



Committee of the Whole

penticton.ca

Committee of the Whole
to be held at
City of Penticton, Committee Room A
171 Main Street, Penticton, B.C.

Monday, May 2, 2016
at 2:30 p.m.

1. **Call Committee of the Whole to Order**

2. **Adoption of Agenda**

3. **Presentations:**

- | | | |
|-----|---|-------|
| 3.1 | Auditors – BDO Canada LLP – Jonathan McGraw
Re: 2015 Financial Statements | 1-32 |
| 3.2 | Tourism Penticton - Kelly Hopkins, Executive Director
Re: Quarterly Report | 33-44 |

4. **Media and Public Question Period**

5. **Adjourn to In-Camera**

Adjourn to a closed meeting of Council pursuant to the provisions of the *Community Charter* section 90 (1) as follows:

- (a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality;
- (c) labour relations or other employee relations;
- (d) the security of the property of the municipality;
- (g) litigation or potential litigation affecting the municipality;
- (j) information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the *Freedom of Information and Protection of Privacy Act*.
- (k) negotiations and related discussions respecting the proposed provision of a municipal service expected to harm the interests of the municipality if they were held in public.

The City of Penticton

Consolidated Financial Statements

December 31, 2015

DRAFT FOR COUNCIL REVIEW

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

	2015	2014
Financial Assets		
Cash	\$ 3,000,964	\$ 8,975,064
Term Deposits (Note 1)	71,962,120	66,415,650
Accounts Receivable (Note 2)	8,465,474	10,406,035
	<u>83,428,558</u>	<u>85,796,749</u>
Financial Liabilities		
Development Cost Charges (Note 3)	8,015,262	8,172,499
Accounts Payable and Accrued Liabilities	14,504,846	14,401,633
Deferred Revenue	4,462,803	4,088,062
Deposits	1,919,634	2,063,740
Penticton Public Library	45,255	59,145
Long Term Debt (Note 8)	48,914,779	54,718,870
	<u>77,862,579</u>	<u>83,503,949</u>
Net Assets	\$ 5,565,979	\$ 2,292,800
Non-Financial Assets		
Tangible Capital Assets (Note 9)	\$316,961,009	\$315,332,726
Inventory	2,661,509	3,092,431
Prepaid Expenses	664,729	602,245
	<u>320,287,247</u>	<u>319,027,402</u>
Accumulated Surplus	<u>\$325,853,226</u>	<u>\$321,320,202</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015**

	2015 Budget	2015	2014
Revenue			
Taxation	\$ 28,081,515	\$ 28,436,350	\$ 27,700,949
Sales of Services	59,759,610	60,111,724	56,448,964
Government Grants and Transfers	2,218,000	2,434,334	1,984,730
Other Revenue	9,254,804	11,318,327	14,676,482
Other Contributions	1,479,758	2,100,306	910,865
Gain (loss) on Disposal	30,000	(128,039)	137,810
Contributed Asset	-	-	5,234,621
	<u>100,823,687</u>	<u>104,273,002</u>	<u>107,094,421</u>
Expenditure (Note 10)			
General Government	8,530,026	15,164,190	16,152,501
Protective Services	13,953,159	14,067,977	13,190,941
Transportation Services	5,716,683	8,350,559	8,634,158
Environmental Health Services	1,427,437	1,446,528	1,275,283
Public Health and Safety	179,748	200,996	156,844
Environmental Development Services	2,899,700	3,168,590	2,424,837
Recreation and Culture	10,724,305	11,853,069	11,688,887
Electrical Supply	30,301,680	36,204,608	30,246,792
Sewer System Utility	3,234,318	5,120,687	4,546,820
Water Utility Services	3,162,134	4,162,774	4,835,523
	<u>80,129,190</u>	<u>99,739,978</u>	<u>93,152,586</u>
Annual Surplus	20,694,497	4,533,024	13,941,835
Accumulated Surplus, Beginning of Year	<u>321,320,202</u>	<u>321,320,202</u>	<u>307,378,367</u>
Accumulated Surplus, End of Year	<u>\$342,014,699</u>	<u>\$325,853,226</u>	<u>\$321,320,202</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS (DEBT)
YEAR ENDED DECEMBER 31, 2015**

	2015	2014
Annual surplus	\$ 4,533,024	\$ 13,941,835
Acquisition of Tangible Capital Assets (Note 9)	(16,588,012)	(9,077,319)
Amortization (Note 9)	12,976,306	13,123,405
Net Disposal of Tangible Capital Assets (Note 9)	231,121	65,479
Contributed Tangible Capital Assets (Note 9)	-	(5,234,621)
Asset reclassification (Note 9)	<u>1,752,302</u>	<u>(1,124,580)</u>
	2,904,741	11,694,199
Change in Prepaid Expenses	(62,484)	249,676
Consumption of Supplies Inventories	<u>430,922</u>	<u>(105,170)</u>
	<u>368,438</u>	<u>144,506</u>
Decrease in Net Debt	3,273,179	11,838,705
Net Asset (Debt), Beginning of Year	2,292,800	(9,545,905)
Net Assets, End of Year	<u>\$ 5,565,979</u>	<u>\$ 2,292,800</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015**

	2015	2014
Operating Transactions		
Annual Surplus	\$ 4,533,024	\$ 13,941,835
Change in Non-Cash Operating Items		
(Increase) decrease in Accounts Receivable	1,940,561	(912,997)
Increase in Trade Accounts Payable and Accrued Liabilities	162,721	3,251,827
(Increase) decrease in Prepaid Expenses	(62,484)	249,674
(Increase) decrease in Inventory	430,922	(105,170)
Net Disposal of Tangible Capital Assets	231,121	65,479
Amortization	12,976,306	13,123,405
Contributed Tangible Capital Assets	-	(5,234,621)
Decrease in land to Fair Market Value	-	1,197,891
Asset reclassification	1,752,302	75,422
	<u>17,431,449</u>	<u>11,710,910</u>
Cash Provided by Operating Activities	21,964,473	25,652,745
Capital Transactions		
Cash Used to Acquire Tangible Capital Assets	(16,588,012)	(9,077,319)
Financing Transactions		
Debt Repayment	(5,804,091)	(5,576,394)
Investing Transactions		
(Increase) in Term Deposits	(5,546,470)	(1,533,806)
Change in Cash	(5,974,100)	9,465,226
Cash and Bank Indebtedness, Beginning of Year	<u>8,975,064</u>	<u>(490,162)</u>
Cash, End of Year	<u>\$ 3,000,964</u>	<u>\$ 8,975,064</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015**

Management's Responsibility for the Financial Statements

The consolidated financial statements of the City are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The Corporation of the City of Penticton ("the City") is a municipality in the Province of British Columbia and operates under the provisions of the Community Charter. The City provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the City. All inter-entity transactions and balances have been eliminated.

