



Kelowna International Airport

2017 FINANCIAL STATEMENTS

For the year ended December 31, 2017

Kelowna, British Columbia, Canada



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Independent auditors' report

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To the members of Council of the City of Kelowna

We have audited the accompanying financial statements of Kelowna International Airport (“the Airport”), which comprise the statement of financial position as at December 31, 2017, the statement of operations and accumulated surplus, statement of changes in net financial assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Airport’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kelowna International Airport as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, Canada
April 13, 2018

Grant Thornton LLP
Chartered Professional Accountants

KELOWNA INTERNATIONAL AIRPORT
Statement of Financial Position
As at December 31, 2017

	Actual <u>2017</u>	Actual <u>2016</u>
Financial Assets		
Cash and cash equivalents	\$ 62,110	\$ 57,144
Accounts receivable		
Federal government	968,810	262,775
Trade	3,432,032	3,769,929
Portfolio investments	<u>26,659,727</u>	<u>25,664,006</u>
	<u>31,122,679</u>	<u>29,753,854</u>
Liabilities		
Accounts payable		
Regional government	276,883	224,760
Trade	2,503,952	3,164,959
Performance deposits	283,421	379,937
Deferred revenue	319,541	133,615
Mortgage payable (Note 3)	3,600,000	4,500,000
Debenture debt (Note 4)	<u>22,035,751</u>	<u>17,081,304</u>
	<u>29,019,548</u>	<u>25,484,575</u>
Net Financial Assets	<u>2,103,131</u>	<u>4,269,279</u>
Non-Financial Assets		
Prepaid expenses	85,318	164,624
Inventory	192,256	184,580
Work in progress (Note 5)	7,417,552	30,847,566
Tangible capital assets (Note 6)	<u>128,694,388</u>	<u>88,991,512</u>
	<u>136,389,514</u>	<u>120,188,282</u>
Accumulated Surplus (Note 7)	<u>\$ 138,492,645</u>	<u>\$ 124,457,561</u>

Contingent liabilities (Note 8)
 Commitments (Note 9)



Sam Samaddar
 Airport Director



Genelle Davidson, CPA, CMA
 Divisional Director, Financial Services

See accompanying notes to the financial statements

KELOWNA INTERNATIONAL AIRPORT
Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Revenue			
Sale of services (Note 11)	\$ 28,194,685	\$ 31,905,205	\$ 28,671,592
Interest earned	158,000	303,422	254,728
Conditional transfers - Federal government (Note 2)	115,500	2,053,830	115,500
Other capital contributions	-	513,551	555,797
	<u>28,468,185</u>	<u>34,776,008</u>	<u>29,597,617</u>
Expenses (Note 12)			
Administration	2,800,275	2,767,325	2,943,793
Interest	1,116,250	1,268,372	1,029,147
Terminal operations	4,784,567	4,599,832	4,209,328
Airport improvement fee	647,474	563,674	614,523
Airport policing	181,846	181,846	180,790
Groundside operations	2,078,773	2,200,315	2,009,537
Airside operations	2,814,277	3,078,240	3,125,257
Amortization	-	6,081,320	5,232,900
	<u>14,423,462</u>	<u>20,740,924</u>	<u>19,345,275</u>
Annual Surplus	<u>\$ 14,044,723</u>	14,035,084	10,252,342
Accumulated Surplus, beginning of year		<u>124,457,561</u>	<u>114,205,219</u>
Accumulated Surplus, end of year		<u>\$ 138,492,645</u>	<u>\$ 124,457,561</u>

See accompanying notes to the financial statements

KELOWNA INTERNATIONAL AIRPORT
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Annual surplus	\$ 14,044,723	\$ 14,035,084	\$ 10,252,342
Amortization	-	6,081,320	5,232,900
Proceeds from disposal of tangible capital assets	-	-	25,000
Acquisition of tangible capital assets	(36,596,720)	(22,354,182)	(27,969,614)
Gain on disposal of tangible capital assets	-	-	(25,000)
Change in inventory and prepaid expenses	-	71,630	112,139
	<u>(22,551,997)</u>	<u>(2,166,148)</u>	<u>(12,372,233)</u>
Net Financial Assets, beginning of year	<u>4,269,279</u>	<u>4,269,279</u>	<u>16,641,512</u>
Net Financial Assets, end of year	\$ <u><u>(18,282,718)</u></u>	\$ <u><u>2,103,131</u></u>	\$ <u><u>4,269,279</u></u>

