

Schedule "A"

THE CORPORATION OF THE

CITY OF PENTICTON

2005

FINANCIAL STATEMENTS



THE CORPORATION OF THE CITY OF PENTICTON

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**THE CORPORATION OF THE CITY OF PENTICTON
FROM INCORPORATION**

REEVES

1909	Alfred H. Wade
1910 – 1911	E. Foley-Bennett
1912	Capt. I.M. Stevens
1913	E. Foley-Bennett
1914 – 1916	Robert Scott Conklin
1917	William Alexander McKenzie
1918 – 1919	Frederick Maurice Smith
1920 – 1923	Edward John Chambers
1924 – 1925	James Kirkpatrick
1926 – 1927	Geo. A.M. Macdonald
1928	James Kirkpatrick
1929 – 1931	Geo. A.B. Macdonald
1931 – 1935	Charles E. Oliver
1936	H.B. Morley
1937 – 1940	W. Gordon Wilkins
1941 – 1942	R.J. McDougall
1943 – 1944	Robert Lyon
1945	R.J. McDougall
1946 – 1947	Robert Lyon

MAYORS

1948 – 1949	Robert Lyon
1950 – 1953	William A. Rathbun
1954 – 1957	C. Oscar Matson
1957 – 1961	Charles E. Oliver
1962 – 1967	Maurice P. Finnerty
1968 – 1971	F.D. Stuart
1972 – 1975	F.W. Laird
1976 – 1979	K.A. Kenyon
1979 – 1980	J.J. Winkelaar
1980 – 1986	I.C. Messmer
1986 – 1990	Dorothy Whittaker
1990 – 1996	G.J. Kimberley
1996 – 1999	Beth Campbell
1999 – 2002	M.L. (Mike) Pearce
2002 – 2005	C. David Perry
2005 -	G.J. Kimberley

**DIRECTORY OF COUNCIL AND CITY OFFICIALS
2005**

COUNCIL

MAYOR

G.J. Kimberley

COUNCILLORS

Dan Ashton

Randy Manuel

Joanne Grimaldi

Rory McIvor

Garry Litke

John Vassilaki

CITY OFFICIALS

Administrator/Clerk

L. den Boer

Director of Corporate Services/Treasurer

J.A. Kler

Collector

M.L. Raymond

Director of Development Services

M. Moroziuk

Director of Parks, Recreation and Culture

B. Reid

Human Resources Manager

G.P.A. Sobool

Fire Chief

W. Williams

R.C.M.P. Inspector

D. Fudge

CITY AUDITORS

BDO Dunwoody

CITY SOLICITORS

Davie & Associates

BANKERS

HSBC Bank Canada

TREASURER'S REPORT

May 2006

Mayor and Council
The Corporation of the City of Penticton

Your Worship and Members of Council:

In accordance with Section 167(1) of the Community Charter, I am pleased to submit the 2005 Annual Financial Report of the City of Penticton for the fiscal year ended December 31, 2005. The report includes the Auditors' Report, the 2005 audited financial statements, and supplementary information for the City of Penticton.

The financial statements were prepared by City staff in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These statements were audited by BDO Dunwoody and their responsibility was to express an opinion based on the results of their audit. The audit was planned and performed to obtain reasonable assurance as to whether the financial statements were free of material error or misstatement.

The operations of the City of Penticton are segregated into various funds for accounting and financial reporting purposes. The funds are as follows:

<i>General Fund</i>	<i>Sanitary Sewer Utility Fund</i>
<i>Water Utility Fund</i>	<i>Electric Utility Fund</i>
<i>Reserve Funds</i>	

The Annual Report includes the financial statements for each entity as well as consolidation statements for all entities. The highlights from these reports are summarized below:

CAPITAL EXPENDITURES

	<u>2005</u>	<u>2004</u>
<i>General Fund</i>	\$7,876,448	\$10,271,748
<i>Sewer Fund</i>	1,012,145	948,644
<i>Water Fund</i>	1,101,163	1,301,647
<i>Electric Fund</i>	<u>1,151,077</u>	<u>1,208,227</u>
Total Capital Expenditures	<u>\$11,140,833</u>	<u>\$13,730,266</u>

Major capital projects included in the above summary are:

General Capital

<i>City-wide Transportation Works</i>	\$2,187,098
<i>Parks - Landscape and Development</i>	1,967,178
<i>Wine Information Centre</i>	1,361,697
<i>Information and Technology Works</i>	308,070
<i>City Fleet Equipment</i>	420,850
<i>City Hall Renovations</i>	256,915

Utilities

<i>Sewer Mains</i>	\$770,314
<i>Sewer Treatment Plant Works</i>	168,388
<i>Water Mains</i>	374,646
<i>Water Metering Services</i>	218,854
<i>Water Irrigation Line</i>	207,197
<i>Electric Utility Services</i>	472,300
<i>Electric Utility Line Reconstruction</i>	369,514
<i>Electric Utility Voltage Conversion Program</i>	247,717

Operating Expenditures and Debt Charges (excludes transfers to other funds and reserves)

		<u>2005</u>	<u>2004</u>
<i>General Fund</i>	Operating	\$29,796,683	\$27,060,356
	Debt	<u>1,351,180</u>	<u>1,079,364</u>
		<u>\$31,147,863</u>	<u>\$28,139,720</u>
<i>Sewer Fund</i>	Operating	\$1,835,119	\$1,798,527
	Debt	<u>347,898</u>	<u>346,544</u>
		<u>\$2,183,017</u>	<u>\$2,145,071</u>
<i>Water Fund</i>	Operating	\$2,202,656	\$2,068,391
	Debt	<u>572,132</u>	<u>611,295</u>
		<u>\$2,774,788</u>	<u>\$2,679,686</u>
<i>Electric Fund</i>	Operating	<u>\$17,498,509</u>	<u>\$16,758,780</u>
<u>TOTAL NET OPERATING EXPENDITURES</u>		<u>\$53,521,589</u>	<u>\$49,723,257</u>

Financial Statistics

	<u>2005</u>	<u>2004</u>
<i>Real Property Taxes</i>	\$18,540,024	\$17,456,069
<i>Collection of taxes for other Governments</i>	16,919,158	16,144,416
<i>Long-Term Debt Outstanding</i>	13,185,569	12,176,428
<i>Per Capita Debt – General Purposes</i>	280	232
<i>Per Capita Debt – Utilities</i>	146	161

Investment Earnings

Investment of all excess Revenue and Reserve Funds generated \$1,182,601 in 2005 compared to \$1,174,112 in 2004. Our portfolio is comprised equally of money market and term deposits maturing within a year and long-term bonds.

Surplus

The general revenue fund generated a surplus of \$576,365. The surplus can be attributed to various departments operating under their budget provisions, increased revenue from Building Permits, M.F.A. Debt Reserve Surplus and a full year impact in regards to the eligible percentage for the G.S.T. rebate.

Utilities

All utilities ended the year in a surplus position. This was due to a combination of factors such as reduced operating expenses, additional revenue and reduction in scope of some capital projects.

The Sewer Utility surplus was \$800,290 of which \$410,030 was due to a one-time allocation of Development Cost Charges from the prior year.

The Water Utility surplus was \$87,436 and the Electric Utility surplus was \$501,678.

Library

The Statement of Revenue and Expenditure for the Penticton Public Library is presented in this report. Library revenue reflects a City grant of \$850,098 which includes an allowance of \$163,217 for building and administration costs, and \$20,222 for equipment depreciation.