Interfund Balances and Transactions

All material interfund transactions and balances have been eliminated within the Consolidated Financial Statements for the General, Sewer, Water and Electrical funds.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

Revenue Recognition

Taxation

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollected amounts.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Utilities

Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015**

Revenue Recognition continued

Fee for Service

Sales of service and other revenue is recognized on an accrual basis.

Financial Instruments

The City's financial instruments consist of cash and term deposits, accounts receivable, accrued interest receivable, Municipal Finance Authority, bank indebtedness, trade accounts payable and accrued liabilities, deposits 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.

Inventory

The City holds consumable inventory which is valued at cost and is disclosed as a non-financial asset.

Tangible Capital Assets

Tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, net of capital asset disposals, write-downs and amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 70 years
Roads and Sidewalks	25 to 75 years
Machinery and Equipment	5 to 20 years
Water Infrastructure	50 to 100 years
Sewer Infrastructure	10 to 100 years
Electrical Infrastructure	20 to 50 years
Parks and Recreation Infrastructure	10 to 50 years
Vehicles	10 to 20 years
Furniture and Equipment	10 to 20 years
Computer Hardware and Software	4 to 10 years

**THE CITY OF PENTICTON
SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2015**

Reserve 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.

Statutory Reserve Funds

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

Use of Estimates

The preparation of consolidated financial statements in accordance with Public sector accounting standards 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. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

Collection of Taxes on Behalf of Other Taxation Authorities

The City collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these consolidated financial statements.

Contaminated Sites

Effective January 1, 2015, the City adopted the new Public Sector Accounting Standard PS3260 Contaminated Sites. The new standard can be applied retroactively or prospectively, and the City has elected to apply it prospectively.

Under PS3260 governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the new standard including sites that are no longer in productive use and sites which the City accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which required remediation at this time where future economic benefit will be given up, therefore no liability was recognized on transition as at January 1, 2015 or at December 31, 2015.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. Term Deposits

	Amount	Effective Interest Rate (%)	Maturity Date
Valley First Credit	\$ 10,000,000	1.75	Jan 11, 2016
Valley First Credit	5,000,000	1.85	May 1, 2016
Valley First Credit	5,000,000	1.60	May 1, 2016
Valley First Credit	5,000,000	1.65	May 17, 2016
Valley First Credit	10,000,000	1.40	Aug 20, 2016
Valley First Credit	10,828,910	1.60	Dec 29, 2016
Municipal Finance Authority	<u>26,133,210</u>	2.47	Dec 31, 2016
	<u>\$ 71,962,120</u>		

2. Accounts Receivable

	2015	2014
Property Taxes	\$ 1,193,924	\$ 1,514,867
Other Receivables	1,803,875	3,056,609
Federal Government	223,911	855,235
Provincial Government	1,248,693	1,164,124
Regional District Okanagan Similkameen	125,039	46,122
Other Government Agencies	77,133	75,810
Utility Rates Receivable	3,354,863	3,484,974
Accrued Interest Receivable	388,661	158,204
Cemetery Trust Fund Receivable	49,375	50,090
	<u>\$ 8,465,474</u>	<u>\$ 10,406,035</u>

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

3. 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.

DCC by Type

	2015	2014
Roads DCC	\$ 737,443	\$ 670,706
Parks DCC	240,576	156,915
Drainage DCC	128,338	305,402
Waste Water DCC	4,665,411	4,931,610
Water DCC	2,243,494	2,107,866
	<u>8,015,262</u>	<u>8,172,499</u>

DCC Activity

Balance, Beginning of Year	8,172,499	7,345,974
Return on Investments	129,018	137,077
DCCs Levied in the Year	531,402	767,754
Transfers to General Operating	(817,657)	(78,306)
	<u>\$ 8,015,262</u>	<u>\$ 8,172,499</u>

4. Development Cost Charges

In 2010, Council adopted the Development Cost Charge Reduction Bylaw and the companion Economic Incentive Zone Bylaw. The purpose of these bylaws was to spur development in key areas of the City, promote sustainable development and promote the development of affordable rental housing. The bylaws also contain provisions to encourage high-end hotel development. These bylaws will reduce the value of development cost charges, building permit fees and municipal taxes received by The City of Penticton for eligible developments.

The DCC reductions and Economic Incentive tax exemption program have been implemented in accordance with the provisions of Section 933(1) of the Local Government Act and Section 226 of the Community Charter, respectively. In 2015 \$87,183 (2014 - \$64,741) of Economic Incentive tax exemptions were granted. In addition, Council approved \$69,375 (2014 - \$20,500) of DCC reductions in 2015.

5. Pension Liability

The City 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 administering the Plan, including investment of the 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 government.

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 CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

5. Pension Liability continued

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 the average future entrants to the plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

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

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 City of Penticton paid \$1,858,197 (2014 - \$1,580,149) for employer contributions to the Plan in fiscal 2015.

