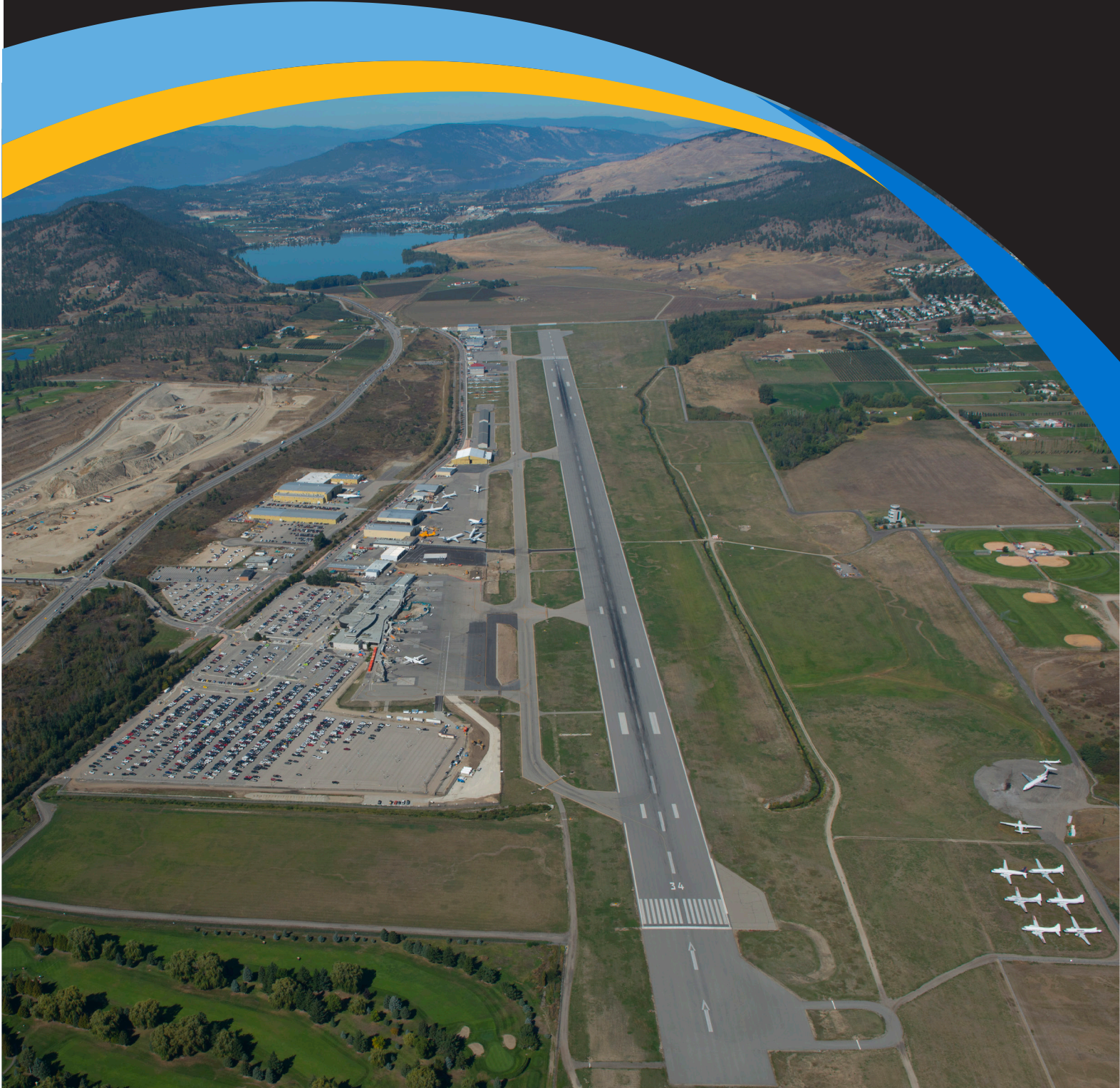


# Kelowna International Airport 2015 Financial Statements

For the year ended December 31, 2015



Kelowna International Airport



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# Independent auditors' report

**Grant Thornton LLP**  
200 - 1633 Ellis Street  
Kelowna, BC  
V1Y 2A8  
T (250) 712-6800  
(800) 661-4244 (Toll Free)  
F (250) 712-6850  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 2015, 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, 2015, 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 7, 2016

