airport capital fund	441,180	156,795	(431,226)	**166,749**
	$ 18,410,776	$ 9,968,934	$ (7,022,053)	**$ 21,357,657**

12 . Surplus from operations

	2003	2002
General fund:		
Balance, beginning of year	**$ 4,287,871**	$ 3,716,609
Operating Surplus for the year	**-**	571,262
	4,287,871	4,287,871
Water fund:		
Balance, beginning of year	**3,148,802**	2,035,844
Operating Surplus for the year	**1,101,007**	1,112,958
	4,249,809	3,148,802
Sewer fund:		
Balance, beginning of year	**2,075,117**	1,573,030
Operating Surplus for the year	**583,686**	502,087
	2,658,803	2,075,117
Kamloops Airport Authority Society:		
Balance, beginning of year	**23,866**	23,448
Operating Surplus for the year	**37,315**	418
	61,181	23,866
	$ 11,257,664	$ 9,535,656

13 . Taxation

	2003 Budget (unaudited)	2003	2002
General fund:			
Real property	$ 57,487,022	$ **57,390,834**	$ 54,633,553
Special assessments	3,062,764	**1,810,457**	1,795,786
Utilities	1,156,600	**1,153,385**	1,054,027
Grants in lieu of taxes	1,895,350	**2,018,019**	1,917,197
	$ 63,601,736	$ **62,372,695**	$ 59,400,563

On behalf of other taxing jurisdictions the collected and remitted the following taxes:

	2003	2002
Province of British Columbia - school taxes	$ **29,423,230**	$ 29,174,107
Thompson-Nicola Regional Hospital District	**2,273,464**	2,251,731
Thompson-Nicola Regional District	**3,501,664**	3,487,674
British Columbia Assessment Authority	**810,065**	931,683
	$ **36,008,423**	$ 35,845,195

14 . Fees, Rates and Sales of Service by Function and Object

	2003 Budget (unaudited)	2003	2002
Cemetery:			
Sale of service	$ 338,550	$ **343,223**	$ 336,349
	338,550	**343,223**	336,349
Community development:			
Sale of service	97,400	**146,071**	108,246
Licences and permits	1,322,900	**1,573,998**	1,366,812
Concessions and franchises	91,715	**96,533**	88,452
Miscellaneous	15,000	**12,898**	8,737
	1,527,015	**1,829,500**	1,572,247

14 . Fees, Rates and Sales of Service by Function and Object (continued):

Corporate administration:			
Sale of service	$ 111,100	$ **141,448**	$ 121,309
Concessions and franchises	1,259,400	**1,172,877**	1,259,437
Fines and fees	5,000	**6,345**	6,200
Rentals	126,000	**126,562**	142,942
Penalties and interest	520,000	**547,359**	543,232
Miscellaneous	38,355	**38,705**	154,666
	2,059,855	**2,033,296**	2,227,786
Fire services:			
Sale of service	373,168	**417,124**	375,563
Miscellaneous	-	**698,559**	-
	373,168	**1,115,683**	375,563
Infrastructure maintenance			
Sale of service	2,000	**3,476**	1,909
Miscellaneous	1,400	**32,415**	241
	3,400	**35,891**	2,150
Legislative and enforcement			
Sale of service	825,077	**823,340**	764,531
Licences and permits	100,000	**92,909**	95,278
Fines and fees	187,100	**257,528**	225,953
Miscellaneous	7,400	**5,769**	6,369
	1,119,577	**1,179,546**	1,092,131
Parks, recreation and leisure services:			
Sale of service	3,940,520	**3,820,806**	3,686,150
Rentals	-	**-**	5,000
Miscellaneous	1,800	**2,899**	2,619
	3,942,320	**3,823,705**	3,693,769
Police services:			
Sale of service	90,200	**128,349**	148,142
Rentals	70,000	**70,000**	70,000
	160,200	**198,349**	218,142

14 . Fees, Rates and Sales of Service by Function and Object (continued):