Respectfully submitted,

Jack Kler
Director Corporate Services/Treasurer

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
FINANCIAL ASSETS		
Cash	\$ 2,640,961	\$ 1,729,483
Term Deposits	38,512,143	34,284,415
Receivables		
Property Taxes	732,491	523,960
Federal Government	346,085	891,604
Province of B.C.	281,072	1,181,984
Other Government Agencies	47,839	5,888
Utility Accounts	1,719,603	1,307,762
Accrued Interest	279,975	275,808
Other	2,328,341	1,723,761
Deposit - Municipal Finance Authority	1,168,540	1,425,024
Pre Paid Expenses	107,847	426,447
	48,164,897	43,776,136
LIABILITIES		
Payables		
Provincial Government	51,968	-
Federal Government	1,438,152	-
Trade Accounts and Accrued Liabilities	7,056,039	8,675,266
Development Cost Charges	1,738,844	1,466,518
Deferred Revenue	2,653,525	2,373,981
Sundry Deposits	1,817,350	2,056,200
Penticton Public Library	110,970	75,199
Reserve - Municipal Finance Authority	1,168,540	1,425,024
Long-term Debt	13,184,871	12,176,427
	29,220,259	28,248,615
Net Financial Assets (Liabilities)	18,944,638	15,527,521
Physical Assets		
Capital Assets	240,903,262	229,999,327
Net Position	\$ 259,847,900	\$ 245,526,848
Municipal Position		
Equity in Physical Assets	227,718,391	217,822,900
Capital and Operating Fund	21,308,877	18,285,903
Statutory Reserve Funds	10,820,632	9,418,045
	\$ 259,847,900	\$ 245,526,848

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Financial Activities

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2005</u> Budget (Unaudited)	<u>2004</u>
REVENUE			
Taxation - net	\$ 18,895,912	\$ 18,548,531	\$ 17,826,516
Grants in Lieu of Taxes	185,363	171,935	171,529
Sales of Services	38,135,699	38,757,605	34,979,595
Other Revenue from Own Sources	4,974,240	4,805,602	6,026,203
Interest Revenue from Reserves	252,971	-	232,489
Actuarial Adjustments	238,649	-	208,203
Contributions from Developers and Others	1,107,879	474,132	976,033
Unconditional Transfers - Provincial Government	390,272	390,272	341,636
Conditional Transfers - Federal Government	567,382	588,550	880,926
Conditional Transfers - Provincial Government	780,152	840,150	630,493
Conditional Transfers - Regional and Local Governments	234,024	38,476	231,110
Debt Finance	289,456	-	337,500
	66,051,999	64,615,253	62,842,233
EXPENDITURE			
General Government Services	5,325,910	7,566,755	6,059,726
Protective Services	9,456,156	9,849,019	9,145,937
Transportation Services	3,977,875	4,314,587	2,789,095
Environmental Health Services	5,686,029	6,108,606	5,560,074
Public Health Services	123,416	118,594	118,495
Environmental Development Services	2,205,061	2,369,222	1,990,463
Recreation and Cultural Services	6,985,114	6,677,879	6,349,094
Electric Supply	17,498,509	17,994,398	16,758,780
Bank Charges and Interest	56,526	44,100	32,033
Temporary Borrowings	-	-	14,242
Inventory	179,453	-	74,856
Capital Expenditures	11,140,833	17,875,166	13,730,266
	62,634,882	72,918,326	62,623,061
Net Revenue/(Expenditure)	3,417,117	(8,303,073)	219,172
Proceeds from Long Term Debt	2,295,000	-	2,962,501
Debt Principal Repayments	(1,047,907)	1,047,209	(926,423)
Sinking Fund Actuarial Amount	(238,649)	-	(208,204)
	4,425,561	(7,255,864)	2,047,046
Increase/(Decrease) in Fund Balances	\$ 4,425,561	\$ (7,255,864)	\$ 2,047,046

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Changes in Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
Cash flows from (to)		
Operations		
Net increase(decrease) in financial equity	\$ 4,870,546	\$ 956,624
Net increase in equity in capital assets	9,757,288	10,383,435
Decrease(increase) in accounts receivable	864,057	(1,494,743)
Decrease(increase) in taxes and utilities receivable	(620,372)	295,991
Decrease(increase) in prepaid expenses	318,600	(250,130)
Decrease(increase) in investments	(4,325)	(37,723)
Increase(decrease) in accounts payable	(79,586)	1,787,525
Increase(decrease) in refundable deposits	(359,649)	541,945
Increase(decrease) in deferred revenue	322,439	375,035
Net cash from operations	15,068,998	12,557,959
Financing		
Increase in long term debt	2,295,000	2,962,500
Principal repayments on long-term debt	(1,285,858)	(1,134,626)
Decrease in deposits - MFA	(256,484)	83,381
Decrease in MFA cash and demand notes payable	256,484	(83,381)
	1,009,142	1,827,874
Investments		
Expenditures on capital assets	(11,140,833)	(11,737,351)
Cost of assets disposed and write-down	236,899	65,400
	(10,903,934)	(11,671,951)
Change in cash and short-term investments	5,174,206	2,713,882
Cash and short-term investments, beginning of year	36,603,898	33,890,016
Cash and short-term investments, end of year	\$ 41,778,104	\$ 36,603,898
Consisting of:		
Restricted cash		
Statutory reserves and deferred revenue	14,602,393	12,779,277
Utilities	8,746,653	8,706,432
	23,349,046	21,485,709
Current funds	18,429,058	15,118,189
	\$ 41,778,104	\$ 36,603,898

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Statutory Reserve Fund Operations

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 10,884,563	\$ 11,742,945
ADD		
Transfers from Revenue Funds	3,204,449	2,031,991
Interest Earned	293,987	278,488
	14,382,999	14,053,424
DEDUCT		
Transfers to Revenue Funds	902,149	130,761
Capital Funds	921,376	3,038,100
	\$ 12,559,474	\$ 10,884,563
	\$ 12,559,474	\$ 10,884,563

Summary of Statutory Reserve Fund Balances

Equipment Replacement	\$ 3,299,480	\$ 3,021,748
Tax Sale Lands	5,862	5,709
Development Cost Charges		
- Roads	309,747	198,019
- Public Open Space	665,662	327,485
- Water Mains/Filtration Plant	384,895	252,485
- Sanitary Sewer	87,777	484,947
- Storm Sewer	290,763	203,582
Capital	1,941,409	988,240
Local Improvement	1,093,390	1,038,901
Sewer System Capital	1,342,182	1,307,150
Water System Capital	2,290,462	2,230,680
Electric Capital	787,110	766,566
Off-Site Parking	60,735	59,051
	\$ 12,559,474	\$ 10,884,563
	\$ 12,559,474	\$ 10,884,563

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Consolidated Statement of Equity in Capital Assets

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 217,549,322	\$ 205,404,559
ADD		
Assets Acquired by Transfer		
Federal Government	556,938	870,318
Provincial Government	576,380	541,369
Development Cost Charges Reserve Fund	171,748	1,364,981
Capital Reserve Fund	24,980	293,277
Equipment Replacement Reserve Fund	716,142	1,042,199
Revenue Funds	5,660,925	6,290,812
Interest Earned	2,539	3,911
Other Contributions	1,107,878	976,033
Repayment to General Revenue Fund	-	124,078
Retirement of Long-term Debt	1,047,210	926,423
Actuarial Sinking Fund Requirement	238,649	208,204
Repayment of Loan from Local Improvement Reserve Fund	180,254	137,645
	<u>10,283,643</u>	<u>12,779,250</u>
DEDUCT		
Assets Written Off	236,899	634,487
	<u>236,899</u>	<u>634,487</u>
BALANCE, END OF YEAR	<u>\$ 227,596,066</u>	<u>\$ 217,549,322</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

The notes to the Consolidated Financial Statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. ACCOUNTING POLICIES

- (a) The municipality reports its activities on the fund accounting basis as followed by British Columbia municipalities;
- (b) In accordance with accounting and reporting requirements of the Ministry of Municipal Affairs, depreciation is no longer recorded;
- (c) The Consolidated Statements include all General, capital and Utility Funds of the Municipality, including the Cemetery Perpetual Trust Care Fund;
- (d) All fund bank accounts are consolidated in the General Revenue Fund;
- (e) Capital assets are recorded at cost;
- (f) Certain 2004 figures have been reclassified in order to be consistent with the presentation of 2005.

