



2018

Financial Statements

Kelowna, British Columbia, Canada

For the year ended December 31, 2018



YVLW

Kelowna International Airport

KELOWNA INTERNATIONAL AIRPORT

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Independent auditor's report

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To the members of the [Council of the City of Kelowna](#)

Opinion

We have audited the financial statements of the Kelowna International Airport ("the Airport"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Airport as at December 31, 2018, and the results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the financial statements* section of our report. We are independent of the Airport in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Airport's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Airport or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Airport's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Airport's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Airport to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelowna, Canada
April 16, 2019

Grant Thornton LLP

Chartered Professional Accountants

KELOWNA INTERNATIONAL AIRPORT

Statement of Financial Position


As at December 31, 2018

	<u>Actual 2018</u>	<u>Actual 2017</u>
Financial Assets		
Cash and cash equivalents	\$ 1,000	\$ 62,110
Accounts receivable		
Due from government	256,762	968,810
Trade receivables	3,709,463	3,432,032
Portfolio investments	26,367,839	26,659,727
	<u>30,335,064</u>	<u>31,122,679</u>
Liabilities		
Accounts payable		
Trade	2,987,032	2,503,952
Regional government	136,237	276,883
Performance deposits	305,948	283,421
Deferred revenue	158,604	319,541
Mortgage payable (Note 3)	2,700,000	3,600,000
Debenture debt (Note 4)	18,177,948	22,035,751
	<u>24,465,769</u>	<u>29,019,548</u>
Net Financial Assets	<u>5,869,295</u>	<u>2,103,131</u>
Non-Financial Assets		
Prepaid expenses	96,808	85,318
Inventory	365,186	192,256
Work in progress (Note 5)	2,929,193	7,417,552
Tangible capital assets (Note 6)	143,724,445	128,694,388
	<u>147,115,632</u>	<u>136,389,514</u>
Accumulated Surplus (Note 7)	<u>\$ 152,984,927</u>	<u>\$ 138,492,645</u>

Contingent liabilities and Commitments (Notes 8 and 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, 2018

	Budget 2018	Actual 2018	Actual 2017
Revenue			
Sale of services (Note 11)	\$ 19,090,014	\$ 21,157,839	\$ 18,978,599
Interest earned	158,000	543,587	303,422
Government transfers (Note 2)	3,520,160	1,034,936	2,053,830
Other capital contributions	-	787,956	513,551
	<u>22,768,174</u>	<u>23,524,318</u>	<u>21,849,402</u>
Airport Improvement Fee (Note 10)	13,220,000	14,017,034	12,926,606
	<u>35,988,174</u>	<u>37,541,352</u>	<u>34,776,008</u>
Expenses (Note 12)			
Administration	3,308,892	3,525,811	2,767,325
Interest	956,250	815,603	1,268,372
Terminal operations	4,947,331	5,664,945	4,599,832
Airport improvement fee	325,964	46,868	563,674
Airport policing	188,716	188,716	181,846
Groundside operations	2,377,919	2,345,550	2,200,315
Airside operations	3,324,134	3,251,572	3,078,240
Amortization	-	7,209,942	6,081,320
Write down of tangible capital assets	-	63	-
	<u>15,429,206</u>	<u>23,049,070</u>	<u>20,740,924</u>
Annual Surplus	<u>\$ 20,558,968</u>	<u>14,492,282</u>	<u>14,035,084</u>
Accumulated Surplus, beginning of year		<u>138,492,645</u>	<u>124,457,561</u>
Accumulated Surplus, end of year		<u>\$ 152,984,927</u>	<u>\$ 138,492,645</u>

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT
Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2018

	Budget 2018	Actual 2018	Actual 2017
Annual Surplus	\$ 20,558,968	\$ 14,492,282	\$ 14,035,084
Amortization of tangible capital assets	-	7,209,942	6,081,320
Acquisition of tangible capital assets	(22,879,330)	(17,751,703)	(22,354,182)
Write down of tangible capital assets	-	63	-
Change in inventory and prepaid expenses	-	(184,420)	71,630
Increase (decrease) in Net Financial Assets	(2,320,362)	3,766,164	(2,166,148)
Net Financial Assets, beginning of year	2,103,131	2,103,131	4,269,279
Net Financial Assets, end of year	\$ (217,231)	\$ 5,869,295	\$ 2,103,131

See accompanying notes to the financial statements.