*Grant Thornton LLP*  
Chartered Professional Accountants

**KELOWNA INTERNATIONAL AIRPORT**  
**Statement of Financial Position**  
**As at December 31, 2015**

	<b>Actual <u>2015</u></b>	<b>Actual <u>2014</u></b>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 32,485	\$ 61,679
Accounts receivable		
Federal government	72,573	84,236
Trade	2,884,548	2,743,490
Portfolio investments	<u>30,384,225</u>	<u>25,462,295</u>
	<u><b>33,373,831</b></u>	<u>28,351,700</u>
<b>Liabilities</b>		
Accounts payable		
Regional government	191,364	140,647
Trade	3,253,245	1,351,225
Performance deposits	220,474	220,280
Deferred revenue	92,939	187,140
Debenture debt (Note 5)	<u>12,974,297</u>	<u>7,160,531</u>
	<u><b>16,732,319</b></u>	<u>9,059,823</u>
<b>Net Financial Assets</b>	<u><b>16,641,512</b></u>	<u>19,291,877</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	250,113	154,511
Inventory	211,230	72,605
Construction in progress (Note 6)	20,728,834	6,916,748
Tangible capital assets (Note 7)	<u>76,373,530</u>	<u>78,156,718</u>
	<u><b>97,563,707</b></u>	<u>85,300,582</u>
<b>Accumulated Surplus (Note 8)</b>	<u><b>\$ 114,205,219</b></u>	<u>\$ 104,592,459</u>

Contingent liabilities (Note 9)  
 Commitments (Note 10)  
 Subsequent event (Note 16)



Sam Samaddar  
 Airport Director



Genelle Davidson, CPA, CMA  
 Financial Services Director

*See accompanying notes to the financial statements*

**KELOWNA INTERNATIONAL AIRPORT**  
**Statement of Operations and Accumulated Surplus**  
**For the Year Ended December 31, 2015**

	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
<b>Revenue</b>			
Sale of services (Note 12)	\$ 26,552,620	\$ 26,369,267	\$ 26,180,006
Interest earned	144,000	250,842	250,715
Conditional transfers - government	115,500	115,500	115,500
Other capital contributions	-	353,579	288,724
	<u>26,812,120</u>	<u>27,089,188</u>	<u>26,834,945</u>
<b>Expenses (Note 13)</b>			
Administration	2,607,140	2,458,509	2,413,646
Interest	1,272,000	794,717	744,000
Terminal operations	4,069,850	3,905,840	3,968,650
Airport improvement fee	366,920	517,819	339,961
Airport policing	174,530	200,661	192,576
Groundside operations	2,000,620	1,687,485	1,641,126
Airside operations	2,435,950	2,751,982	2,613,154
Amortization	-	5,159,415	4,937,843
	<u>12,927,010</u>	<u>17,476,428</u>	<u>16,850,956</u>
<b>Annual surplus</b>	\$ <u>13,885,110</u>	<b>9,612,760</b>	9,983,989
Accumulated Surplus, beginning of year		<u>104,592,459</u>	<u>94,608,470</u>
<b>Accumulated Surplus, end of year</b>		\$ <u>114,205,219</u>	\$ <u>104,592,459</u>

*See accompanying notes to the financial statements*

**KELOWNA INTERNATIONAL AIRPORT**  
**Statement of Changes in Net Financial Assets**  
**For the Year Ended December 31, 2015**

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	Budget <u>2015</u>	Actual <u>2015</u>	Actual <u>2014</u>
<b>Annual surplus</b>	\$ 13,885,110	\$ <b>9,612,760</b>	\$ 9,983,989
Amortization	-	<b>5,159,415</b>	4,937,843
Acquisition of tangible capital assets	(64,648,440)	<b>(17,188,313)</b>	(8,122,194)
Change in prepaid expenses and inventory	-	<b>(234,227)</b>	(75,317)
	<u>(50,763,330)</u>	<u><b>(2,650,365)</b></u>	<u>6,724,321</u>
<b>Net Financial Assets, beginning of year</b>	<u>19,291,877</u>	<u><b>19,291,877</b></u>	<u>12,567,556</u>
<b>Net Financial Assets, end of year</b>	\$ <u><u>(31,471,453)</u></u>	\$ <u><u><b>16,641,512</b></u></u>	\$ <u><u>19,291,877</u></u>

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*See accompanying notes to the financial statements*