Municipal Finance Authority

Cash Deposits and Demand Notes

The Municipality issues the majority of its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund. The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature.

Debenture Debt

Principal payments due for the next five years (in thousand of dollars) are forecasted as follows:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund	\$475	\$800	\$1,219	\$1,552	\$1,835
Sewer Fund	112	210	291	352	429
Water Fund	<u>168</u>	<u>306</u>	<u>309</u>	<u>332</u>	<u>367</u>
	<u>\$755</u>	<u>\$1,316</u>	<u>\$1,819</u>	<u>\$2,236</u>	<u>\$2,631</u>

Reserves for Future Expenditure

Reserves for future expenditure are non-statutory reserves which represent an appropriation of surplus for specific purposes. Transfers to reserves for future expenditure include funds to finance incomplete projects and accumulations for specific purposes.

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the consolidated financial statements.

Statutory Reserve Funds

The use of these funds is restricted by the Local Government Act and associated Municipal Bylaws. Statutory reserve funds are funded 100% by cash and temporary investments.

Financial Instruments

The City's financial instruments consists of cash and temporary investments, accounts receivable, accrued interest, long term investments, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the city is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Budget Figures

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15 of each year. Subsequent amendments have been made by the Council to reflect changes in the budget as required by law.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Object Reporting

The total funds expended by the City (in thousands of dollars):

	<u>2005</u>	<u>2004</u>
Payroll	\$16,755	\$15,329
Supplies and Services	45,880	47,294

THE CORPORATION OF THE CITY OF PENTICTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2005

2. FINANCIAL ASSETS AND LIABILITIES

Temporary investments (in thousands of dollars) recorded at cost and are as follows:

Type of Investments	2005	2004
Cash	\$2,641	\$1,729
Municipal Finance Authority Bond Fund Government and Bank Issued	7,571	7,434
Accrual Notes and Debenture	10,385	9,850
Guarantee Investments		
Certificates and Deposit Notes	20,556	17,596
Total Cash and Temporary investments	<u>\$41,153</u>	<u>\$36,609</u>

Accounts Receivables (in thousands of dollars) recorded net of allowance:

Type of Receivable	2005	2004
Property tax	\$732	\$524
Accounts Receivable	2,328	1,723
Federal Government	346	892
Provincial Government	297	1,182
Other Government	32	6
Utilities	1,719	1,308
Total Accounts Receivable	<u>\$5,454</u>	<u>\$5,635</u>

Capital Assets by type (in thousands of dollars)

	2005	2004
Engineering Structures	\$154,887	\$147,384
Buildings	47,354	44,925
Machinery and Equipment	23,746	22,774
Land	14,916	14,916
	<u>\$240,903</u>	<u>\$229,999</u>

Development Cost Charges (DCC)

The City collects development cost charges to pay for a proportionate share of infrastructure related to new growth. In accordance with the Local Government Act of BC, these funds must be deposited into a separate reserve fund. When the related costs are incurred, the DCCs are recognized as revenue. Because these funds are restricted in nature, they are shown as a liability.

DCC by type	2005	2004
Roads	\$310	\$198
Parks	665	328
Drainage	291	204
Wasterwater	88	485
Water	385	252
TOTAL	<u>\$1,739</u>	<u>\$1,467</u>

DCC Activity

Balance, beginning of year	\$1,467	\$2,184
Return on investments	41	46
DCCs levied in the year	1,133	932
Transfers to General Capital	(95)	(1,295)
Transfers to General Operating	(266)	(200)
Transfers to Wastewater Capital	(441)	(69)
Transfers to Water Capital	-	-
Transfer to Water Operating	(100)	(131)
Balance, end of year	<u>\$1,739</u>	<u>\$1,467</u>

3. CONTINGENT LIABILITIES

Regional District of Okanagan Similkameen

Under Section 836 of the *Local Government Act*, all monies borrowed by a Regional District, shall be upon its credit at large and shall, in the event of any default, constitute an indebtedness of the member municipalities for which they are jointly and severally liable. At December 31, 2005, the long-term debt of the Regional District aggregated \$37,157,279 (2004 - \$27,550,071).

Legal Actions

As at December 31, 2005, certain other legal actions are pending against the Municipality, the outcome of which cannot be determined at this time. As it is not possible to determine the outcome of these proceedings, no provision for any potential liability has been recorded in the accounts.

Pension Liability

The municipality and its employees contribute to the Municipal Pension Plan (the plan) a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, 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 130,000 active members and approximately 48,000 retired members. Active members include approximately 30,000 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, 2004 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2007 with results available in 2008. The actuary does not attribute portions of the unfunded liability to individual employers. The City of Penticton paid \$1,029,332 for employer contributions to the plan in fiscal 2005.

3. LETTERS OF CREDIT

In addition to the performance deposits reflected in the Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of \$3,345,309 which were received from depositors to ensure their performance of works to be undertaken within the city. These amounts are not reflected in the financial statements but are available to satisfy liabilities arising from non-performance by the depositors.

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
CASH	\$ 2,640,961	\$ 1,729,483
TERM DEPOSITS	38,512,143	34,284,415
RECEIVABLES		
Property Taxes	732,491	523,960
Federal Government	346,085	891,604
Provincial Government	281,072	1,181,984
Regional District Okanagan Similkameen	16,243	1,569
Other Government Agencies	31,596	4,319
General Capital Fund	289,456	250,511
Water Capital Fund	550,883	550,883
Other	2,102,009	1,275,899
	<hr/> 4,349,835	<hr/> 4,680,729
MATERIALS AND SUPPLIES	392,524	335,213
OTHER ASSETS		
Trusts and Other Deposits Municipal Finance Authority	448,972	715,649
Accrued Interest Receivable	279,975	275,808
Prepaid Expenses	107,847	426,447
	<hr/> 836,794	<hr/> 1,417,904
	<hr/> <hr/> \$ 46,732,257	<hr/> <hr/> \$ 42,447,744