Public transit:			
Sale of service	$ 2,174,692	**$ 2,528,516**	$ 2,476,160
	2,174,692	**2,528,516**	2,476,160
Solid waste:			
Sale of service	1,477,000	**1,208,079**	1,396,966
Miscellaneous	-	**3,114**	-
	1,477,000	**1,211,193**	1,396,966
Water utility:			
Sale of service	9,894,025	**9,936,608**	8,587,579
Miscellaneous	-	**200**	200
	9,894,025	**9,936,808**	8,587,779
Sewer utility:			
Sale of service	6,887,100	**6,932,750**	6,148,561
Miscellaneous	24,000	**40,145**	44,513
	6,911,100	**6,972,895**	6,193,074
Kamloops Airport Authority Society			
Sale of service	-	**158,852**	162,133
	-	**158,852**	162,133
	$ 29,980,902	**$ 31,367,457**	$ 28,334,249

15 . Grants

	2003 Budget (unaudited)	2003	2002
General fund:			
Federal Government:			
Policing	$ 1,476,113	$ **1,473,685**	$ 1,433,374
Other	-	**90,500**	72,500
Provincial Government:			
Transit	3,262,000	**3,201,058**	3,423,952
Gaming revenue	1,500,000	**1,780,539**	1,507,548
Victims assistance	60,000	**60,000**	35,764
Community development	10,000	**10,000**	4,799
Other	15,650	**836**	15,444
	6,323,763	**6,616,618**	6,493,381
Water fund:			
Federal Government:			
Capital infrastructure	8,500,000	**6,626,166**	605,552
Provincial Government:			
Revenue sharing	181,024	**258,768**	418,695
Capital infrastructure	8,500,000	**6,626,166**	700,852
	17,181,024	**13,511,100**	1,725,099
Sewer fund:			
Provincial Government:			
Revenue sharing	-	-	111,302
Capital infrastructure	-	-	93,551
	-	-	204,853
Kamloops Airport Authority Society			
Federal Government:			
Capital infrastructure	-	-	51,322
	-	-	51,322
	$ 23,504,787	$ **20,127,718**	$ 8,474,655

16 . Expenditures by function and object

	2003 Budget (unaudited)	2003	2002
Cemetery:			
Salaries, wages and benefits	$ 272,981	$ **283,948**	$ 289,938
Personnel expenses	2,500	**1,033**	-
Contractual services	10,500	**10,647**	10,989
Supplies and other expenses	42,529	**55,549**	47,372
Transfers from other functions	122,361	**128,802**	123,886
Total operating expenditures	450,871	**479,979**	472,185
Capital expenditures	144,500	**127,638**	164,641
	595,371	**607,617**	636,826
Community development:			
Salaries, wages and benefits	3,012,071	**3,021,850**	2,962,284
Personnel expenses	47,575	**34,257**	30,856
Contractual services	176,850	**199,877**	138,971
Supplies and other expenses	568,857	**423,308**	427,428
Transfers from other functions	1,122,354	**1,122,014**	1,115,182
Transfers to other functions	(1,233,700)	**(1,233,700)**	(1,221,700)
Cost allocated to capital	(426,900)	**(449,645)**	(468,958)
Total operating expenditures	3,267,107	**3,117,961**	2,984,063
Capital expenditures	285,022	**294,155**	683,460
	3,552,129	**3,412,116**	3,667,523
Corporate administration:			
Salaries, wages and benefits	4,323,052	**4,330,720**	4,025,711
Personnel expenses	401,861	**237,711**	170,537
Contractual services	2,267,695	**2,211,771**	1,940,987
Supplies and other expenses	947,029	**1,623,487**	1,032,831
Transfers from other functions	1,140,529	**1,125,676**	1,128,115
Transfers to other functions	(3,332,923)	**(3,319,052)**	(3,307,502)
Total operating expenditures	5,747,243	**6,210,313**	4,990,679
Capital expenditures	2,684,728	**755,567**	1,001,552
	8,431,971	**6,965,880**	5,992,231

16 . Expenditures by function and object (continued):