6. Contingent Liabilities

a. 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, 2015, the long term debt of the Regional District aggregated \$94,685,222 (2014 - \$102,463,791).

b. Legal Actions

As at December 31, 2015, certain legal actions are pending against the City as follows:

1. The City is aware of various liens registered against the City owned properties located at 903-969 Eckhardt Ave W. These liens were filed by various companies engaged by the third party purchaser of the same properties who subsequently defaulted on the purchase. These companies were not paid and they filed liens against the properties. Twelve liens were filed representing claims totaling \$2,111,921.90. Since then, and within the one year limitation period under the Builders Lien Act, five lien claimants had started legal actions against various parties, including the City, and filed certificates of pending litigation ("CPL") against the properties. One claimant has subsequently abandoned its lien claim and discontinued its action and another claimant reached a settlement. The remaining three claims remain alive with the value of these lien claims totaling \$663,851. It is unknown at this time the likely outcome; however, damages could reach \$66,000, which is 10% of the total claims still being advanced.

2. The City of Penticton has been named a party to an action with respect to the City's operation of the Carmi Landfill on lands now owned by the Plaintiff. The Plaintiff alleges that the City is liable for remediation of the contamination and seeks damages for negligence, trespass and nuisance but expected exposure cannot be reasonably estimated at this time. The action has been placed in abeyance while the Plaintiff completes further environmental studies. The amount of the claim is unspecified. Given the uncertainty of the amount and likelihood of the claim, no accrual has been recorded in regards to these costs.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

6. Contingent Liabilities continued

b. Legal Actions continued

3. The City of Penticton has been named a party to an action with respect to a claim filed with the Expropriation Compensation Board claiming constructive expropriation and injurious affection arising from the Campbell Mountain Landfill, and in particular, methane gas emissions from the landfill. The City filed its Statement of Defense in 2000 and the claim has not moved forward for some time. Expected exposure cannot be reasonably estimated at this time. Given the uncertainty of the amount and likelihood of the claim, no accrual has been recorded in regards to these costs.

4. The City has been named a party to an action with respect to a claim made for interference with development rights. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount and likelihood of the claim, no accrual has been recorded in regards to these costs.

5. That the City has been named a party to an action with respect to a claim made for deficiencies in design and construction. The Claimant may have a reasonable basis for a claim; however given the uncertainty of the amount a liability has not been recognized. Damages could reach in the range of \$60,000 to \$100,000, which is 10% of the total claims still being advanced.

c. General Contingencies

From time to time there are potential claims against the City for incidents which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcomes of the claims are not determinable at this time and cannot be estimated. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

7. Letters of Credit

In addition to the performance deposits reflected in the Consolidated Statement of Financial Position, the City is holding irrevocable Letters of Credit in the amount of \$790,127 which were received from depositors to ensure their performance of works to be undertaken within the City. These amounts are not reflected in the Consolidated Financial Statements but are available to satisfy liabilities arising from non-performance by the depositors.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

8. Long Term Debt

Long term debt reported on the Consolidated Statement of Financial Position is comprised of the following:

	2015	2014
Long Term Debt	<u>\$ 48,914,779</u>	<u>\$ 54,718,870</u>

Principal repayments relating to long term debt of \$48,914,779 outstanding are due as follows (in thousands):

	2016	2017	2018	2019	2020	Thereafter
General Fund	\$ 3,225	\$ 3,226	\$ 3,228	\$ 3,230	\$ 3,230	\$ 11,504
Sewer Fund	575	575	575	575	575	9,325
Water Fund	<u>458</u>	<u>458</u>	<u>458</u>	<u>422</u>	<u>422</u>	<u>6,854</u>
	<u>\$ 4,258</u>	<u>\$ 4,259</u>	<u>\$ 4,261</u>	<u>\$ 4,227</u>	<u>\$ 4,227</u>	<u>\$ 27,683</u>

Long term debt is secured by the assets of the City. The Long Term Debt is held by the Municipal Finance Authority. The principal payments are invested by the Municipal Finance Authority into a Sinking Fund. The principal repayments are currently calculated at a rate of 4%. The 2015 earnings in the Sinking Fund were calculated to be \$1,453,452 and are included in Other Revenue on the Consolidated Statement of Operations.

9. Tangible Capital Assets

In 2015 the City of Penticton incurred \$24,449,090 of Capital Expenditures. The Tangible Capital Asset Policy requires that capital expenditures beneath a specified threshold are not capitalized. The total amount capitalized in accordance with the TCA Policy is \$16,588,012 for 2015. The amount of Capital purchases below the TCA threshold that were expensed within the Consolidated Statement of Operations were \$7,861,078.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