See accompanying notes to the financial statements

TREASURER

	<u>2005</u>	<u>2004</u>
LIABILITIES AND SURPLUS		
PAYABLES		
Other Funds		
Equipment Replacement Reserve Fund	\$ 3,299,480	\$ 3,021,748
Tax Sale Lands Reserve Fund	5,862	5,709
Development Cost Charges Reserve Fund	1,738,844	1,466,549
Capital Reserve Fund	1,941,409	988,240
Local Improvement Reserve Fund	469,835	555,389
Water Capital Reserve Fund	2,290,462	2,230,680
Sewer Capital Reserve Fund	1,342,182	1,307,150
Electric Capital Reserve	787,110	766,566
Off-Site Parking Reserve Fund	60,735	59,051
Cemetery Perpetual Care Fund	12,949	4,214
	<hr/>	<hr/>
	11,948,868	10,405,296
Sewer Utility	2,753,804	2,357,525
Water Utility	1,617,615	2,034,889
Electric Utility	3,659,923	3,640,191
General Capital Fund	715,311	673,827
Federal Government	1,438,152	-
Provincial Government	51,968	-
Trade Accounts and Accrued Liabilities	7,056,039	8,675,266
Deferred Revenues	2,653,525	2,373,981
Sundry Deposits	1,240,582	1,164,061
Penticton Public Library	110,970	75,199
Municipal Finance Authority Debt Reserve Fund		
Cash Requirement	107,678	314,303
Demand Note Requirement	341,294	401,346
	<hr/>	<hr/>
	448,972	715,649
RESERVES FOR FUTURE EXPENDITURES		
Capital Expenditures	2,019,958	1,653,285
Operating Expenditures	239,795	290,846
	<hr/>	<hr/>
	2,259,753	1,944,131
ASSET VALUATION ALLOWANCES		
Allowance for Doubtful Accounts	59,206	52,206
OTHER RESERVES		
Own Reserves	6,646,380	4,840,699
SURPLUS	<hr/>	<hr/>
	4,071,189	3,494,824
	<hr/>	<hr/>
	\$ 46,732,257	\$ 42,447,744

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u> Actual	<u>2005</u> Budget (Unaudited)	<u>2004</u>
REVENUE			
Taxation			
Real Property	\$ 18,340,233	\$ 18,341,467	\$ 17,260,289
Special Assessments	199,791	207,064	195,780
	<u>18,540,024</u>	<u>18,548,531</u>	<u>17,456,069</u>
 Grants in Lieu of Taxes			
Federal Government	71,852	65,000	65,038
Provincial Government	113,511	106,935	106,491
	<u>185,363</u>	<u>171,935</u>	<u>171,529</u>
 Sales of Services	9,999,807	8,770,246	8,410,698
Other Revenue from Own Sources	6,847,224	5,357,975	5,661,234
Municipal Finance Authority Debt Reserve Fund	337,784	-	-
Municipal Finance Authority Debt Proceeds	289,456	3,072,618	213,451
Unconditional Transfers - Provincial Government	390,272	390,272	341,636
Conditional Transfers - Federal Government	10,444	588,550	10,608
Conditional Transfers - Provincial Government	125,123	765,699	84,573
Conditional Transfers - Regional and Local Governments	32,807	36,476	32,959
Transfer from Own Reserves	2,469,500	2,773,949	3,195,598
Transfer from Other Funds			
Development Cost Charges Reserve Fund	265,551	492,831	200,000
Electric Utility Revenue Fund	3,340,000	3,340,000	945,293
	<u>24,107,968</u>	<u>25,588,616</u>	<u>19,096,050</u>
 Collections for Other Governments	<u>16,919,158</u>	<u>16,920,681</u>	<u>16,144,416</u>
	<u>\$ 59,752,513</u>	<u>\$ 61,229,763</u>	<u>\$ 52,868,064</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL REVENUE FUND

Statement of Revenues and Expenditures

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u> Actual	<u>2005</u> Budget (Unaudited)	<u>2004</u>
EXPENDITURE			
General Government Services	\$ 6,567,583	\$ 5,665,321	\$ 6,052,863
Protective Services	9,199,506	9,838,193	8,889,287
Transportation Services	3,928,065	2,943,896	2,789,095
Environmental Health Services	1,007,968	1,452,032	1,002,396
Public Health Services	123,416	118,594	118,495
Environmental Development Services	2,205,061	2,211,132	1,990,463
Recreation and Cultural Services	6,708,558	6,459,844	6,185,724
	<u>29,740,157</u>	<u>28,689,012</u>	<u>27,028,323</u>
Fiscal Services			
Bank Charges and Interest	56,526	44,100	32,033
Long-term Debt Charges			
- Interest	583,016	618,748	432,685
- Principal	768,164	767,429	646,679
	<u>1,407,706</u>	<u>1,430,277</u>	<u>1,111,397</u>
Transfer to Own Reserves	4,678,997	8,645,825	3,966,828
Transfer to Other Funds			
Development Cost Charges Reserve Fund	872,837	1,264,088	698,806
Equipment Replacement Reserve Fund	910,290	910,290	783,541
General Capital Fund	3,469,210	2,644,729	1,885,545
Local Improvement Reserve Fund	221,187	94,079	178,579
Capital Reserve	939,411	610,782	137,763
Cemetery Perpetual Care Trust Fund	17,270	20,000	19,030
	<u>6,430,205</u>	<u>5,543,968</u>	<u>3,703,264</u>
Transfer to Other Governments and Boards	16,919,082	16,920,681	16,137,452
Transfer to/(from) Surplus	576,365	-	920,800
	<u>\$ 59,752,513</u>	<u>\$ 61,229,763</u>	<u>\$ 52,868,064</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
RECEIVABLES		
Due from General Revenue	\$ 715,311	\$ 673,827
FIXED ASSETS		
Engineering Structures	61,323,474	56,957,280
Buildings	37,772,612	35,410,493
Machinery and Equipment	22,764,889	21,854,595
Land	<u>14,379,434</u>	<u>14,378,492</u>
	<u>\$ 136,955,720</u>	<u>\$ 129,274,687</u>
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
General Revenue Fund	\$ 289,456	\$ 250,511
Loan from Local Improvement Fund	440,874	334,127
LONG-TERM DEBT		
Debentures Authorized and Issued	8,679,469	7,178,004
EQUITY IN CAPITAL ASSETS	<u>127,545,921</u>	<u>121,512,045</u>
	<u>\$ 136,955,720</u>	<u>\$ 129,274,687</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Equity in Capital Assets

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 121,512,045	\$ 113,708,929
ADD		
Assets Acquired by Transfer		
Federal Government	556,938	870,318
Provincial Government	576,380	541,369
Development Cost Charges Reserve Fund	95,467	1,295,588
Capital Reserve Fund	24,980	293,277
Equipment Replacement Reserve Fund	716,142	1,042,199
Electric Capital Reserve Fund	-	-
Electric Utility	-	1,554,707
General Revenue Fund	3,469,211	1,885,545
Interest Earned	2,539	3,911
Other Contributions	240,601	409,838
Repayment to General Revenue Fund	-	124,078
Repayment of Long-term Debt	767,466	646,679
Actuarial Sinking Fund Requirement	26,070	19,068
Repayment of Loan from Local Improvement Reserve Fund	84,438	88,526
	<u>6,560,232</u>	<u>8,775,103</u>
DEDUCT		
Assets Written Off	236,900	634,487
Reclassification of Equity to Debt	289,456	337,500
	<u>526,356</u>	<u>971,987</u>
BALANCE, END OF YEAR	<u>\$ 127,545,921</u>	<u>\$ 121,512,045</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