Fire services:			
Salaries, wages and benefits	$ 7,644,776	$ **8,009,599**	$ 7,825,158
Personnel expenses	70,250	**54,035**	61,925
Contractual services	175,350	**135,152**	113,529
Supplies and other expenses	431,563	**264,199**	266,487
Transfers from other functions	418,536	**510,298**	396,211
Transfers to other functions	-	**(90,174)**	-
Total operating expenditures	8,740,475	**8,883,109**	8,663,310
Capital expenditures	193,093	**177,659**	850,759
	8,933,568	**9,060,768**	9,514,069
Infrastructure maintenance:			
Salaries, wages and benefits	5,781,330	**5,652,222**	5,689,199
Personnel expenses	46,515	**38,755**	41,583
Contractual services	1,243,936	**1,288,586**	1,233,891
Supplies and other expenses	3,503,706	**3,508,705**	3,491,882
Transfers from other functions	3,645,852	**4,077,620**	3,567,443
Transfers to other functions	(8,474,323)	**(9,575,353)**	(8,716,936)
Cost allocated to capital	(550,000)	**(198,197)**	(84,516)
Total operating expenditures	5,197,016	**4,792,338**	5,222,546
Capital expenditures	10,369,058	**7,683,669**	12,201,321
	15,566,074	**12,476,007**	17,423,867
Legislative and enforcement:			
Salaries, wages and benefits	1,564,454	**1,514,826**	1,429,418
Personnel expenses	91,750	**71,288**	64,644
Contractual services	117,387	**147,306**	141,347
Supplies and other expenses	1,318,611	**881,757**	893,289
Transfers from other functions	496,420	**479,376**	495,672
Transfers to other functions	(70,500)	**(70,500)**	(70,500)
Total operating expenditures	3,518,122	**3,024,053**	2,953,870
Capital expenditures	451,990	**326,497**	785,477
	3,970,112	**3,350,550**	3,739,347

16 . Expenditures by function and object (continued):

Parks, recreation and leisure services:			
Salaries, wages and benefits	$ 7,096,986	$ **7,033,883**	$ 6,815,890
Personnel expenses	138,212	**120,786**	132,358
Contractual services	2,248,818	**2,403,822**	2,175,667
Supplies and other expenses	3,852,373	**3,858,135**	3,392,772
Transfers from other functions	2,996,147	**3,141,271**	3,060,597
Transfers to other functions	(461,698)	**(461,698)**	(461,698)
Cost allocated to capital	(26,000)	**-**	-
Total operating expenditures	15,844,838	**16,096,199**	15,115,586
Capital expenditures	4,944,568	**3,863,312**	2,832,253
	20,789,406	**19,959,511**	17,947,839
Police services:			
Salaries, wages and benefits	2,387,668	**2,336,025**	2,082,589
Personnel expenses	44,330	**37,684**	48,146
Contractual services	11,723,644	**11,144,783**	10,596,215
Supplies and other expenses	57,128	**51,754**	48,768
Transfers from other functions	749,717	**750,472**	746,721
Total operating expenditures	14,962,487	**14,320,718**	13,522,439
Capital expenditures	43,450	**25,709**	40,516
	15,005,937	**14,346,427**	13,562,955
Public transit:			
Salaries, wages and benefits	81,964	**82,292**	81,386
Personnel expenses	1,500	**970**	1,141
Contractual services	7,198,721	**7,216,614**	7,673,464
Supplies and other expenses	-	**71**	32
Transfers from other functions	39,017	**37,134**	31,471
Total operating expenditures	7,321,202	**7,337,081**	7,787,494
Capital expenditures	1,447,280	**690,230**	-
	8,768,482	**8,027,311**	7,787,494

16 . Expenditures by function and object (continued):