9. Tangible Capital Assets continued

	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2015 Total
COST									
Opening Balance	\$ 46,866,608	\$ 161,832,094	\$ 35,392,605	\$ 48,980,917	\$ 50,796,899	\$ 68,634,007	\$ 76,934,938	\$ 2,397,794	\$ 491,835,862
Add: Additions	1,566,450	2,651,897	753,115	1,184,883	2,063,968	3,575,820	3,505,204	1,286,675	16,588,012
Add: Trsf to/from Construction in Progress	-	30,716	243,083	108,663	-	-	57,407	(439,869)	-
Less: Disposals	-	1,248,948	133,728	-	-	66,708	-	-	1,449,384
Re-classification	-	-	-	-	-	-	-	(1,752,302)	(1,752,302)
	<u>48,433,058</u>	<u>163,265,759</u>	<u>36,255,075</u>	<u>50,274,463</u>	<u>52,860,867</u>	<u>72,143,119</u>	<u>80,497,549</u>	<u>1,492,298</u>	<u>505,222,188</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	58,048,402	22,684,621	7,348,808	17,136,905	30,157,689	41,126,711	-	176,503,136
Add: Amortization	-	4,744,246	1,768,232	1,051,006	589,375	2,157,417	2,666,030	-	12,976,306
Less: Acc Amortization on Disposals	-	1,050,112	127,979	-	-	40,172	-	-	1,218,263
	<u>-</u>	<u>61,742,536</u>	<u>24,324,874</u>	<u>8,399,814</u>	<u>17,726,280</u>	<u>32,274,934</u>	<u>43,792,741</u>	<u>-</u>	<u>188,261,179</u>
Net Book Value for Year Ended Dec. 31, 2015	<u>\$ 48,433,058</u>	<u>\$ 101,523,223</u>	<u>\$ 11,930,201</u>	<u>\$ 41,874,649</u>	<u>\$ 35,134,587</u>	<u>\$ 39,868,185</u>	<u>\$ 36,704,808</u>	<u>\$ 1,492,298</u>	<u>\$ 316,961,009</u>
	Land	Building	Equipment	Sewer Infrastructure	Water Infrastructure	Electrical Infrastructure	Roads	Construction in Progress	2014 Total
COST									
Opening Balance	\$ 45,572,390	\$ 161,169,949	\$ 34,277,444	\$ 47,752,271	\$ 46,764,884	\$ 63,859,999	\$ 72,349,026	\$ 4,899,005	\$ 476,644,968
Add: Additions	81,340	612,443	1,209,634	541,440	879,382	2,335,314	1,317,116	2,100,650	9,077,319
Add: Trsf to/from Construction in Progress	-	49,702	146,346	-	1,424,645	669,418	2,223,452	(4,513,563)	-
Add: Contributed Assets	-	-	-	687,206	1,727,988	1,774,083	1,045,344	-	5,234,621
Less: Disposals	-	-	240,819	-	-	4,807	-	-	245,626
Re-classification to Financial Assets	1,212,878	-	-	-	-	-	-	(88,298)	1,124,580
	<u>46,866,608</u>	<u>161,832,094</u>	<u>35,392,605</u>	<u>48,980,917</u>	<u>50,796,899</u>	<u>68,634,007</u>	<u>76,934,938</u>	<u>2,397,794</u>	<u>491,835,862</u>
ACCUMULATED AMORTIZATION									
Opening Balance	-	53,185,284	20,927,691	6,330,021	16,365,299	27,946,497	38,805,086	-	163,559,878
Add: Amortization	-	4,863,118	1,937,077	1,018,787	771,606	2,211,192	2,321,625	-	13,123,405
Less: Acc Amortization on Disposals	-	-	180,147	-	-	-	-	-	180,147
	<u>-</u>	<u>58,048,402</u>	<u>22,684,621</u>	<u>7,348,808</u>	<u>17,136,905</u>	<u>30,157,689</u>	<u>41,126,711</u>	<u>-</u>	<u>176,503,136</u>
Net Book Value for Year Ended Dec. 31, 2014	<u>\$ 46,866,608</u>	<u>\$ 103,783,692</u>	<u>\$ 12,707,984</u>	<u>\$ 41,632,109</u>	<u>\$ 33,659,994</u>	<u>\$ 38,476,318</u>	<u>\$ 35,808,227</u>	<u>\$ 2,397,794</u>	<u>\$ 315,332,726</u>

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

10. Reporting by Object

	2015	2014
Salaries and Benefits	\$ 21,661,771	\$ 21,416,675
Goods and Services	48,778,024	40,710,002
Interest	3,929,931	4,041,565
Amortization	12,976,306	13,123,406
Other Expenses	3,039,241	4,482,074
Vehicle & Equipment Maintenance	2,853,906	3,300,151
Policing Agreement	6,500,799	6,078,713
	<u>\$ 99,739,978</u>	<u>\$ 93,152,586</u>

11. Credit Facilities

a. Line of Credit

The City holds a \$5,000,000 line of credit with the Valley First Credit Union. This line of credit has a borrowing rate of prime and is secured by the Revenue Anticipation Borrowing Bylaw 2011 No. 5003.

As of December 31, 2015 there was no balance outstanding.

b. Bank Indebtedness

The City holds a \$4,030,000 EFT limit.

12. Municipal Finance Authority

Cash Deposits and Demand Notes - The City 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 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.

Proceeds on loan requests are 98.40% of the gross amount of the loan. 1% is deducted by the MFA for security against loan default (this is held in trust by the MFA in its Debt Reserve Fund and will be refunded to clients, with interest, at loan expiry). The remaining 0.60% is deducted as an issue expense to cover the costs of administering the Debt Reserve Fund.

As at December 31, 2015 the Debt Reserve Fund demand note requirements were \$3,399,305 (2014 - \$3,534,669). In addition, cash deposits totaling \$1,161,102 (2014 - \$1,213,845) were held by the MFA.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

13. Budget

The Financial Plan (Budget) Bylaw No. 2015-08 adopted by Council on February 2, 2015 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council with adjustments as follows:

	<u>2015</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Transfer to Funds/Reserves	19,735,713
Debt Principal Repayments	4,378,032
Budgeted Capital Expenditures	20,037,038
Less:	
Budgeted Transfers from Surplus	<u>23,456,286</u>
Budget Surplus per Statement of Operations	<u><u>\$ 20,694,497</u></u>

14. Transfers From Other Governments

	<u>2015</u>	<u>2014</u>
Gas tax community works fund	\$ 1,392,510	\$ 1,392,510
Traffic fine revenue sharing	458,557	314,454
Okanagan Basin Water Board grants	219,201	236,073
The Freshwater Fisheries	170,000	-
BC Arts Council	20,000	20,000
Miscellaneous	<u>174,066</u>	<u>21,693</u>
	<u><u>\$ 2,434,334</u></u>	<u><u>\$ 1,984,730</u></u>

15. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

16. Segmented Information

The City is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and electricity. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government Services

This segment includes all of the revenues and expenses that relate to the operations of the City itself and cannot be directly attributed to a specific segment.

Protective Services

Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education.

Transportation Services

Transportation is responsible for providing the City's transit services.

Environmental Health Services

Environmental services consists of providing waste disposal to citizens.

Public Health and Safety

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Environmental Development Services

This segment includes city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Recreation and Culture

This segment provides services meant to improve health and development of the City's citizens. Recreational programs and cultural programs like swimming and skating lessons are provided at the arenas, the aquatic centre and the community centre. Also, the City provides library services to assist with its citizens' informational needs and a museum that houses collections and artifacts.

Electrical Supply

This segment includes all of the operating activities related to the supply of the City's electricity.

Sewer System Utility

This segment includes all of the operating activities related to the collection and treatment of wastewater (sewage) throughout the City.

**THE CITY OF PENTICTON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015**

16. Segmented Information continued

Water Utility Services

This segment includes all of the operating activities related to the treatment and distribution of water throughout the City.