# KELOWNA INTERNATIONAL AIRPORT

## Statement of Cash Flows

For the Year Ended December 31, 2015

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Net inflow (outflow) of cash and cash equivalents related to the following activities:	<b>Actual 2015</b>	Actual 2014
<b>Operating</b>		
Annual surplus	\$ 9,612,760	\$ 9,983,989
Adjustment for non-cash items		
Amortization	5,159,415	4,937,843
Actuarial adjustment on debenture debt	(353,579)	(288,724)
Decrease (increase) in assets		
Accounts receivable	(129,395)	(122,513)
Inventory and prepaid expenses	(234,227)	(75,317)
Increase (decrease) in liabilities		
Accounts payable	1,952,737	263,998
Performance deposits	194	615
Deferred revenue	(94,201)	74,441
	<u>15,913,704</u>	<u>14,774,332</u>
<b>Capital</b>		
Purchase of tangible capital assets	<u>(17,188,313)</u>	<u>(8,122,194)</u>
<b>Investing</b>		
Change in investments	<u>(4,921,930)</u>	<u>(5,328,522)</u>
<b>Financing</b>		
Proceeds from issuance of debenture debt	7,500,000	-
Repayment of debenture debt	<u>(1,332,655)</u>	<u>(1,332,655)</u>
	<u>6,167,345</u>	<u>(1,332,655)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(29,194)</b>	<b>(9,039)</b>
Cash and cash equivalents, beginning of year	<u>61,679</u>	<u>70,718</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ <u>32,485</u></b>	<b>\$ <u>61,679</u></b>
<b>Supplementary cash flow information</b>		
Interest paid	<u>\$ 794,717</u>	<u>\$ 744,000</u>

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See accompanying notes to the financial statements.

# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 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 (2014 – December 31, 2034).

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.

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### 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 of the projects in 2015 there are no deferred revenue balances related to these grants. The Airport received and recorded as revenue the following grants:

#### 2015

<u>Grant received from</u>	<u>Type of grant</u>	<u>Project</u>	<u>Amount</u>
Canadian Air Transport Security Authority	Restricted	Terminal Building – baggage handling operations	<u>\$ 115,500</u>

#### 2014

<u>Grant received from</u>	<u>Type of grant</u>	<u>Project</u>	<u>Amount</u>
Canadian Air Transport Security Authority	Restricted	Terminal Building – baggage handling operations	<u>\$ 115,500</u>



# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 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.

#### 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%.

#### 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>2015</u>	<u>2014</u>
Cash Deposits held by MFA	\$ 282,077	\$ 201,439
Demand Notes Held by MFA	<u>1,226,108</u>	<u>878,328</u>
	<u>\$ 1,508,185</u>	<u>\$ 1,079,767</u>

# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 2. Significant accounting policies (continued)

#### 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 tangible capital assets' estimated useful lives and the related amortization. Actual results could vary from those estimates.

#### 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.

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### 3. Adoption of new accounting policy

Effective April 1, 2014, the Public Sector Accounting Board issued Section 3260 Liability for contaminated sites. This Section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. A liability should be recognized when:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the Government 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 City adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

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# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 4. Future accounting changes

#### **PS 2200 – Related party disclosures**

This section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

#### **PS 3210 – Assets**

This new section provides guidance for applying the definition of an asset as set out in Section PS 1000 *Financial statement concepts* and establishes general disclosure standards for assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

#### **PS 3320 – Contingent assets**

This new section defines and establishes disclosure standards for contingent assets. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

#### **PS 3380 – Contractual rights**

This new section defines and establishes disclosure standards on contractual rights. This section applies to fiscal years beginning on or after April 1, 2017, with early adoption permitted.

#### **PS 2601 – Foreign currency translation**

This section revises and replaces the existing Section PS 2600 *Foreign currency translation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

#### **PS 1201 – Financial statement presentation**

This section revises and replaces the existing Section PS 1200 *Financial statement presentation*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

#### **PS 3450 – Financial instruments**

This section establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

#### **PS 3041 – Portfolio Investments**

This section revises and replaces the existing Section PS 3040 *Portfolio investments*. This section applies to fiscal years beginning on or after April 1, 2019, with early adoption permitted.

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# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

### 5. Debenture debt

Debenture debt principal is reported net of sinking fund balances.