GENERAL CAPITAL FUND

Statement of Capital Financing

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
FINANCES ACQUIRED		
Unexpended Funds at Beginning of Year	\$ 673,827	\$ 148,712
Federal Government	556,938	870,318
Provincial Government	576,380	541,369
Debentures issued by MFA	2,005,544	2,625,000
Transfers from		
Development Cost Charges Reserve Fund	95,467	1,295,588
Capital Reserve Fund	24,980	293,277
Equipment Replacement Reserve Fund	716,142	1,042,199
Electric Utility	-	1,554,707
General Reserve Fund	3,469,211	1,885,545
Interest Earned	2,539	3,911
Other Contributions	240,601	409,838
Repayment to General Revenue Fund	-	124,078
Repayment of Loan from Local Improvement Reserve Fund	84,438	88,526
Temporary Borrowings and Payables at End of Year	730,330	584,638
	<u>\$ 9,176,397</u>	<u>\$ 11,467,706</u>
FINANCES APPLIED		
Temporary Borrowings and Payables		
At Beginning of Year	\$ 584,638	\$ 522,131
Expenditures for General Fixed Assets	7,876,448	10,271,748
Unexpended Funds at End of Year	715,311	673,827
	<u>\$ 9,176,397</u>	<u>\$ 11,467,706</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 11,935,919	\$ 10,401,051
General Capital Fund	440,874	334,127
Sewer Capital Fund	182,681	149,385
	<u>\$ 12,559,474</u>	<u>\$ 10,884,563</u>
 LIABILITIES AND FUND BALANCES		
FUND BALANCES		
Equipment Replacement	\$ 3,299,480	\$ 3,021,748
Tax Sale Lands	5,862	5,709
Development Cost Charges		
- Roads	309,747	198,019
- Public Open Space	665,662	327,485
- Water Mains/Filtration Plant	384,895	252,485
- Sanitary Sewer	87,777	484,947
- Storm Sewer	290,763	203,582
Capital	1,941,409	988,240
Local Improvement	1,093,390	1,038,901
Sewer System Capital	1,342,182	1,307,150
Water System Capital	2,290,462	2,230,680
Electric Capital	787,110	766,566
Off-Site Parking	60,735	59,051
	<u>\$ 12,559,474</u>	<u>\$ 10,884,563</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

RESERVE FUNDS

Statement of Changes in Fund Balances

December 31, 2005
(With comparative figures for 2004)

	Equipment Replacement	Tax Sale Lands	Capital	Development Cost Charges	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	2005 Total	2004 Total
BALANCE, BEGINNING OF YEAR	3,021,748	5,709	988,240	1,466,518	1,038,901	1,307,150	2,230,680	766,566	59,051	\$ 10,884,563	\$ 11,742,945
ADD											
Transfers from											
General Revenue Fund	910,290		939,411	872,837	221,187				100	2,943,825	1,798,687
Sewer Revenue Fund				36,435						36,435	28,935
Water Revenue Fund				224,190						224,190	204,369
Interest Earned	83,584	153	38,738	41,014	13,556	35,032	59,782	20,544	1,584	293,987	278,488
	4,015,622	5,862	1,966,389	2,640,993	1,273,644	1,342,182	2,290,462	787,110	60,735	14,382,999	14,053,424
DEDUCT											
Transfers to											
General Capital Fund	716,142		24,980		84,438					825,560	2,719,589
Sewer Capital Fund					95,816					95,816	118,511
Water Capital Fund										-	-
Water Revenue Fund				100,000						100,000	130,761
Sewer Revenue Fund				441,131						441,131	-
General Revenue Fund				361,018						361,018	200,000
BALANCE, END OF YEAR	3,299,480	5,862	1,941,409	1,738,844	1,093,390	1,342,182	2,290,462	787,110	60,735	\$ 12,559,474	\$ 10,884,563

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**SEWER SYSTEM UTILITY
Revenue Fund**

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 2,753,804	\$ 2,357,525
Other	-	27,423
MATERIALS AND SUPPLIES	27,045	20,786
TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	<u>345,579</u>	<u>340,086</u>
	<u>\$ 3,126,428</u>	<u>\$ 2,745,820</u>
 LIABILITIES AND SURPLUS		
DEPOSITS	\$ 2,421	\$ 59,359
MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	128,755	123,262
Demand Note Requirement	216,824	216,824
RESERVE FOR FUTURE EXPENDITURES	103,205	471,442
SURPLUS		
Balance at beginning of year	1,874,933	2,061,978
Transfer from/(to) Sewer Revenue	<u>800,290</u>	<u>(187,045)</u>
Balance at end of year	2,675,223	1,874,933
	<u>\$ 3,126,428</u>	<u>\$ 2,745,820</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**SEWER SYSTEM UTILITY
Revenue Fund**

Statement of Revenues and Expenditures

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u> Actual	<u>2005</u> Budget (Unaudited)	<u>2004</u>
REVENUE			
Sewer Levy	\$ 355,888	\$ 356,064	\$ 370,447
Sewer Fixture Charges	2,173,903	2,169,728	2,071,023
Sewer Connections and Recoveries	86,654	135,500	157,498
Development Cost Charges	35,576	15,000	28,935
Local Improvement	-	174,250	-
Provincial Government Conditional Grant	5,449	13,250	4,551
Okanagan Basin Water Board Conditional Grant	201,217	195,427	198,151
Municipal Finance Authority Debt Reserve Refund	3,566	-	32,207
Transfer from Own Reserve - Future Expenditures	462,146	462,146	-
Transfer from Development Cost Charges Reserve Fund	441,131	443,457	-
	<u>\$ 3,765,530</u>	<u>\$ 3,964,822</u>	<u>\$ 2,862,812</u>
 TOTAL REVENUE			
	<u>\$ 3,765,530</u>	<u>\$ 3,964,822</u>	<u>\$ 2,862,812</u>
 EXPENDITURE			
Administration	\$ 391,804	\$ 427,859	\$ 360,741
Sewage Collection Systems	209,208	273,163	241,431
Lift Station, Operation & Maintenance	44,829	60,800	57,769
Sewage Treatment and Disposal	1,186,198	1,202,288	1,136,868
Other	3,080	5,000	1,718
Long-term Debt Charges	236,000	236,000	234,646
- Interest	111,898	111,897	111,898
- Principal	111,898	111,897	111,898
Contributions to Capital Fund	651,879	1,157,195	753,705
Transfer to Development Cost Charges Reserve	36,435	15,000	28,935
Transfer to Own Reserve - Future Expenditures	93,909	-	462,146
Transfer to/(from) Surplus	800,290	475,620	(187,045)
	<u>\$ 3,765,530</u>	<u>\$ 3,964,822</u>	<u>\$ 3,202,812</u>
 TOTAL EXPENDITURE			
	<u>\$ 3,765,530</u>	<u>\$ 3,964,822</u>	<u>\$ 3,202,812</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**SEWER SYSTEM UTILITY
Capital Fund**

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 31,517,841	\$ 30,535,769
Buildings	4,828,895	4,828,895
Machinery and Equipment	334,609	304,536
Land	137,521	137,521
	<u>\$ 36,818,866</u>	<u>\$ 35,806,721</u>
LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Loan from Local Improvement Fund	\$ 182,681	\$ 149,385
LONG-TERM DEBT		
Debentures Authorized and Issued	1,128,231	1,357,265
EQUITY IN CAPITAL ASSETS	<u>35,507,954</u>	<u>34,300,071</u>
	<u>\$ 36,818,866</u>	<u>\$ 35,806,721</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 34,300,071	\$ 33,107,280
ADD		
Development Cost Charges Reserve Fund	76,281	69,393
Utility Revenue Fund	651,879	753,705
Other Contributions	154,874	102,445
Retirement of Long-term Debt	111,896	111,898
Actuarial Sinking Fund Requirement	117,137	106,231
Repayment of Loan from Local Improvement Reserve Fund	95,816	49,119
	<u>1,207,883</u>	<u>1,192,791</u>
BALANCE, END OF YEAR	<u><u>\$ 35,507,954</u></u>	<u><u>\$ 34,300,071</u></u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