See accompanying notes to the financial statements

KELOWNA INTERNATIONAL AIRPORT
Statement of Cash Flows
For the Year Ended December 31, 2017

Net inflow (outflow) of cash and cash equivalents related to the following activities:	Actual 2017	Actual 2016
Operating		
Annual surplus	\$ 14,035,084	\$ 10,252,342
Adjustment for non-cash items		
Amortization of tangible capital assets	6,081,320	5,232,900
Gain on disposal of tangible capital assets	-	(25,000)
Actuarial adjustment on debenture debt	(513,551)	(421,028)
Contributions of tangible capital assets	-	(109,769)
Decrease (increase) in assets		
Accounts receivable	(368,138)	(1,075,583)
Inventory and prepaid expenses	71,630	112,139
Increase (decrease) in liabilities		
Accounts payable	(608,884)	(54,890)
Performance deposits	(96,516)	159,463
Deferred revenue	185,926	40,676
	<u>18,786,871</u>	<u>14,111,250</u>
Capital		
Acquisition of tangible capital assets	(22,354,182)	(27,859,845)
Proceeds from disposal of tangible capital assets	-	25,000
	<u>(22,354,182)</u>	<u>(27,834,845)</u>
Investing		
Change in investments	<u>(995,721)</u>	4,720,219
Financing		
Proceeds from mortgage payable	-	4,500,000
Proceeds from issuance of debenture debt	8,000,000	6,500,000
Repayment of mortgage payable	(900,000)	-
Repayment of debenture debt	(2,532,002)	(1,971,965)
	<u>4,567,998</u>	<u>9,028,035</u>
Net increase in cash and cash equivalents	4,966	24,659
Cash and cash equivalents, beginning of year	<u>57,144</u>	<u>32,485</u>
Cash and cash equivalents, end of year	\$ <u>62,110</u>	\$ <u>57,144</u>
Supplementary cash flow information - non cash transaction		
Contributed tangible capital asset	<u>\$ -</u>	<u>\$ 109,769</u>

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

1. Organization and nature of operations

The Kelowna International Airport (“the Airport”) is controlled by the City of Kelowna (“the City”) and is reported in the City’s financial statements as part of the City’s resources and operations.

The City operates the Airport pursuant to the provisions of a long-term lease with the Government of Canada entered into January 1, 1969 (“the Ground Lease”). The current term of the Ground Lease, was extended on July 24, 2015 for an additional 20 years with the result that the term of the Ground Lease ends on December 31, 2054.

These financial statements reflect only the assets, liabilities and operations of the Airport. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

2. Significant accounting policies

Accrual accounting

The accrual method for reporting revenues and expenditures has been used.

Cash and cash equivalents

Cash and cash equivalents represent funds held in the City of Kelowna pooled funds. Cash and cash equivalents consist of cash and short-term investments with maturities of 90 days or less from the date of acquisition.

Government transfers

Government transfers are the major source of transfers to the Airport. Restricted government transfers are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted transfers are recognized as revenue when received. Due to the completion or progress of the projects in 2017 there are no deferred revenue balances related to these grants. The Airport received and recorded as revenue the following grants:

<u>Grant received from</u>	<u>Type of grant</u>	<u>Project</u>	<u>2017</u>	<u>2016</u>
Canadian Air Transport Security Authority	Restricted	Terminal Building – baggage handling operations	\$ 115,500	\$ 115,500
Canadian Air Transport Security Authority	Capital	Airport – bag system	<u>1,938,330</u>	<u>-</u>
			<u>\$ 2,053,830</u>	<u>\$ 115,500</u>

Work in progress

Work in progress represents capital projects under construction but not completed and are valued at cost.

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

2. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value of the asset, is amortized on a straight-line basis over its estimated useful lives as follows:

Land improvements	25 years
Buildings	10 to 75 years
Infrastructure	10 to 75 years
Machinery and equipment	5 to 20 years

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution.

Intangible assets

Intangible assets include works of art and historic assets. They are not recorded in these financial statements due to the uncertainty as to their value.