Local Area Bylaw	Issue No.	Interest Rate	Amount of Issue	Sinking Fund Balance	Net Debt	Due Date
9867	103	4.65	\$ 16,000,000	\$ 10,525,703	\$ 5,474,297	2018-04-23
9867	133	2.75	<u>7,500,000</u>	<u>-</u>	<u>7,500,000</u>	2025-10-02
			<u>\$ 23,500,000</u>	<u>\$ 10,525,703</u>	<u>\$ 12,974,297</u>	

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

2016	2017	2018	2019	2020
<u>\$ 1,971,965</u>	<u>\$ 1,971,965</u>	<u>\$ 1,971,965</u>	<u>\$ 639,310</u>	<u>\$ 639,310</u>

### 6. Construction in progress

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

	2015	2014
Buildings	\$ 1,038,578	\$ 428,996
Infrastructure	11,987,210	3,522,824
Machinery and equipment	<u>7,703,046</u>	<u>2,964,928</u>
Total construction in progress	<u>\$ 20,728,834</u>	<u>\$ 6,916,748</u>

### 7. Tangible capital assets

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 5,949,999	\$ -	\$ 5,949,999	\$ 5,837,166
Land improvements	13,176,254	6,166,054	7,010,200	7,463,749
Buildings	54,989,132	20,364,930	34,624,202	36,258,716
Infrastructure	46,805,556	23,509,653	23,295,903	22,435,519
Machinery and equipment	<u>14,388,018</u>	<u>8,894,792</u>	<u>5,493,226</u>	<u>6,161,568</u>
	<u>\$ 135,308,959</u>	<u>\$ 58,935,429</u>	<u>\$ 76,373,530</u>	<u>\$ 78,156,718</u>

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

# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 8. Accumulated surplus

	Reserves for future expenditure	General surplus	Investment in tangible capital assets	<b>Total 2015</b>	Total 2014
Surplus, beginning of year	\$ 26,083,244	\$ 596,280	\$ 77,912,935	<b>\$ 104,592,459</b>	\$ 94,608,470
Annual surplus (deficit)	236,225	14,182,371	(4,805,836)	<b>9,612,760</b>	9,983,989
Transfers	12,849,716	(12,849,716)	-	-	-
Acquisition of tangible capital assets	(14,828,430)	-	14,828,430	-	-
Retirement of debenture debt	-	(1,332,655)	1,332,655	-	-
Surplus, end of year	<u>\$ 24,340,755</u>	<u>\$ 596,280</u>	<u>\$ 89,268,184</u>	<u><b>\$ 114,205,219</b></u>	<u>\$ 104,592,459</u>

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### 9. Contingent liabilities

#### Pension liability

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. As at December 31, 2014, the plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The Airport paid \$352,565 for employer contributions to the plan in fiscal 2015, which represents 0.02 per cent of the total plan contributions. The Airport expects to pay \$353,000 for employer contributions in the next fiscal year.

The next valuation will be as at December 31, 2015, with results available in 2016.

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.

The Airport paid \$352,565 (2014 - \$326,683) for employer contributions while employees contributed \$267,306 (2014 - \$248,482) to the plan in fiscal 2015.

# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 9. Contingent liabilities (continued)

#### 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.

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### 10. Commitments

At December 31, 2015, the Airport had entered into construction commitments relating to the Airport capital program amounting to \$25,070,215 (2014 - \$3,962,480).

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### 11. 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>2015</u>	<u>2014</u>
Cumulative AIF revenue	\$ 96,409,890	\$ 85,393,980
Cumulative AIF expenditures	<u>112,384,282</u>	<u>96,373,276</u>
Deficiency of revenue over expenditures	\$ <u>(15,974,392)</u>	\$ <u>(10,979,296)</u>

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# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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<b>12. Sale of service by object</b>	<b>2015</b>	<b>2014</b>
Airport improvement fee	\$ 10,952,201	\$ 10,963,576
Aircraft parking	122,389	115,611
Airline terminal fees	2,493,738	2,318,272
Apron equipment parking	11,659	11,659
Aviation fuel concessions	20,892	21,236
Car rentals	2,073,083	1,971,244
Ground handler concessions	71,064	73,630
Land lease revenue	586,179	583,093
Landing fees	3,225,911	3,119,637
Other	406,549	341,183
Terminal building space rental	421,660	432,378
Terminal concessions	718,358	738,430
Vehicle parking	5,265,584	5,490,057
	<u>\$ 26,369,267</u>	<u>\$ 26,180,006</u>