SEWER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
FINANCES ACQUIRED		
Transfers from		
Development Cost Charges Reserve Fund	\$ 76,281	\$ 69,393
Utility Revenue Fund	651,879	753,705
Other Contributions	154,874	102,445
Repayment of Loan from		
Local Improvement Reserve Fund	95,816	49,119
Temporary Borrowings and Payables at End of Year	<u>182,681</u>	<u>149,386</u>
	<u>\$ 1,161,531</u>	<u>\$ 1,124,048</u>
 FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	\$ 149,386	\$ 175,404
Expenditure for Fixed Assets	<u>1,012,145</u>	<u>948,644</u>
	<u>\$ 1,161,531</u>	<u>\$ 1,124,048</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**WATER SYSTEM UTILITY
Revenue Fund**

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 1,617,615	\$ 2,034,889
Utility Rates	260,013	205,521
Other	6,548	158,853
 MATERIALS AND SUPPLIES	 155,698	 122,350
 TRUSTS AND OTHER DEPOSITS		
Municipal Finance Authority	373,989	369,289
	<u>\$ 2,413,863</u>	<u>\$ 2,890,902</u>
 LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	\$ 106,407	\$ 312,595
Deferred Revenue	-	22,608
 MUNICIPAL FINANCE AUTHORITY DEBT RESERVE FUND		
Cash Requirement	115,591	110,891
Demand Note Requirement	258,398	258,398
 RESERVE FOR FUTURE EXPENDITURES	 210,007	 550,386
 SURPLUS		
Balance at beginning of year	1,636,024	2,308,230
Transfer from/(to) Water Revenue	87,436	(672,206)
	<u>1,723,460</u>	<u>1,636,024</u>
	<u>\$ 2,413,863</u>	<u>\$ 2,890,902</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**WATER SYSTEM UTILITY
Revenue Fund**

Statement of Revenues and Expenditures

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u> Actual	<u>2005</u> Budget (Unaudited)	<u>2004</u>
REVENUE			
Water Rates	\$ 3,202,627	\$ 5,180,973	\$ 3,307,583
Recoveries - Connections, Service & Other	32,298	69,500	17,701
Development Cost Charges	219,671	125,000	204,309
Provincial Government Conditional Grant	73,200	76,451	-
Transfer from Own Reserve - Future Expenditures	550,386	550,386	292,300
Transfer from Development Cost Charges Reserve Fund	100,000	989,047	130,761
	<u>\$ 4,178,182</u>	<u>\$ 6,991,357</u>	<u>\$ 3,952,654</u>
 EXPENDITURE			
Administration	\$ 525,781	\$ 639,807	\$ 478,597
Purification and Treatment	614,656	737,304	632,700
Transmission and Distribution	715,943	660,582	521,292
Pumping	172,505	175,000	269,209
Customer Billing and Collection	154,751	140,000	152,857
Other	19,020	23,000	13,736
Long-term Debt Charges	404,286	423,900	443,449
- Interest	167,846	167,847	167,846
- Principal	236,440	256,053	275,603
Contributions to Capital Fund	881,761	3,828,728	1,190,419
Transfer to Development Cost Charges Reserve	224,190	125,000	204,369
Transfer to Own Reserve - Future Expenditures	210,007	-	550,386
Transfer to/(from) Surplus	87,436	70,189	(672,206)
	<u>\$ 4,178,182</u>	<u>\$ 6,991,357</u>	<u>\$ 3,952,654</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**WATER SYSTEM UTILITY
Capital Fund**

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 42,328,837	\$ 41,265,409
Buildings	2,915,633	2,890,325
Machinery and Equipment	222,974	210,547
Land	338,566	338,566
	<u>45,806,010</u>	<u>44,704,847</u>
	<u>\$ 45,806,010</u>	<u>\$ 44,704,847</u>
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
PAYABLES		
Due to General Revenue Fund	\$ 550,883	\$ 550,883
 LONG-TERM DEBT		
Debentures Authorized and Issued	3,377,870	3,641,158
 EQUITY IN CAPITAL ASSETS	 <u>41,877,257</u>	 <u>40,512,806</u>
	<u>\$ 45,806,010</u>	<u>\$ 44,704,847</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 40,512,806	\$ 38,909,677
ADD		
Utility Revenue Fund	881,761	1,190,419
Other Contributions	219,402	161,959
Retirement of Long-term Debt	167,846	167,846
Actuarial Sinking Fund Requirement	95,442	82,905
	<u>1,364,451</u>	<u>1,603,129</u>
BALANCE, END OF YEAR	<u>\$ 41,877,257</u>	<u>\$ 40,512,806</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

WATER SYSTEM UTILITY

Statement of Capital Financing

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	\$ 881,761	\$ 1,190,419
Other Contributions	219,402	161,959
Temporary Borrowings and Payables at End of Year	<u>550,883</u>	<u>550,883</u>
	<u>\$ 1,652,046</u>	<u>\$ 1,903,261</u>
 FINANCES APPLIED		
Temporary Borrowings and Payables at Beginning of Year	\$ 550,883	\$ 601,614
Expenditure for Fixed Assets	<u>1,101,163</u>	<u>1,301,647</u>
	<u>\$ 1,652,046</u>	<u>\$ 1,903,261</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**ELECTRIC SYSTEM UTILITY
Revenue Fund**

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
RECEIVABLES		
General Revenue Fund	\$ 3,659,923	\$ 3,640,191
Utility Rates	1,459,590	1,102,241
Other	219,781	261,586
MATERIALS AND SUPPLIES	<u>1,580,747</u>	<u>1,498,212</u>
	<u>\$ 6,920,041</u>	<u>\$ 6,502,230</u>
LIABILITIES AND SURPLUS		
PAYABLES		
Deposits	\$ 467,940	\$ 497,577
RESERVE FOR FUTURE EXPENDITURES	23,000	77,230
SURPLUS		
Balance at beginning of year	5,927,423	5,269,521
Transfer from/(to) Electric Revenue	<u>501,678</u>	<u>657,902</u>
Balance at end of year	<u>6,429,101</u>	<u>5,927,423</u>
	<u>\$ 6,920,041</u>	<u>\$ 6,502,230</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**ELECTRIC SYSTEM UTILITY
Revenue Fund**

Statement of Revenue and Expenditures

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u> Actual	<u>2005</u> Budget (Unaudited)	<u>2004</u>
REVENUE			
Rates	\$ 21,550,931	\$ 22,222,684	\$ 20,177,662
Recoveries - Connections & Other	393,101	572,836	604,186
Transfer from Own Reserve - Future Expenditures	77,230	77,230	118,500
TOTAL REVENUE	<u>\$ 22,021,262</u>	<u>\$ 22,872,750</u>	<u>\$ 20,900,348</u>
EXPENDITURE			
Administration	\$ 1,847,439	\$ 2,002,548	\$ 1,828,865
Electrical Energy Purchased for Resale	14,908,348	15,350,200	14,116,223
Transmission and Distribution	350,763	272,750	396,432
Customer Billing and Collection	320,509	312,500	353,072
Other	71,450	56,400	64,188
Transfer to Own Reserve - Future Expenditures	23,000	-	77,230
Contributions to Capital Fund	658,075	1,290,058	906,436
Transfer to General Revenue Fund	1,785,293	3,340,000	945,293
Transfer to General Capital Fund	1,554,707	-	1,554,707
Transfer to/(from) Surplus	501,678	248,294	657,902
TOTAL EXPENDITURE	<u>\$ 22,021,262</u>	<u>\$ 22,872,750</u>	<u>\$ 20,900,348</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
FIXED ASSETS		
Engineering Structures	\$ 19,717,344	\$ 18,625,602
Buildings	1,835,556	1,795,275
Machinery and Equipment	423,181	404,127
Land	61,896	61,896
	<u>\$ 22,037,977</u>	<u>\$ 20,886,900</u>
 LIABILITIES AND EQUITY IN CAPITAL ASSETS		
EQUITY IN CAPITAL ASSETS	<u>\$ 22,037,977</u>	<u>\$ 20,886,900</u>
	<u>\$ 22,037,977</u>	<u>\$ 20,886,900</u>