Inventories of supplies

Inventories of supplies include chemicals, fuel and supplies and are recorded at the lower of historical cost or replacement cost, with cost being determined using the weighted average cost method except for chemicals which are recorded at the first in-first out method.

Municipal pension plan

The Airport's pension follows the guidelines of the Municipal Pension Plan which is administered by the Province of British Columbia for all British Columbia municipalities. The Airport and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula.

Portfolio investments

Portfolio investments are recorded at cost and are comprised of Municipal Finance Authority Bonds/Intermediate Funds, Provincial and Bank Issued Accrual Notes and Debentures, and Guaranteed Investment Certificates and Deposit Notes.

Interest capitalization

The Airport only capitalizes interest on projects being financed internally which will require debenture borrowing upon completion. Interest is calculated on monthly expenditures using the bank prime rate less 2%.

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

2. Significant accounting policies (continued)

Municipal Finance Authority cash deposits and demand notes

The City, on behalf of the Airport, has issued 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 City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature. The Debt Reserve and Demand Note balances are as follows:

	<u>2017</u>	<u>2016</u>
Cash Deposits held by MFA	\$ 444,091	\$ 355,969
Demand Notes Held by MFA	<u>1,899,048</u>	<u>1,518,126</u>
	<u>\$ 2,343,139</u>	<u>\$ 1,874,095</u>

Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the Airport;
 - is directly responsible; or
 - accepts responsibility,
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

There are no liabilities to be recorded as at December 31, 2017.

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. The significant area requiring the use of management estimates relates to the determination of allowance for doubtful accounts, tangible capital assets' estimated useful lives, the related amortization, and liability for contaminated sites. Actual results could vary from those estimates.

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

2. Significant accounting policies (continued)

Revenue recognition

Airport improvement fee revenue is recognized as income in the period that passengers depart from the Airport.

Landing fees and terminal fees are generated principally from scheduled flights and non-scheduled commercial aviation and are recognized when the Airport facilities are utilized.

Rentals and fees, vehicle parking revenue, aircraft and apron equipment parking and other revenue are recognized when the Airport facilities are utilized.

Car rental concession revenue is recognized based on an agreed percentage of reported concessionaire sales and/or specified minimum rentals in the period in which the rentals occur. Other concession revenue is recognized based on an agreed percentage of reported concessionaire sales in the period in which the sales occur.

Investment income is recorded on an accrual basis and recognized when earned.

Ground lease

The Ground lease is accounted for as an operating lease and has a single rent payment of \$1 up to 2034 followed by annual rent payments of \$1 from 2035 to 2054.

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.

3. Mortgage payable

The City has a mortgage of \$3,600,000 (2016 - \$4,500,000) with Reaton Leasing Ltd. which is to be repaid in January 2021. The annual amount of principal repayment is \$900,000 per year. The mortgage does not bear interest and is secured by specific land.

4. Debenture debt

Debenture debt principal is reported net of sinking fund balances.

<u>Local Area</u> <u>Bylaw</u>	<u>Issue</u> <u>No.</u>	<u>Interest</u> <u>Rate</u>	<u>Amount of</u> <u>Issue</u>	<u>Sinking Fund</u> <u>Balance</u>	<u>Net Debt</u>	<u>Due Date</u>
9867	103	4.65	\$ 16,000,000	\$ 14,103,216	\$ 1,896,784	2018-04-23
9867	133	2.75	7,500,000	1,300,996	6,199,004	2025-10-02
9867	137	2.60	3,500,000	298,345	3,201,655	2026-04-19
9867	139	2.10	3,000,000	261,692	2,738,308	2026-10-05
9867	141	2.80	8,000,000	-	8,000,000	2027-04-07
			<u>\$ 38,000,000</u>	<u>\$ 15,964,249</u>	<u>\$ 22,035,751</u>	

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

4. Debenture debt (continued)

Principal repayments required for the next five years are as follows:

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 3,229,846	\$ 1,897,191	\$ 1,897,191	\$ 1,897,191	\$ 1,897,191

5. Work in progress

Work in progress is recorded at cost, is not amortized, and is comprised of:

	<u>2017</u>	<u>2016</u>
Land improvements	\$ 1,939	\$ 1,212,811
Buildings	2,377,445	1,516,723
Infrastructure	5,011,054	7,729,183
Machinery and equipment	27,114	20,388,849
Total work in progress	<u>\$ 7,417,552</u>	<u>\$ 30,847,566</u>

6. Tangible capital assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2017 Net book value</u>	<u>2016 Net book value</u>
Land	\$ 15,256,117	\$ -	\$ 15,256,117	\$ 11,255,949
Land improvements	13,276,256	7,108,701	6,167,555	6,563,468
Buildings	57,126,296	23,717,966	33,408,330	33,217,029
Infrastructure	61,096,194	28,091,918	33,004,276	30,734,016
Machinery and equipment	51,892,680	11,034,570	40,858,110	7,221,050
	<u>\$ 198,647,543</u>	<u>\$ 69,953,155</u>	<u>\$ 128,694,388</u>	<u>\$ 88,991,512</u>

Schedule 1 provides a breakdown of tangible capital assets and work in progress.

7. Accumulated surplus

	<u>Reserves for future expenditure</u>	<u>General surplus</u>	<u>Investment in tangible capital assets</u>	<u>Total 2017</u>	<u>Total 2016</u>
Surplus, beginning of year	\$ 25,603,507	\$ 596,279	\$ 98,257,775	\$ 124,457,561	\$ 114,205,219
Annual surplus (deficit)	286,003	17,378,518	(3,629,437)	14,035,084	10,252,342
Transfers	13,946,516	(13,946,516)	-	-	-
Acquisition of tangible capital assets	(12,415,851)	-	12,415,851	-	-
Retirement of debt	-	(3,432,002)	3,432,002	-	-
Surplus, end of year	<u>\$ 27,420,175</u>	<u>\$ 596,279</u>	<u>\$ 110,476,191</u>	<u>\$ 138,492,645</u>	<u>\$ 124,457,561</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

8. Contingent liabilities

Pension liability

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Airport paid \$418,615 (2016 - \$377,727) for employer contributions to the plan in fiscal 2017, which represents 0.06 per cent of the total plan contributions, while employees contributed \$315,132 (2016 - \$278,195) to the plan in fiscal 2017. The Airport expects to pay \$419,000 for employer contributions in the next fiscal year.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Legal actions

The City is currently engaged in certain legal actions. The outcome and the possible effect on the Airport of these legal actions are not determinable at this time. Accordingly, no provision has been made in the accounts for these actions.

The amount of loss, if any, arising from these contingent liabilities will be recorded in the accounts in the period in which the loss is realized.

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

9. Commitments

At December 31, 2017, the Airport had entered into construction commitments relating to the Airport capital program amounting to \$7,024,091 (2016 - \$9,183,379).

10. Airport improvement fees

The Kelowna International Airport entered into a Memorandum of Agreement ("the Agreement") dated September 23, 1997 with the Air Transport Association of Canada and all major carriers operating from the Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees (AIF) by air carriers through their ticketing processes. AIF revenues can only be used to fund approved Airport infrastructure projects and associated financing costs.

AIF fees are charged at \$15 per departing passenger.

Airport improvement fee summary since implementation to December 31:

	<u>2017</u>	<u>2016</u>
Cumulative AIF revenue	\$ 121,464,076	\$ 108,330,953
Cumulative AIF expenditures	<u>132,512,325</u>	<u>122,468,537</u>
Deficiency of revenue over expenditures	\$ <u>(11,048,249)</u>	\$ <u>(14,137,584)</u>

11. Sale of service by object

	<u>2017</u>	<u>2016</u>
Airport improvement fee	\$ 12,926,606	\$ 11,847,978
Aircraft parking	153,719	137,726
Airline terminal fees	3,246,867	2,852,857
Apron equipment parking	11,659	11,659
Aviation fuel concessions	17,567	16,246
Car rentals	2,714,836	2,191,572
Ground handler concessions	91,366	87,183
Land lease revenue	718,484	624,610
Landing fees	3,975,261	3,586,712
Other	321,569	377,050
Terminal building space rental	430,072	438,921
Terminal concessions	880,052	796,587
Vehicle parking	<u>6,417,147</u>	<u>5,702,491</u>
	\$ <u>31,905,205</u>	\$ <u>28,671,592</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to Financial Statements