FOR COUNCIL REVIEW

**THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2015**

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2015 Total
REVENUE											
Taxation	\$ 27,060,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,376,284	\$ -	\$ 28,436,350
Sales of Services	2,579,749	921,649	1,184,787	2,462,443	279,413	87,264	1,970,316	39,268,074	4,415,792	6,942,237	60,111,724
Government Grants and Transfers	1,949,633	-	170,000	-	-	1,000	94,500	-	219,201	-	2,434,334
Other Revenue	10,900,018	16,106	-	-	-	18,950	369,507	13,746	-	-	11,318,327
Other Contributions	98,306	-	1,437,975	-	-	-	-	336,362	47,606	180,057	2,100,306
Gain (loss) on Disposal	(183,419)	-	81,917	-	-	-	-	(26,537)	-	-	(128,039)
	<u>42,404,353</u>	<u>937,755</u>	<u>2,874,679</u>	<u>2,462,443</u>	<u>279,413</u>	<u>107,214</u>	<u>2,434,323</u>	<u>39,591,645</u>	<u>6,058,883</u>	<u>7,122,294</u>	<u>104,273,002</u>
EXPENDITURE											
Salaries and Benefits	4,213,830	6,348,559	1,272,559	48,474	25,414	1,065,242	4,274,345	1,684,633	1,323,135	1,405,580	21,661,771
Goods and Services	2,982,465	781,396	2,973,131	1,396,100	172,177	1,562,927	3,894,810	32,040,038	1,666,977	1,308,003	48,778,024
Interest	(47,273)	84,000	174,478	-	-	-	2,253,422	-	767,614	697,690	3,929,931
Amortization	6,512,478	-	2,666,030	-	-	-	-	2,157,417	1,051,006	589,375	12,976,306
Other Expenses	1,234,456	48,370	13,425	424	13	538,282	1,048,968	154,607	-	696	3,039,241
Vehicle & Equipment Maintenance	268,234	304,853	1,250,936	1,530	3,392	2,139	381,524	167,913	311,955	161,430	2,853,906
Policing Agreement	-	6,500,799	-	-	-	-	-	-	-	-	6,500,799
	<u>15,164,190</u>	<u>14,067,977</u>	<u>8,350,559</u>	<u>1,446,528</u>	<u>200,996</u>	<u>3,168,590</u>	<u>11,853,069</u>	<u>36,204,608</u>	<u>5,120,687</u>	<u>4,162,774</u>	<u>99,739,978</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 27,240,163</u>	<u>\$(13,130,222)</u>	<u>\$(5,475,880)</u>	<u>\$ 1,015,915</u>	<u>\$ 78,417</u>	<u>\$(3,061,376)</u>	<u>\$(9,418,746)</u>	<u>\$ 3,387,037</u>	<u>\$ 938,196</u>	<u>\$ 2,959,520</u>	<u>\$ 4,533,024</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
SCHEDULE OF SEGMENT DISCLOSURE
DECEMBER 31, 2014**

	General Government Services	Protective Services	Transportation Services	Environmental Health Services	Public Health and Safety	Environmental Development Services	Recreation and Culture	Electrical Supply	Sewer System Utility	Water Utility Services	2014 Total
REVENUE											
Taxation	\$ 26,311,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,389,747	\$ -	\$ 27,700,949
Sales of Services	1,999,898	1,022,469	1,135,883	2,287,988	267,729	107,697	2,029,770	36,562,998	4,188,636	6,845,896	56,448,964
Government Grants and Transfers	1,728,657	-	-	-	-	-	20,000	-	236,073	-	1,984,730
Other Revenue	11,115,083	-	-	-	-	405,364	4,950	-	-	3,151,085	14,676,482
Other Contributions	158,306	-	296,423	-	-	-	8,265	354,574	18,052	75,245	910,865
Gain (loss) on Disposal	34,219	-	103,591	-	-	-	-	-	-	-	137,810
Contributed Asset	5,234,621	-	-	-	-	-	-	-	-	-	5,234,621
	<u>46,581,986</u>	<u>1,022,469</u>	<u>1,535,897</u>	<u>2,287,988</u>	<u>267,729</u>	<u>513,061</u>	<u>2,062,985</u>	<u>36,917,572</u>	<u>5,832,508</u>	<u>10,072,226</u>	<u>107,094,421</u>
EXPENDITURE											
Salaries and Benefits	4,227,819	6,209,940	1,200,767	15,560	20,857	916,685	4,271,409	1,880,696	1,293,073	1,379,869	21,416,675
Goods and Services	2,281,757	653,241	2,644,630	1,257,765	134,456	1,017,632	3,663,147	25,932,021	1,154,934	1,970,419	40,710,002
Interest	(45,334)	112,875	188,893	-	-	-	2,322,710	-	769,506	692,915	4,041,565
Amortization	6,417,228	-	3,023,397	-	-	-	-	2,211,192	900,869	570,720	13,123,406
Other Expenses	1,723,498	49,772	837	-	-	487,836	1,022,240	-	-	-	3,284,183
Vehicle & Equipment Maintenance	349,642	86,400	1,575,634	1,958	1,531	2,684	409,381	222,883	428,438	221,600	3,300,151
Policing Agreement	-	6,078,713	-	-	-	-	-	-	-	-	6,078,713
Write down of assets	1,197,891	-	-	-	-	-	-	-	-	-	1,197,891
	<u>16,152,501</u>	<u>13,190,941</u>	<u>8,634,158</u>	<u>1,275,283</u>	<u>156,844</u>	<u>2,424,837</u>	<u>11,688,887</u>	<u>30,246,792</u>	<u>4,546,820</u>	<u>4,835,523</u>	<u>93,152,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,429,485</u>	<u>\$(12,168,472)</u>	<u>\$ (7,098,261)</u>	<u>\$ 1,012,705</u>	<u>\$ 110,885</u>	<u>\$ (1,911,776)</u>	<u>\$ (9,625,902)</u>	<u>\$ 6,670,780</u>	<u>\$ 1,285,688</u>	<u>\$ 5,236,703</u>	<u>\$ 13,941,835</u>

See accompanying notes to the Consolidated Financial Statements.