Solid waste:			
Salaries, wages and benefits	$ 1,024,456	$ **996,562**	$ 961,422
Personnel expenses	8,200	**5,647**	6,866
Contractual services	1,491,300	**1,341,959**	1,460,697
Supplies and other expenses	29,010	**71,707**	72,573
Transfers from other functions	882,787	**882,724**	852,365
Transfers to other functions	(58,069)	**(58,069)**	(58,069)
Total operating expenditures	3,377,684	**3,240,530**	3,295,854
Capital expenditures	667,106	**422,461**	490,565
	4,044,790	**3,662,991**	3,786,419
Water utility:			
Salaries, wages and benefits	1,452,480	**1,498,732**	1,362,153
Personnel expenses	12,050	**10,379**	9,434
Contractual services	385,500	**410,219**	371,045
Supplies and other expenses	1,432,775	**1,636,468**	1,458,886
Transfers from other functions	1,342,370	**1,376,656**	1,274,865
Transfers to other functions	(288,322)	**(288,322)**	(288,322)
Cost allocated to capital	(50,000)	**-**	-
Total operating expenditures	4,286,853	**4,644,132**	4,188,061
Capital expenditures	32,507,305	**28,264,657**	6,868,741
	36,794,158	**32,908,789**	11,056,802
Sewer utility:			
Salaries, wages and benefits	1,270,014	**1,167,055**	1,058,764
Personnel expenses	14,596	**11,079**	11,423
Contractual services	946,879	**571,245**	412,156
Supplies and other expenses	1,335,120	**1,155,436**	1,165,160
Transfers from other functions	1,019,620	**1,064,904**	1,018,326
Transfers to other functions	(41,176)	**(41,176)**	(41,176)
Cost allocated to capital	(32,000)	**-**	-
Total operating expenditures	4,513,053	**3,928,543**	3,624,653
Capital expenditures	5,196,289	**4,187,476**	1,257,582
	9,709,342	**8,116,019**	4,882,235

16 . Expenditures by function and object (continued):

Kamloops Airport Authority Society			
Contractual services	$ -	$ **14,611**	$ 4,486
Supplies and other expenses	-	**6,894**	2,324
Total operating expenditures	-	**21,505**	6,810
Capital expenditures	-	**431,226**	267,705
	-	**452,731**	274,515
Debt servicing costs	4,813,591	**4,397,284**	4,248,128
	$ 140,974,931	$ **127,744,001**	$ 104,520,250

17 . Commitments and contingencies:

(a) The City of Kamloops has entered into various agreements and contracts for services and construction for periods ranging from one to five years.

(b) The City of Kamloops, as a member of the Thompson Nicola Regional District, is liable for its proportion of any operating deficits or long-term debt related to functions in which it participates.

(c) The City of Kamloops is a participant in the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible the City, along with other participants, would be required to contribute towards the deficit.

(d) The City of Kamloops and its employees contribute to the Municipal Pension Plan ("the plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employees, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 123,000 active contributors including approximately 28,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicated a funding surplus of $436 million for basic pension benefits. The next valuation will be as at December 31, 2003. At the time of the preparation of these financial statements, the results of this valuation were not available. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The City of Kamloops paid $2,310,591 for employer contributions to the plan in fiscal 2003

17 . Commitments and contingencies (continued):

(e) From time to time the City of Kamloops is brought forth as defendant in various lawsuits. The City reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim against the City would materially affect the consolidated financial statements of the City. The City reserves a portion of its operating surplus for future payment of insurance deductibles and payment of claims for which it would not be covered by insurance, The City is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the consolidated financial statements of the City.

(f) The City issues certain of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings and as required by legislation, a debt reserve fund is to be established in the amount of one-half the average instalment of principal and interest as set out in the agreement(s) entered into. The reserve is funded in part by cash, being the withholding of 1% of the total issue proceeds, and the remainder being funded by a demand note whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts of the City.

Details of the cash deposits and contingent demand notes on hand at year end are as follows:

	Cash Deposits	Contingent Demand Notes	**2003 Total**	2002 Total
General fund	$ 432,890	$ 1,187,790	**$ 1,620,680**	$ 1,466,715
Water utility fund	334,118	972,547	**1,306,665**	2,308,019
Sewer utility fund	490,081	1,016,399	**1,506,480**	1,999,012
	$ 1,257,089	$ 3,176,736	**$ 4,433,825**	$ 5,773,746

18 . Budget figures:

Budget figures are unaudited and represent the Financial Plan By-law adopted by Council at the time of adoption of the Annual Taxation By-law. Subsequent amendments to the Financial Plan By-law have been made by Council to reflect changes as required by law.