See accompanying notes to the financial statements

TREASURER

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY
Capital Fund

Statement of Equity in Capital Assets

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
BALANCE, BEGINNING OF YEAR	\$ 20,886,900	\$ 19,678,673
ADD		
Utility Revenue Fund	658,075	906,436
Other Contributions	<u>493,002</u>	<u>301,791</u>
	<u>1,151,077</u>	<u>1,208,227</u>
BALANCE, END OF YEAR	<u><u>\$ 22,037,977</u></u>	<u><u>\$ 20,886,900</u></u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

ELECTRIC SYSTEM UTILITY

Statement of Capital Financing

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
FINANCES ACQUIRED		
Transfers from		
Utility Revenue Fund	\$ 658,075	\$ 906,436
Other Contributions	<u>493,002</u>	<u>301,791</u>
	<u>\$ 1,151,077</u>	<u>\$ 1,208,227</u>
 FINANCES APPLIED		
Expenditure for Fixed Assets	<u>\$ 1,151,077</u>	<u>\$ 1,208,227</u>
	<u>\$ 1,151,077</u>	<u>\$ 1,208,227</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

**Debt Issued and Outstanding
December 31, 2005**

Number	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate	Payee	2006 Payments	
									Interest	Principal
8858	08-May-89	Okanagan Lake Pump Stn	350,000	99,587	20	2009	10.90	R.D.O.S.	22,750	10,585
9504	12-Apr-95	Water Treatment Plant	1,000,000	619,612	20	2015	4.75	R.D.O.S.	47,500	30,243
9542	01-Dec-95	Water Treatment Plant	3,000,000	1,858,836	20	2015	7.75	R.D.O.S.	240,000	90,728
9608	01-Jun-96	Water Treatment Plant	1,200,000	799,834	20	2016	7.25	R.D.O.S.	93,000	36,291
			<u>5,550,000</u>	<u>3,377,869</u>					<u>403,250</u>	<u>167,847</u>
8903	09-Nov-89	Sewer - Treatment Plant	2,500,000	711,341	20	2009	6.5	R.D.O.S.	162,500	75,606
8962	15-May-90	Sewer - Treatment Plant	1,200,000	416,890	20	2010	6.5	R.D.O.S.	78,000	36,291
			<u>3,700,000</u>	<u>1,128,231</u>					<u>240,500</u>	<u>111,897</u>
20005	12-Apr-00	RCMP Building	2,500,000	2,082,227	20	2020	6.45	R.D.O.S.	161,250	75,606
20046	07-Nov-00	RCMP Building	1,500,000	1,249,336	20	2020	6.36	R.D.O.S.	95,400	45,364
200123	21-Dec-01	Government Street	1,380,000	180,000	5	2006	Variable	M.F.A.	200	180,000
200315	22-Apr-04	Storm Sewer	337,500	327,293	20	2024	4.86	R.D.O.S.	16,403	10,207
2004-16	25-Oct-04	Parks - Land Acquisition	1,680,000	1,629,192	20	2024	4.975	R.D.O.S.	83,580	50,808
2004-18	25-Oct-04	Road Works - South Main St	195,000	189,103	20	2024	4.975	R.D.O.S.	9,701	5,897
2004-19	25-Oct-04	Road Design - Main St	150,000	145,464	20	2024	4.975	R.D.O.S.	7,463	4,536
2004-20	25-Oct-04	Parks - Integrated Waterfront	550,000	533,366	20	2024	4.975	R.D.O.S.	27,363	16,633
2004-21	25-Oct-04	Parks - Youth Park	50,000	48,488	20	2024	4.975	R.D.O.S.	2,488	1,512
2004-11	06-Apr-05	Wine Information Centre	800,000	800,000	20	2025	5.1	R.D.O.S.	40,005	31,160
2004-20	06-Apr-05	Parks - Integrated Waterfront	520,000	520,000	20	2025	5.1	R.D.O.S.	26,004	20,254
2004-21	13-Oct-05	Parks - Youth Park	150,000	150,000	20	2025	4.17	R.D.O.S.	6,255	5,037
2004-18	13-Oct-05	Parks - Integrated Waterfront	825,000	825,000	20	2025	4.17	R.D.O.S.	34,403	27,705
			<u>10,637,500</u>	<u>8,679,469</u>					<u>510,515</u>	<u>474,719</u>
			<u>\$ 19,887,500</u>	<u>\$ 13,185,569</u>					<u>\$ 1,154,265</u>	<u>\$ 754,463</u>

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

CEMETERY PERPETUAL CARE TRUST FUND

Statement of Financial Position

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
ASSETS		
BANK TERM DEPOSITS	\$ 625,000	\$ 590,000
RECEIVABLES		
General Revenue Fund	12,949	4,214
ACCRUED INTEREST	<u>14,601</u>	<u>14,443</u>
	<u>\$ 652,550</u>	<u>\$ 608,657</u>
SURPLUS		
BALANCE, BEGINNING OF YEAR	\$ 608,657	\$ 564,660
Add:		
Care Fund Contributions	23,965	19,030
Interest Earned	<u>19,928</u>	<u>24,967</u>
	<u>\$ 652,550</u>	<u>\$ 608,657</u>

See accompanying notes to the financial statements

TREASURER

PENTICTON PUBLIC LIBRARY

(Established under the Provisions of the
Public Libraries Act of British Columbia)

STATEMENT OF REVENUE AND EXPENDITURE

December 31, 2005
(With comparative figures for 2004)

	<u>2005</u>	<u>2004</u>
REVENUE		
Grant City of Penticton		
- Operating	\$ 659,535	\$ 644,633
- Building and Administration	163,217	159,000
- Equipment Depreciation	20,222	22,076
- Capital	7,124	5,124
Grant Province of B.C. - Operating	102,946	87,831
Grant - Outlook/Legal Services Society	2,116	2,092
Okanagan Regional Library Contract	49,610	51,150
Interest Earned	2,549	2,276
Fines and Fees	27,104	21,099
Miscellaneous Revenue	10,553	23,118
Photocopy Revenue	2,524	3,057
Donations	2,471	2,054
Legacy/Estate Funds	4,270	3,595
Equipment Replacement Fund	20,385	-
	1,074,626	1,027,105
Surplus at Beginning of Year	75,199	57,328
Total Revenue	1,149,825	1,084,433
 EXPENDITURE		
Building and Administration	163,216	159,000
Equipment Allowance	20,222	22,076
Acquisitions		
- Books	147,410	142,461
- Periodicals	15,430	18,790
- Software	4,190	948
- Videos/Audio/Online Subscriptions	7,270	6,634
Book Binding	1,440	4,037
Equipment Maintenance	12,988	12,337
Office Supplies	35,248	30,259
Postage, Freight, Courier, Mileage	5,576	5,335
Salaries and Benefits	589,049	588,354
Staff/Trustee Training and Development	2,989	4,963
Telephone/Fax/Internet	5,044	5,269
Program Support	207	145
Legacy/Estate Projects	1,067	3,502
Total Operating Expenditure	1,011,346	1,004,110
Capital Equipment	27,509	5,124
Total Expenditure	1,038,855	1,009,234
SURPLUS AT END OF YEAR	\$ 110,970	\$ 75,199