**THE CITY OF PENTICTON
GENERAL REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015 Budget	2015	2014
Revenue			
Taxation	\$ 26,733,315	\$ 27,060,066	\$ 26,311,202
Sales of Services	15,470,587	14,020,575	13,429,702
Government Grants and Transfers	2,039,000	2,215,133	1,748,657
Transfer From Other Funds/Reserves	225,774	6,148,738	6,546,208
Other Revenue	9,254,804	11,304,581	11,371,924
Other Contributions	98,306	1,536,281	462,994
Sale of Assets	30,000	(101,502)	138,801
Collections For other Governments	20,143,400	20,512,044	20,143,314
	<u>73,995,186</u>	<u>82,695,916</u>	<u>80,152,802</u>
Expenditure			
Salaries and Benefits	14,095,572	17,800,006	17,469,424
Goods and Services	13,758,477	14,590,378	12,562,210
Interest	2,555,647	2,464,627	2,579,144
Principal Payments	3,223,575	3,226,442	3,224,838
Other Expenses	3,650,030	2,883,937	3,284,184
Vehicle & Equipment Maintenance	2,561,887	2,212,607	2,427,230
Policing Agreement	6,809,444	6,500,799	6,078,713
Transfer to Other Funds/Reserves	7,796,628	12,445,249	11,255,192
Transfers to Other Governments	20,143,400	20,498,735	20,146,542
Write down of assets	-	-	1,197,891
	<u>74,594,660</u>	<u>82,622,780</u>	<u>80,225,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(599,474)</u>	<u>73,136</u>	<u>(72,566)</u>
CHANGE IN FUND BALANCES	(599,474)	73,136	(72,566)
FUND BALANCES, BEGINNING OF YEAR	5,140,100	5,140,100	5,212,666
FUND BALANCES, END OF YEAR	<u>\$ 4,540,626</u>	<u>\$ 5,213,236</u>	<u>\$ 5,140,100</u>

**THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015	2014
Balance, Beginning of Year	\$ 15,312,112	\$ 14,095,199
Add		
Transfers from:		
Revenue Funds	2,256,938	2,673,904
Interest Earned	215,400	237,059
Deduct		
Transfers to:		
Capital Funds	5,247,643	1,694,050
Revenue Funds	62,607	-
	<u>\$12,474,200</u>	<u>\$ 15,312,112</u>
STATUTORY RESERVE FUND BALANCES		
Equipment Replacement Reserve Fund	3,108,609	2,924,821
Tax Sale Lands Reserve Fund	7,360	7,243
Capital Reserve Fund	2,023,783	3,573,264
Local Improvement	1,420,502	1,658,109
Water Capital Reserve Fund	880,824	866,867
Sewer Capital Reserve Fund	528,833	520,454
Electric Capital Reserve Fund	988,523	972,860
Off-Site Parking Reserve Fund	119,277	117,387
Community Works Reserve Fund	3,142,551	4,374,459
Amenity Density Reserve	238,313	296,648
Alternative Transportation Reserve	15,625	-
Balance, End of Year	<u>\$12,474,200</u>	<u>\$ 15,312,112</u>

**THE CITY OF PENTICTON
RESERVE FUNDS
STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	Equipment Replacement	Tax Sale Lands	Capital	Local Improvement	Sewer Capital	Water Capital	Electric Capital	Off-Street Parking	Amenity Density	Community Works	Alternative Transportation	2015 Total	2014 Total
BALANCE, BEGINNING OF YEAR	\$ 2,924,821	\$ 7,243	\$ 3,573,264	\$ 1,658,109	\$ 520,454	\$ 866,867	\$ 972,860	\$ 117,387	\$ 296,648	\$ 4,374,459	\$ -	\$ 15,312,112	\$ 14,095,199
ADD													
Transfers from:													
General Revenue Fund	665,205	-	20,475	155,248	-	-	-	-	-	1,392,510	23,500	2,256,938	2,673,904
Interest Earned	48,181	117	45,217	17,570	8,379	13,957	15,663	1,890	4,272	60,029	125	215,400	237,059
	713,386	117	65,692	172,818	8,379	13,957	15,663	1,890	4,272	1,452,539	23,625	2,472,338	2,910,963
DEDUCT													
Transfers to:													
General Capital Fund	529,598	-	1,615,173	374,075	-	-	-	-	-	2,684,447	8,000	5,211,293	1,616,750
Sewer Capital Fund	-	-	-	36,350	-	-	-	-	-	-	-	36,350	77,300
General Revenue Fund	-	-	-	-	-	-	-	-	62,607	-	-	62,607	-
	529,598	-	1,615,173	410,425	-	-	-	-	62,607	2,684,447	8,000	5,310,250	1,694,050
BALANCE, END OF YEAR	\$ 3,108,609	\$ 7,360	\$ 2,023,783	\$ 1,420,502	\$ 528,833	\$ 880,824	\$ 988,523	\$ 119,277	\$ 238,313	\$ 3,142,551	\$ 15,625	\$ 12,474,200	\$ 15,312,112

**THE CITY OF PENTICTON
SEWER REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015 Budget	2015	2014
Revenue			
Taxation	\$ 1,348,200	\$ 1,376,284	\$ 1,389,747
Sales of Services	4,221,526	4,415,792	4,188,636
Government Grants and Transfers	219,000	219,201	236,073
Transfer From Other Funds/Reserves	-	4,907,995	941,450
	<u>5,788,726</u>	<u>10,919,272</u>	<u>6,755,906</u>
Expenditure			
Salaries and Benefits	1,086,058	1,323,135	1,293,073
Goods and Services	1,596,190	2,081,738	1,537,735
Interest	773,830	767,614	769,506
Principal Payments	575,057	575,057	575,057
Vehicle & Equipment Maintenance	193,000	311,955	428,438
Transfer to Other Funds/Reserves	-	6,538,959	4,692,226
	<u>4,224,135</u>	<u>11,598,458</u>	<u>9,296,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,564,591</u>	<u>(679,186)</u>	<u>(2,540,129)</u>
CHANGE IN FUND BALANCES	1,564,591	(679,186)	(2,540,129)
FUND BALANCES, BEGINNING OF YEAR	6,221,862	6,221,862	8,761,991
FUND BALANCES, END OF YEAR	<u>\$ 7,786,453</u>	<u>\$ 5,542,676</u>	<u>\$ 6,221,862</u>