19 . Trust funds:

The City operates the cemeteries and maintains a cemetery perpetual care fund in accordance with the Cemetery and Funeral Services Act.

20 . Comparative figures:

The comparative figures were reported on by another firm of Chartered Accountants. Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

CITY OF KAMLOOPS
GENERAL FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial assets		
Cash and short-term investments	$ 35,659,685	$ 23,863,887
Accounts receivable (note 3)	9,495,717	10,123,098
Long-term investments	228,539	218,930
	45,383,941	34,205,915
Liabilities		
Accounts payable (note 4)	14,518,034	9,916,490
Payroll benefits payable	2,682,293	5,405,510
Post-employment benefits payable	4,242,223	231,857
Landfill post-closure costs (note 5)	1,206,572	1,153,286
Deferred revenue (note 6)	8,976,343	8,828,421
Long-term debt (note 7)	13,796,587	10,139,527
Obligation under capital lease (note 8)	541,877	599,790
	45,963,929	36,274,881
Net financial assets	(579,988)	(2,068,966)
Non-financial assets		
Inventory	738,987	531,076
Prepaid expenses	363,268	264,939
Capital assets (note 9)	326,340,252	312,542,217
	327,442,507	313,338,232
Net position	326,862,519	311,269,266
Reserves, Surplus and Equity		
Reserves for operating purposes (note 10)	5,905,197	4,453,246
Reserves for capital purposes (note 11)	5,091,661	4,741,444
Surplus from operations (note 12)	4,287,871	4,287,871
Total financial equity	15,284,729	13,482,561
Total capital equity	311,577,790	297,786,705
	326,862,519	311,269,266
	$ -	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS
GENERAL FUND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Taxation (note 13)	$ 63,601,736	$ 62,372,695	$ 59,400,563
Development levies utilized	778,848	552,901	1,774,766
Fees, rates and sales of service	13,175,777	14,298,902	13,391,263
Grants (note 15)	6,323,763	6,616,618	6,493,381
Investment income	1,287,104	2,591,913	2,235,406
Private contributions	2,495,334	1,222,480	68,979
Sale of capital assets	718,500	93,170	356,471
Transfers from other funds	4,189,728	13,126,584	5,110,294
	92,570,790	100,875,263	88,831,123
Expenditures (note 16)			
Cemetery	450,871	479,979	472,185
Community development	3,267,107	3,117,961	2,984,063
Corporate administration	5,747,243	6,210,313	4,990,679
Fire services	8,740,475	8,883,109	8,663,310
Infrastructure maintenance	5,197,016	4,792,338	5,222,546
Legislative and enforcement	3,518,122	3,024,053	2,953,870
Parks, recreation and leisure services	15,844,838	16,096,199	15,115,586
Police services	14,962,487	14,320,718	13,522,439
Public Transit	7,321,202	7,337,081	7,787,494
Solid waste	3,377,684	3,240,530	3,295,854
Debt servicing costs	1,677,729	1,601,428	1,605,342
Capital expenditures	21,230,795	14,366,897	19,050,545
Transfers to other funds	4,265,329	15,604,817	4,054,238
	95,600,898	99,075,423	89,718,151
Net operating activity	(3,030,108)	1,799,840	(887,028)
Reduction of long-term debt	(1,359,127)	(1,359,136)	(1,453,614)
Capital assets acquired under capital lease	-	-	619,200
Repayment of obligations under capital lease	-	(57,914)	(19,410)
Capital assets acquired pending debenture issue	2,009,258	1,419,378	4,023,144
Cancellation of pending short-term debt issue	-	-	(1,764,363)
Increase (decease) in financial equity	$ (2,379,977)	$ 1,802,168	$ 517,929