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### 13. Expenses by object

Expenses reported by object comprise:	<b>2015</b>	<b>2014</b>
Salaries and benefits	\$ 3,887,703	\$ 3,796,797
Contract and professional services	936,370	846,568
Interest expense	794,717	744,000
Materials and supplies	5,111,705	5,139,005
Equipment	18,483	13,585
Allocations, policing and overhead	1,502,249	1,343,916
Cost recoveries	(494,256)	(637,986)
Utilities	560,042	667,228
Amortization	5,159,415	4,937,843
	<u>\$ 17,476,428</u>	<u>\$ 16,850,956</u>

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# KELOWNA INTERNATIONAL AIRPORT

## Notes to Financial Statements

December 31, 2015

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### 14. 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>
<b>Revenue</b>	
Operating budget	\$ <u>26,812,120</u>
<b>Expenses</b>	
Operating budget	12,927,010
Capital budget	64,648,440
	<u>77,575,450</u>
Annual deficit per approved budget	(50,763,330)
Add: capital expenses	<u>64,648,440</u>
<b>Annual surplus per statement of operations</b>	<b>\$ <u>13,885,110</u></b>

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### 15. Comparative figures

Certain of the comparative figures have been reclassified to conform to current year financial statement presentation.

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### 16. Subsequent event

Subsequent to December 31, 2015, the City of Kelowna acquired approximately 84 acres of property adjacent to the Airport for \$5,400,000. The property is currently operating as the Shadow Ridge Golf Course.



# KELOWNA INTERNATIONAL AIRPORT

## Schedule 1 – Tangible Capital Assets

As at December 31, 2015

	Machinery & Equipment							Subtotal Machinery & Equipment	Total 2015	Total 2014
	Land	Land Improvements	Buildings	Infrastructure	Vehicles	Other Machinery & Equipment	Computer			
<b>Cost</b>										
Balance, beginning of year	\$ 5,837,166	13,160,384	\$ 54,986,310	\$ 43,883,016	\$ 3,023,244	\$ 10,363,762	\$ 678,850	\$ 14,065,856	\$ 131,932,732	\$ 117,793,208
Add: additions during the year	112,833	15,870	2,822	2,922,540	-	322,162	-	322,162	3,376,227	14,139,524
Less: disposals during the year	-	-	-	-	-	-	-	-	-	-
Balance, end of year	<u>5,949,999</u>	<u>13,176,254</u>	<u>\$ 54,989,132</u>	<u>\$ 46,805,556</u>	<u>\$ 3,023,244</u>	<u>\$ 10,685,924</u>	<u>678,850</u>	<u>14,388,018</u>	<u>135,308,959</u>	<u>131,932,732</u>
<b>Accumulated Amortization</b>										
Balance, beginning of year	-	5,696,635	18,727,594	21,447,497	542,510	6,772,692	589,086	7,904,288	53,776,014	48,838,171
Add: amortization	-	469,419	1,637,336	2,062,156	207,537	754,476	28,491	990,504	5,159,415	4,937,843
Less: accumulated amortization on disposals	-	-	-	-	-	-	-	-	-	-
Balance, end of year	<u>-</u>	<u>6,166,054</u>	<u>20,364,930</u>	<u>23,509,653</u>	<u>750,047</u>	<u>7,527,168</u>	<u>617,577</u>	<u>8,894,792</u>	<u>58,935,429</u>	<u>53,776,014</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 5,949,999</u>	<u>\$ 7,010,200</u>	<u>\$ 34,624,202</u>	<u>\$ 23,295,903</u>	<u>\$ 2,273,197</u>	<u>\$ 3,158,756</u>	<u>\$ 61,273</u>	<u>\$ 5,493,226</u>	<u>\$ 76,373,530</u>	<u>\$ 78,156,718</u>
<b>Construction in progress</b>	\$ -	\$ -	\$ 1,038,578	\$ 11,987,210	\$ -	\$ 7,703,046	\$ -	\$ 7,703,046	<u>20,728,834</u>	6,916,748
									<u>\$ 97,102,364</u>	<u>\$ 85,073,466</u>



Kelowna International Airport

#1-5533 Airport Way  
Kelowna, BC V1V 1S1  
TEL 250-807-4300  
airport@kelowna.ca

[ylw.kelowna.ca](http://ylw.kelowna.ca)