December 31, 2017

12. Expenses by object

Expenses reported by object comprise:	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 4,406,270	\$ 4,309,910
Contract and professional services	1,154,921	1,415,617
Interest expense	1,268,372	1,029,147
Materials and supplies	6,185,812	5,752,209
Equipment	28,418	42,456
Allocations, policing and overhead	1,480,057	1,431,632
Cost recoveries	(533,996)	(503,281)
Utilities	669,750	634,685
Amortization	<u>6,081,320</u>	<u>5,232,900</u>
	<u>\$ 20,740,924</u>	<u>\$ 19,345,275</u>

13. Budget data

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 Council to reflect changes in the budget as required by law. Amortization of tangible capital assets was not included in the budget. The table below shows the reconciliation between the approved budget and the budget presented in these financial statements.

	<u>Budget Amount</u>
Revenue	
Operating budget	\$ <u>28,468,185</u>
Expenses	
Operating budget	14,423,462
Capital budget	<u>36,596,720</u>
	<u>51,020,182</u>
Annual deficit per approved budget	(22,551,997)
Add: capital expenses	<u>36,596,720</u>
Annual surplus per statement of operations	<u>\$ 14,044,723</u>

KELOWNA INTERNATIONAL AIRPORT

Schedule 1 – Tangible Capital Assets

As at December 31, 2017

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Infrastructure</u>
Cost				
Balance, beginning of year	\$ 11,255,949	\$ 13,199,726	\$ 55,218,711	\$ 56,474,899
Add: additions during the year	4,000,168	76,530	136,126	253,321
Add: transfers to tangible capital assets	-	-	1,771,459	4,367,974
Less: disposals during the year	-	-	-	-
Balance, end of year	<u>15,256,117</u>	<u>13,276,256</u>	<u>57,126,296</u>	<u>61,096,194</u>
Accumulated Amortization				
Balance, beginning of year	-	6,636,258	22,001,682	25,740,883
Add: amortization	-	472,443	1,716,284	2,351,035
Less: accumulated amortization on disposals	-	-	-	-
Balance, end of year	<u>-</u>	<u>7,108,701</u>	<u>23,717,966</u>	<u>28,091,918</u>
Net Book Value of Tangible Capital Assets	<u>\$ 15,256,117</u>	<u>\$ 6,167,555</u>	<u>\$ 33,408,330</u>	<u>\$ 33,004,276</u>

	<u>Machinery & Equipment</u>						
	<u>Vehicles</u>	<u>Other Machinery & Equipment</u>	<u>Computer</u>	<u>Subtotal Machinery & Equipment</u>	<u>Work in Progress</u>	<u>Total 2017</u>	<u>Total 2016</u>
Cost							
Balance, beginning of year	\$ 3,023,244	\$ 13,011,968	\$ 678,850	\$ 16,714,062	\$ 30,847,566	\$ 183,710,913	\$ 156,037,793
Add: additions during the year	-	216,841	68,267	285,108	17,602,929	22,354,182	27,969,614
Add: transfers to tangible capital assets	-	34,893,510	-	34,893,510	(41,032,943)	-	-
Less: disposals during the year	-	-	-	-	-	-	(296,494)
Balance, end of year	<u>3,023,244</u>	<u>48,122,319</u>	<u>747,117</u>	<u>51,892,680</u>	<u>7,417,552</u>	<u>206,065,095</u>	<u>183,710,913</u>
Accumulated Amortization							
Balance, beginning of year	955,820	7,903,854	633,338	9,493,012	-	63,871,835	58,935,429
Add: amortization	205,772	1,311,176	24,610	1,541,558	-	6,081,320	5,232,900
Less: accumulated amortization on disposals	-	-	-	-	-	-	(296,494)
Balance, end of year	<u>1,161,592</u>	<u>9,215,030</u>	<u>657,948</u>	<u>11,034,570</u>	<u>-</u>	<u>69,953,155</u>	<u>63,871,835</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,861,652</u>	<u>\$ 38,907,289</u>	<u>\$ 89,169</u>	<u>\$ 40,858,110</u>	<u>\$ 7,417,552</u>	<u>\$ 136,111,940</u>	<u>\$ 119,839,078</u>



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