CITY OF KAMLOOPS
WATER FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial assets		
Cash and short-term investments	$ 3,361,176	$ 477,818
Accounts receivable (note 3)	4,204,637	698,283
	7,565,813	1,176,101
Liabilities		
Payroll benefits payable	129,055	121,603
Long-term debt (note 7)	25,227,370	12,028,034
	25,356,425	12,149,637
Net financial assets	(17,790,612)	(10,973,536)
Non-financial assets		
Inventory	221,909	193,630
Capital assets (note 9)	120,366,119	92,101,461
	120,588,028	92,295,091
Net Position	102,797,416	81,321,555
Reserves, Surplus and Equity		
Reserves for operating purposes (note 10)	10,000	30,000
Reserves for capital purposes (note 11)	3,737,845	2,874,673
Surplus from operations (note 12)	4,249,809	3,148,802
Total financial equity	7,997,654	6,053,475
Total capital equity	94,799,762	75,268,080
	102,797,416	81,321,555
	$ -	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS
WATER FUND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Development levies utilized	$ 3,318,295	$ 2,949,952	$ 557,856
Fees, rates and sales of service (note 14)	9,894,025	9,936,808	8,587,779
Grants (note 15)	17,181,024	13,511,100	1,725,099
Investment income	419,690	1,206,447	1,121,565
Transfers from other funds	368,827	4,678,423	313,357
	31,181,861	32,282,730	12,305,656
Expenditures (note 16)			
Water utility	4,286,853	4,644,132	4,188,061
Debt servicing costs	1,653,073	1,598,700	1,369,856
Capital expenditures	32,507,305	28,264,657	6,868,741
Transfers to other funds	-	4,566,348	-
	38,447,231	39,073,837	12,426,658
Net operating activity	(7,265,370)	(6,791,107)	(121,002)
Reduction of long-term debt	(1,606,093)	(1,675,169)	(1,715,148)
Capital assets acquired pending debenture issue	9,645,718	10,410,455	3,821,426
Increase (decease) in financial equity	$ 774,255	$ 1,944,179	$ 1,985,276

CITY OF KAMLOOPS
SEWER FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial assets		
Cash and short-term investments	$ 2,561,691	$ 2,091,507
Accounts receivable (note 3)	-	55,651
	2,561,691	2,147,158
Liabilities		
Payroll benefits payable	103,244	97,282
Long-term debt (note 7)	10,366,404	9,625,667
	10,469,648	9,722,949
Net financial assets	(7,907,957)	(7,575,791)
Non-financial assets		
Inventory	63,120	67,169
Capital assets (note 9)	86,536,876	82,349,400
	86,599,996	82,416,569
Net Position	78,692,039	74,840,778
Reserves, Surplus and Equity		
Reserves for operating purposes (note 10)	10,000	30,000
Reserves for capital purposes (note 11)	1,795,817	1,746,453
Surplus from operations (note 12)	2,658,803	2,075,117
Total financial equity	4,464,620	3,851,570
Total capital equity	74,227,419	70,989,208
	78,692,039	74,840,778
	$ -	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS
SEWER FUND
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Development levies utilized	$ 295,000	$ **204,679**	$ 9,550
Fees, rates and sales of service (note 14)	6,911,100	**6,972,895**	6,193,074
Grants (note 15)	-	**-**	204,853
Investment income	543,736	**1,450,895**	1,164,960
Private contributions	-	**-**	13,765
Transfers from other funds	753,332	**3,791,828**	688,339
	8,503,168	**12,420,297**	8,274,541
Expenditures (note 16)			
Sewer utility	4,513,053	**3,928,543**	3,624,653
Debt servicing costs	1,482,789	**1,197,156**	1,272,930
Capital expenditures	5,196,289	**4,187,476**	1,257,582
Transfers to other funds	-	**3,445,647**	51,463
	11,192,131	**12,758,822**	6,206,628
Net operating activity	(2,688,963)	**(338,525)**	2,067,913
Reduction of long-term debt	(1,196,191)	**(1,578,012)**	(1,402,899)
Capital assets acquired pending debenture issue	2,851,360	**2,529,588**	649,675
Increase (decease) in financial equity	$ (1,033,794)	$ **613,051**	$ 1,314,689

CITY OF KAMLOOPS
CEMETERY CARE TRUST FUND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial Assets		
Cash and short-term investments (note 2)	$ **790,419**	$ 717,371
Accounts receivable (note 3)	**1,034**	12,662
	791,453	730,033
Reserves, Surplus and Equity		
Reserves for operating purposes (note 10)		
Balance, beginning of the year	**730,033**	676,478
Add:		
Transfer from General Revenue Fund	**61,420**	53,555
Interest Earned	**46,405**	50,370
	107,825	103,925
Less:		
Transfer to General Revenue Fund	**(46,405)**	(50,370)
Balance, end of the year	**791,453**	730,033
	$ **-**	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS

STATUTORY RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial Assets		
Cash and short-term investments	$ **17,892,265**	$ 17,652,092
	17,892,265	17,652,092
Liabilities		
Deferred revenue (note 6)	**7,326,680**	9,045,066
	7,326,680	9,045,066
Net financial assets	**10,565,585**	8,607,026
Reserves, Surplus and Equity		
Reserves for capital purposes (note 11)		
Tax sale property fund	**3,868,837**	2,792,596
Local improvement fund	**889,136**	755,301
Debt retirement fund	**16,698**	313,200
Parking facility reserve	**641,308**	751,671
Land sale reserve fund	**332,587**	308,667
Equipment replacement fund	**4,817,019**	3,685,591
Total financial equity	**10,565,585**	8,607,026
	$ -	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS
STATUTORY RESERVE FUNDS
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Transfer to:			
Tax sale property	$ 190,500	$ **1,144,691**	$ 212,980
Local improvement	66,851	**134,690**	144,657
Debt retirement	68,000	**12,822**	26,666
Parking facility	125,107	**136,134**	160,910
Land Sale	622,800	**76,894**	39,252
Equipment replacement	2,351,500	**2,939,243**	2,709,204
Cemetery Trust	51,000	**61,419**	103,925
	3,475,758	**4,505,893**	3,397,594
Expenditures			
Transfer from:			
Tax sale property	138,467	**68,450**	958,318
Local improvement	165,000	**855**	-
Debt retirement	309,325	**309,325**	309,325
Parking facility	347,690	**246,496**	721,379
Land Sale	62,250	**52,974**	258,101
Equipment replacement	3,448,584	**1,807,816**	3,106,390
Cemetery Trust	51,000	**-**	50,370
	4,522,316	**2,485,916**	5,403,883
Increase (decease) in financial equity	$ (1,046,558)	$ **2,019,977**	$ (2,006,289)

CITY OF KAMLOOPS

KAMLOOPS AIRPORT AUTHORITY SOCIETY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2003, with comparatives for 2002

	2003	2002
Financial assets		
Cash and short-term investments (note 2)	$ **439,708**	$ 289,556
Accounts receivable (note 3)	**156,990**	235,792
	596,698	525,348
Liabilities		
Accounts payable (note 4)	**368,768**	60,302
	368,768	60,302
Net financial assets	**227,930**	465,046
Non-financial assets		
Capital assets (note 9)	**40,685,104**	41,362,841
	40,685,104	41,362,841
Net Position	**40,913,034**	41,827,887
Reserves, Surplus and Equity		
Reserves for capital purposes (note 11)	**166,749**	441,180
Surplus from operations (note 12)	**61,181**	23,866
Total financial equity	**227,930**	465,046
Total capital equity	**40,685,104**	41,362,841
	40,913,034	41,827,887
	$ **-**	$ -

Commitments and contingencies - Note 17

See accompanying notes to consolidated financial statements.

S.E. Edwards, C.M.A.,
Finance and Information Technology Director

CITY OF KAMLOOPS
KAMLOOPS AIRPORT AUTHORITY SOCIETY
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003, with comparatives for 2002

	2003 Budget (unaudited)	2003	2002
Revenue			
Fees, rates and sales of service (note 14)	$ -	$ **158,852**	$ 162,133
Grants (note 15)	-	**-**	51,322
Investment income	-	**11,822**	8,571
Sale of capital assets	-	**44,941**	1,409
	-	**215,615**	223,435
Expenditures (note 16)			
Kamloops Airport Authority Society	-	**21,505**	6,810
Capital expenditures	-	**431,226**	267,705
	-	**452,731**	274,515
Net operating activity	-	**(237,116)**	(51,080)
Increase (decease) in financial equity	$ -	$ **(237,116)**	$ (51,080)