**THE CITY OF PENTICTON
 WATER REVENUE FUND
 STATEMENT OF OPERATIONS
 YEAR ENDED DECEMBER 31, 2015
 (UNAUDITED)**

	2015 Budget	2015	2014
Revenue			
Sales of Services	\$ 6,390,569	\$ 6,942,237	\$ 6,845,896
Transfer From Other Funds/Reserves	144,000	1,138,368	621,523
Other Revenue	-	-	3,151,085
	<u>6,534,569</u>	<u>8,080,605</u>	<u>10,618,504</u>
Expenditure			
Salaries and Benefits	947,260	1,405,580	1,379,868
Goods and Services	2,173,791	1,810,541	2,436,120
Interest	759,450	697,690	692,915
Principal Payments	579,400	549,141	549,141
Vehicle & Equipment Maintenance	266,500	161,429	221,600
Transfer to Other Funds/Reserves	1,790,578	4,307,574	5,205,563
	<u>6,516,979</u>	<u>8,931,955</u>	<u>10,485,207</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>17,590</u>	<u>(851,350)</u>	<u>133,297</u>
CHANGE IN FUND BALANCES	17,590	(851,350)	133,297
FUND BALANCES, BEGINNING OF YEAR	2,113,280	2,113,280	1,979,983
FUND BALANCES, END OF YEAR	<u>\$ 2,130,870</u>	<u>\$ 1,261,930</u>	<u>\$ 2,113,280</u>

**THE CITY OF PENTICTON
ELECTRIC REVENUE FUND
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015 Budget	2015	2014
Revenue			
Sales of Services	\$ 37,734,240	\$ 39,268,074	\$ 36,562,998
Other Revenue	-	13,746	-
Transfer From Other Funds/Reserves	-	6,676,682	5,878,707
	<u>37,734,240</u>	<u>45,958,502</u>	<u>42,441,705</u>
Expenditure			
Salaries and Benefits	1,568,564	1,684,633	1,880,696
Goods and Services	30,814,718	34,278,742	28,145,822
Vehicle & Equipment Maintenance	157,102	167,913	222,883
Transfer to Other Funds/Reserves	8,589,258	9,866,982	9,055,107
	<u>41,129,642</u>	<u>45,998,270</u>	<u>39,304,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,395,402)</u>	<u>(39,768)</u>	<u>3,137,197</u>
CHANGE IN FUND BALANCES	(3,395,402)	(39,768)	3,137,197
FUND BALANCES, BEGINNING OF YEAR	10,186,168	10,186,168	7,048,971
FUND BALANCES, END OF YEAR	<u>\$ 6,790,766</u>	<u>\$ 10,146,400</u>	<u>\$ 10,186,168</u>

**THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2015
(UNAUDITED)**

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2015 Payments	
										Interest	Principal
General Fund											
9925	20005	72	12-Apr-00	RCMP Building	\$ 2,500,000	\$ 857,683	20	2020	2.100	\$ 52,500	\$ 82,873
9925	20046	73	07-Nov-00	RCMP Building	1,500,000	514,610	20	2020	2.100	31,500	49,725
2003-15	2268	81	22-Apr-04	Storm Sewer	337,500	192,493	20	2024	2.400	8,100	10,207
2004-16	859/2004	85	25-Oct-04	Parks-Land Acquisition	1,680,000	958,188	20	2024	2.000	33,600	50,808
2004-18	859/2004	85	25-Oct-04	Road Works-S. Main St.	195,000	111,218	20	2024	2.000	3,900	5,897
2004-19	859/2004	85	25-Oct-04	Road Design-Main St.	150,000	85,552	20	2024	2.000	3,000	4,536
2004-20	859/2004	85	25-Oct-04	Integrated Waterfront	550,000	313,693	20	2024	2.000	11,000	16,633
2004-21	859/2004	85	25-Oct-04	Youth Park	50,000	28,518	20	2024	2.000	1,000	1,512
2004-11	1108/2004	93	06-Apr-05	Wine Information Centre	800,000	450,096	20	2025	5.100	23,952	39,086
2004-20	1108-2004	93	06-Apr-05	Integrated Waterfront	520,000	292,563	20	2025	5.100	15,569	25,406
2004-21	614/2005	95	13-Oct-05	Youth Park	150,000	89,522	20	2025	4.170	6,255	5,037
2004-18	615/2005	95	13-Oct-05	Integrated Waterfront	825,000	492,372	20	2025	4.170	34,403	27,705
2006-15	17/17/2006	99	07-Nov-06	Road Works-Fairview/Ind	1,595,000	1,028,155	20	2026	4.430	70,659	53,563
2006-17	17/17/2006	99	07-Nov-06	Sportsfields	3,200,000	2,062,756	20	2026	4.430	141,760	107,462
2006-18	273-2007	102	27-Mar-07	Queens Park Site Serv	7,000,000	1,627,769	10	2017	4.820	337,400	583,037
2006-33	273/2007	102	02-Nov-07	Integrated Waterfront '06	350,000	241,700	20	2027	4.820	16,870	11,754
2006-39	273/2007	102	02-Nov-07	S Okanagan Event Ctre	8,000,000	1,860,307	10	2017	4.820	385,600	666,328
2006-76	024/2008	103	23-Apr-08	Wellness Centre	3,000,000	2,204,284	20	2028	4.650	139,500	100,745
2006-39	333/2008	104	20-Nov-08	S Okanagan Event Cntr	10,000,000	3,421,436	10	2018	5.150	515,000	832,909
2007-41	333/2008	104	20-Nov-08	Cemetery-Columbarium	2,500,000	1,836,904	20	2028	5.150	128,750	83,954
2007-52	333/2008	104	20-Nov-08	Indoor Soccer Facility	1,000,000	734,761	20	2028	5.150	51,500	33,582
2007-57	333/2008	104	20-Nov-08	Integrated Waterfront	530,000	389,424	20	2028	5.150	27,295	17,798
2007-60	333/2008	104	20-Nov-08	PIDA	1,140,000	390,044	10	2018	5.150	58,710	94,952
2007-60	157-2009	105	21-Apr-09	PIDA	231,344	103,534	10	2019	4.900	11,336	19,269
2007-52	638/2009	106	13-Oct-09	Indoor Soccer Facility	415,000	322,560	20	2029	4.130	17,140	13,936
2007-52	15/30/2010	110	08-Apr-10	Indoor Soccer Ph2	586,000	479,413	20	2030	4.500	26,370	19,679
2009-14	15/30/2010	110	08-Apr-10	Pool Upgrades	7,400,000	6,054,017	20	2030	4.500	333,000	248,505
2007-52	B25/2011	116	04-Apr-11	Indoor Soccer Facility	135,000	115,748	20	2031	4.200	5,670	4,534
2009-43	B25/2011	116	04-Apr-11	Road Wrks-Smythe Dr	447,000	383,256	20	2031	4.200	18,774	15,011
					<u>56,786,844</u>	<u>27,642,576</u>				<u>2,510,113</u>	<u>3,226,443</u>