KELOWNA INTERNATIONAL AIRPORT

Statement of Cash Flows

For the Year Ended December 31, 2018

	Actual 2018	Actual 2017
Net inflow (outflow) of cash and cash equivalents related to the following activities:		
Operating		
Annual surplus	\$ 14,492,282	\$ 14,035,084
Adjustment for non-cash items		
Amortization of tangible capital assets	7,209,942	6,081,320
Actuarial adjustment on debenture debt	(627,956)	(513,551)
Write down of tangible capital assets	63	-
Decrease (increase) in assets		
Accounts receivable	434,617	(368,138)
Inventory and prepaid expenses	(184,420)	71,630
Increase (decrease) in liabilities		
Accounts payable	342,433	(608,884)
Performance deposits	22,527	(96,516)
Deferred revenue	(160,937)	185,926
	<u>21,528,551</u>	<u>18,786,871</u>
Capital		
Acquisition of tangible capital assets	<u>(17,751,703)</u>	<u>(22,354,182)</u>
Investing		
Change in investments	<u>291,888</u>	<u>(995,721)</u>
Financing		
Proceeds from issuance of debenture debt	-	8,000,000
Repayment of mortgage payable	(900,000)	(900,000)
Repayment of debenture debt	(3,229,846)	(2,532,002)
	<u>(4,129,846)</u>	<u>4,567,998</u>
Net increase in cash and cash equivalents	(61,110)	4,966
Cash and cash equivalents, beginning of year	<u>62,110</u>	<u>57,144</u>
Cash and cash equivalents, end of year	\$ 1,000	\$ 62,110

See accompanying notes to the financial statements

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

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 2018 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>2018</u>	<u>2017</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	(148,081)	1,938,330
Province of British Columbia	Restricted	Freshet & culvert claim	67,517	-
Province of British Columbia	Restricted	Apron rehabilitation	1,000,000	-
			<u>\$ 1,034,936</u>	<u>\$ 2,053,830</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 the Financial Statements

December 31, 2018

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 the Financial Statements

December 31, 2018

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>2018</u>	<u>2017</u>
Cash Deposits held by MFA	\$ 232,530	\$ 444,091
Demand Notes held by MFA	<u>1,020,720</u>	<u>1,899,048</u>
	<u>\$ 1,253,250</u>	<u>\$ 2,343,139</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, 2018.

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.

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.

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

2. Significant accounting policies (continued)

Revenue recognition (continued)

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 Airport has a mortgage of \$2,700,000 (2017 - \$3,600,000) 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.

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

4. Debenture debt

Debenture debt principal is reported net of sinking fund balances.

<u>Local Area Bylaw</u>	<u>Issue No.</u>	<u>Interest Rate</u>	<u>Amount of Issue</u>	<u>Sinking Fund Balance</u>	<u>Net Debt</u>	<u>Due Date</u>
9867	133	2.75	\$ 7,500,000	\$ 1,985,842	\$ 5,514,158	2025-10-02
9867	137	2.60	3,500,000	607,132	2,892,868	2026-04-19
9867	139	2.10	3,000,000	531,234	2,468,766	2026-10-05
9867	141	2.80	8,000,000	697,844	7,302,156	2027-04-07
			<u>\$ 22,000,000</u>	<u>\$ 3,822,052</u>	<u>\$ 18,177,948</u>	