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	<u>1996**</u>	<u>1997**</u>	<u>1998**</u>	<u>1999**</u>	<u>2000**</u>
Population	30,987	30,987	30,987	30,987	30,987
Assessed Values - General					
Land	1,018,854,562	1,012,811,459	1,040,610,909	1,033,714,732	995,628,640
Land Exempt	133,761,705	123,682,126	149,736,660	150,917,460	142,114,754
Taxable Land	885,092,857	889,129,333	890,874,249	882,797,272	853,513,886
Improvements	1,292,112,550	1,316,138,957	1,323,537,812	1,320,489,436	1,337,405,103
Improvements Exempt	184,779,178	203,523,095	190,320,833	183,869,582	192,252,631
Taxable Improvements	1,107,333,372	1,112,615,862	1,133,216,979	1,136,619,854	1,145,152,472
Total Taxable Assessment	1,992,426,229	2,001,745,195	2,024,091,228	2,019,417,126	1,998,666,358
Per Capita	64,299	64,600	65,321	65,170	64,500
Assessment Actually Taxed					
General Purposes	1,990,775,229	1,978,674,195	2,001,292,228	1,996,437,126	1,975,032,758
School Purposes	1,987,042,829	1,996,464,495	2,018,139,812	2,013,650,310	1,998,666,358
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%	100.00%
Tax Levy					
General and Debt	11,652,354	12,027,944	12,598,784	12,830,351	13,390,448
School	11,164,085	11,297,397	11,436,496	11,648,997	11,630,813
Regional Hospital	776,646	797,707	902,325	917,656	962,087
Other (Excluding Irrigation)	4,833,946	4,593,328	4,789,742	4,852,941	5,012,389
Total Tax Levy	28,427,031	28,716,376	29,727,347	30,249,945	30,995,737
Total Levy (Including Irrigation)	28,567,946	28,856,371	29,867,421	30,390,103	31,136,579
Per Capita	922	931	964	981	1,005
General Tax Rate	5.384/8.076	5.529/8.294	5.706/8.559	5.805/8.708	6.128/9.192
Tax Collection					
Current Taxes and Irrigation	27,960,965	28,255,700	29,329,134	29,771,871	30,565,077
% Current Levy Collected	97.9%	97.9%	98.2%	98.0%	98.2%
Arrears and Delinquent	811,531	600,954	732,150	716,637	687,640
Total Taxes Collected	28,772,496	28,856,654	30,061,284	30,488,508	31,252,717
% of Current Levy	100.7%	100.0%	100.6%	100.3%	100.4%
Arrears of Taxes	174,989	257,298	240,410	263,097	250,136
Per Capita	5.65	8.30	7.76	8.49	8.07
Debt					
Gross Debt	12,868,942	11,937,294	11,042,545	9,994,490	13,926,419
Per Capita	415	385	356	323	449
Analysis of Debt (Gross)					
Water Supply System	6,127,482	5,828,024	5,513,594	5,183,443	4,836,783
Sewer System	5,010,812	4,272,089	4,058,625	3,545,947	3,007,196
General	1,730,648	1,562,382	1,470,326	1,265,100	6,082,440

** 1996 Census

	<u>2001***</u>	<u>2002***</u>	<u>2003***</u>	<u>2004***</u>	<u>2005***</u>
Population	30,985	30,985	30,985	30,985	30,985
Assessed Values - General					
Land	999,082,549	1,000,376,974	1,022,385,901	1,141,538,471	1,430,440,541
Land Exempt	141,266,606	140,756,657	148,912,016	172,413,710	177,810,827
Taxable Land	857,815,943	859,620,317	873,473,885	969,124,761	1,252,629,714
Improvements	1,344,556,402	1,391,386,900	1,490,127,901	1,654,513,500	1,941,305,110
Improvements Exempt	192,570,333	197,516,990	202,748,963	207,550,130	227,310,600
Taxable Improvements	1,151,986,069	1,193,869,910	1,287,378,938	1,446,963,370	1,713,994,510
Total Taxable Assessment	2,009,802,012	2,053,490,227	2,160,852,823	2,416,088,131	2,966,624,224
Per Capita	64,864	66,274	69,739	77,976	95,744
Assessment Actually Taxed					
General Purposes	1,986,275,412	2,030,243,827	2,137,700,023	2,392,425,331	2,942,179,424
School Purposes	2,004,177,143	2,047,566,849	2,154,719,592	2,409,204,900	2,958,710,508
% Improvement Taxes	100.00%	100.00%	100.00%	100.00%	100.00%
Tax Levy					
General and Debt	14,140,577	14,882,630	15,926,729	17,012,508	18,075,952
School	11,671,618	11,913,141	12,152,121	12,637,459	13,581,087
Regional Hospital	1,982,487	1,979,438	1,980,515	1,961,408	1,785,679
Other (Excluding Irrigation)	5,102,716	4,995,324	5,008,308	5,179,878	5,382,474
Total Tax Levy	32,897,398	33,770,533	35,067,673	36,791,253	38,825,192
Total Levy (Including Irrigation)	33,037,202	33,910,115	35,206,896	36,930,550	38,967,825
Per Capita	1,066	1,094	1,136	1,192	1,258
General Tax Rate	6.436/9.654	6.6295/9.9443	6.753/10.1295	6.4781/9.7172	5.3623/9.931
Tax Collection					
Current Taxes and Irrigation	32,588,106	33,353,856	34,685,099	36,625,786	38,475,389
% Current Levy Collected	98.6%	98.4%	98.5%	99.2%	98.7%
Arrears and Delinquent	412,751	748,867	598,402	586,147	405,886
Total Taxes Collected	33,000,857	34,102,723	35,283,501	37,211,933	38,881,275
% of Current Levy	99.9%	100.6%	100.2%	100.8%	99.8%
Arrears of Taxes	505,580	205,809	178,225	121,940	112,475
Per Capita	16.32	6.64	5.75	3.94	3.63
Debt					
Gross Debt	13,035,934	11,841,379	10,348,553	12,176,427	13,185,569
Per Capita	421	382	334	393	426
Analysis of Debt (Gross)					
Water Supply System	4,472,790	4,130,719	3,891,909	3,641,158	3,377,869
Sewer System	2,441,022	1,857,736	1,575,393	1,357,265	1,128,231
General	6,122,122	5,852,924	4,881,251	7,178,004	8,679,469

***2001 Census

THE CORPORATION OF THE CITY OF PENTICTON
BRITISH COLUMBIA

Financial Statistics
(Unaudited)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Public Utilities										
Sewer										
Operating Profit/(Loss)	(340,837)	(60,064)	(52,404)	98,945	144,617	182,196	(47,480)	(38,384)	(187,045)	800,290
Domestic Water & Irrigation										
Operating Profit/(Loss)	-	(3,490)	570,491	631,749	(551,858)	408,648	407,987	250,173	(672,206)	87,436
Electric Light										
Operating Profit/(Loss)	1,127,210	464,019	1,843,025	2,048,282	2,340,634	2,663,070	2,897,239	2,474,864	1,949,675	2,690,601
General										
Building Permits Issued	41,530,318	23,157,321	33,196,718	22,619,600	18,796,519	31,093,176	35,928,297	46,681,982	52,227,735	74,663,879
Liability Servicing										
Capacity Available								11,529,751	12,914,033	13,418,514
Borrowing Power (net)	58,612,482	61,786,435	70,561,779	71,721,589	72,711,489	79,586,210	81,821,206	n/a	n/a	n/a