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>\$ 1,897,191</u>	<u>\$ 1,897,191</u>	<u>\$ 1,897,191</u>	<u>\$ 1,897,191</u>	<u>\$ 1,897,191</u>

5. Work in progress

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

	<u>2018</u>	<u>2017</u>
Land improvements	\$ 111,022	\$ 1,939
Buildings	1,259,082	2,377,445
Infrastructure	1,246,955	5,011,054
Machinery and equipment	312,134	27,114
Total work in progress	<u>\$ 2,929,193</u>	<u>\$ 7,417,552</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

6. Tangible capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Land	\$ 15,820,387	\$ -	\$ 15,820,387	\$ 15,256,117
Land improvements	13,276,256	7,578,640	5,697,616	6,167,555
Buildings	63,038,331	25,577,329	37,461,002	33,408,330
Infrastructure	74,557,264	30,597,089	43,960,175	33,004,276
Machinery and equipment	54,195,304	13,410,039	40,785,265	40,858,110
	<u>\$ 220,887,542</u>	<u>\$ 77,163,097</u>	<u>\$ 143,724,445</u>	<u>\$ 128,694,388</u>

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

7. Accumulated surplus

	Reserves for future expenditure	General surplus	Investment in tangible capital assets	2018 Total	2017 Total
Accumulated surplus, beginning of year	\$ 27,420,175	\$ 596,279	\$ 110,476,191	\$ 138,492,645	\$ 124,457,561
Annual surplus (deficit)	466,440	19,755,973	(5,730,131)	14,492,282	14,035,084
Transfers	14,747,310	(14,747,310)	-	-	-
Acquisition of tangible capital assets	(16,899,784)	-	16,899,784	-	-
Retirement of debt	-	(4,129,846)	4,129,846	-	-
Accumulated surplus, end of year	<u>\$ 25,734,141</u>	<u>\$ 1,475,096</u>	<u>\$ 125,775,690</u>	<u>\$ 152,984,927</u>	<u>\$ 138,492,645</u>

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

8. Contingent liabilities (continued)

Pension liability (continued)

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 \$388,163 (2017 - \$418,615) for employer contributions to the plan in fiscal 2018, which represents 0.06 per cent of the total plan contributions, while employees contributed \$300,060 (2017 - \$315,132) to the plan in fiscal 2018.

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.

9. Commitments

At December 31, 2018, the Airport had entered into construction commitments relating to the Airport capital program amounting to \$2,512,645 (2017 - \$7,024,091).

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

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 projects and associated financing costs. AIF revenues can only be used to fund approved Airport infrastructure projects and associated financing costs. During the year ended December 31, 2018, the City recognized \$14,017,034 (2017 - \$12,926,606), in Airport improvement fee revenue.

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

Airport improvement fee summary since implementation to December 31:

	<u>2018</u>	<u>2017</u>
Cumulative AIF revenue	\$ 135,794,895	\$ 121,464,076
Cumulative AIF expenditures	148,715,173	132,512,325
Deficiency of revenue over expenditures	<u>\$ (12,920,278)</u>	<u>\$ (11,048,249)</u>

11. Sale of service by object

	<u>2018</u>	<u>2017</u>
Aircraft parking	\$ 164,826	\$ 153,719
Airline terminal fees	3,597,081	3,246,867
Apron equipment parking	11,627	11,659
Aviation fuel Concessions	18,597	17,567
Car rentals	3,464,190	2,713,937
Ground handler concessions	105,617	91,366
Land lease revenue	759,271	718,484
Landing fees	4,282,144	3,975,262
Other	461,504	321,567
Terminal building space rental	456,337	430,972
Terminal concessions	924,511	880,052
Vehicle parking	6,912,134	6,417,147
	<u>\$ 21,157,839</u>	<u>\$ 18,978,599</u>

KELOWNA INTERNATIONAL AIRPORT

Notes to the Financial Statements

December 31, 2018

12. Expenses by object

Expenses reported by object comprise:

	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 4,387,516	\$ 4,406,270
Contract and professional services	1,546,424	1,154,921
Interest expense	815,603	1,268,372
Materials and supplies	7,326,432	6,185,812
Equipment	18,663	28,418
Allocations, policing and overhead	1,634,891	1,480,057
Cost recoveries	(658,639)	(533,996)
Utilities	768,238	669,750
Amortization	7,209,942	6,081,320
	<u>\$ 23,049,070</u>	<u>\$ 20,740,924</u>

13. Budget data

The budget figures are from the Annual Five-Year Financial Plan Bylaw adopted before May 15th 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	\$ 35,988,174
Expenses	
Operating budget	15,429,206
Capital budget	22,879,330
	<u>38,308,536</u>
Annual deficit per approved budget	(2,320,362)
Add: capital expenses	22,879,330
	<u>20,558,968</u>
Annual surplus per statement of operations	<u>\$ 20,558,968</u>

14. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation format adopted in the current year.

KELOWNA INTERNATIONAL AIRPORT

Schedule 1 - Tangible Capital Assets

As at December 31, 2018

	Land	Land Improvements	Buildings	Infrastructure
Cost				
Balance, beginning of year	\$ 15,256,117	\$ 13,276,256	\$ 57,126,296	\$ 61,096,194
Add: additions during the year	562,176	-	222,410	899,331
Add: transfers to tangible capital assets	2,157	-	5,689,625	12,561,739
Less: disposals during the year	(63)	-	-	-
Balance, end of year	<u>15,820,387</u>	<u>13,276,256</u>	<u>63,038,331</u>	<u>74,557,264</u>
Accumulated Amortization				
Balance, beginning of year	-	7,108,701	23,717,966	28,091,918
Add: amortization	-	469,939	1,859,363	2,505,171
Less: accumulated amortization on disposals	-	-	-	-
Balance, end of year	-	<u>7,578,640</u>	<u>25,577,329</u>	<u>30,597,089</u>
Net Book Value of Tangible Capital Assets	<u>\$ 15,820,387</u>	<u>\$ 5,697,616</u>	<u>\$ 37,461,002</u>	<u>\$ 43,960,175</u>

	Machinery & Equipment						
	Vehicles	Other Machinery & Equipment	Computer	Subtotal Machinery & Equipment	Work in Progress	Total 2018	Total 2017
Cost							
Balance, beginning of year	\$ 3,023,244	\$ 48,122,319	\$ 747,117	\$ 51,892,680	\$ 7,417,552	\$ 206,065,095	\$ 183,710,913
Add: additions during the year	62,782	1,953,127	-	2,015,909	14,051,877	17,751,703	22,354,182
Add: transfers to tangible capital assets	-	286,715	-	286,715	(18,540,236)	-	-
Less: disposals during the year	-	-	-	-	-	(63)	-
Balance, end of year	<u>3,086,026</u>	<u>50,362,161</u>	<u>747,117</u>	<u>54,195,304</u>	<u>2,929,193</u>	<u>223,816,735</u>	<u>206,065,095</u>
Accumulated Amortization							
Balance, beginning of year	1,161,592	9,215,030	657,948	11,034,570	-	69,953,155	63,871,835
Add: amortization	207,570	2,145,278	22,621	2,375,469	-	7,209,942	6,081,320
Less: accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	<u>1,369,162</u>	<u>11,360,308</u>	<u>680,569</u>	<u>13,410,039</u>	<u>-</u>	<u>77,163,097</u>	<u>69,953,155</u>
Net Book Value of Tangible Capital Assets	<u>\$ 1,716,863</u>	<u>\$ 39,001,853</u>	<u>\$ 66,548</u>	<u>\$ 40,785,265</u>	<u>\$ 2,929,193</u>	<u>\$ 146,653,638</u>	<u>\$ 136,111,940</u>



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