**THE CITY OF PENTICTON
DEBT ISSUED AND OUTSTANDING
DECEMBER 31, 2015
(UNAUDITED)**

LIA B Law	S/1 B Law	Issue	Issue Date	Purpose	Issue Amount	Outstanding Amount	Term (Years)	Maturity	Rate (%)	2015 Payments	
										Interest	Principal
Water Fund											
92110	9542	61	01-Dec-95	Water Treatment Plant	3,000,000	-	20	2015	4.000	90,000	90,728
92110	96-08	63	01-Jun-96	Water Treatment Plant	1,200,000	91,706	20	2016	3.000	36,000	36,291
2006-07	17/07/2006	99	07-Nov-06	Naramata Rd. Upgrade	4,670,000	3,010,334	20	2026	4.430	206,881	156,827
2007-86	333/2008	104	20-Nov-08	Water Filtration Plant	4,000,000	2,939,046	20	2028	5.150	206,000	134,327
2007-83	638/2009	106	13-Oct-09	Water Filtration Plant	3,900,000	3,031,287	20	2029	4.130	161,070	130,969
					<u>16,770,000</u>	<u>9,072,373</u>				<u>699,951</u>	<u>549,142</u>
Sewer Fund											
2006-61	273/2007	102	02-Nov-07	Septage Handling Facility	1,050,000	725,099	20	2027	4.820	50,610	35,261
2008-10	333-2008	104	02-Nov-07	Sewer System Upgrade	8,000,000	5,878,092	20	2028	5.150	412,000	268,654
2007-60	333/2008	104	20-Nov-08	PIDA	360,000	123,172	10	2018	5.150	18,540	29,985
2007-60	157/2009	105	21-Apr-09	PIDA	73,056	32,695	10	2018	4.900	3,580	6,085
2008-10	638-2009	106	13-Oct-09	Sewer Plant Expansion	7,000,000	5,440,772	20	2029	4.130	289,100	235,072
					<u>16,483,056</u>	<u>12,199,830</u>				<u>773,830</u>	<u>575,057</u>
					<u>\$ 90,039,900</u>	<u>\$ 48,914,779</u>				<u>\$ 3,983,894</u>	<u>\$ 4,350,642</u>

COUNCIL REVIEW

**THE CITY OF PENTICTON
CEMETARY PERPETUAL TRUST FUND
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

	2015	2014
ASSETS		
Bank Term Deposits	\$ 971,154	\$ 953,983
Less:		
Due To General Revenue Fund	49,375	50,090
	<u>\$ 921,779</u>	<u>\$ 903,893</u>
 SURPLUS		
Balance, Beginning of Year	\$ 903,893	\$ 893,940
Add:		
Care Fund Contributions	30,686	22,430
Interest Earned	17,200	17,523
	<u>47,886</u>	<u>39,953</u>
Deduct:		
Cemetery Maintenance	30,000	30,000
Balance, End of Year	<u>\$ 921,779</u>	<u>\$ 903,893</u>

May 2, 2016

Ms. Angela Campbell, ACIA, CPA, CGA
The Corporation of the City of Penticton
171 Main St
Penticton B.C. V2A 5A9

Dear Ms. Campbell:

Re: Management Letter for The Corporation of the City of Penticton

During the course of our audit of the consolidated financial statements of The Corporation of the City of Penticton for the year ended December 31, 2015, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing consolidated financial statements and ensuring adequate internal controls and sound business practices is the responsibility of Mayor and Council through management and is a part of management's overall responsibility for the ongoing activities of the City of Penticton. Policies and procedures developed by the City to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the City's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriate low level.

The comments and concerns expressed herein did not have a material effect on the City of Penticton's consolidated financial statements and, as such, our opinion thereon was without reservation. However, in order for the City to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the City's employees.

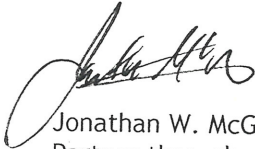
The matters we have identified are discussed in the attached appendices.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.

We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Angela Campbell, Colin Fisher, Jackie Collier, Deb Clipperton, Amber Coates, Brad Whelan, Cheryl Corbett, Jacqui Ellis, and Maria Brown.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to read 'Jonathan W. McGraw'. The signature is written in a cursive style with a large, looping initial 'J'.

Jonathan W. McGraw, BComm, CPA, CA
Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants

JWM\tb

The Corporation of the City of Penticton

Appendix 1

Summary of Matters Identified

December 31, 2015

1. Internal Revenues and Expenses

During the course of our audit we identified internal revenues and expenses which needed to be adjusted. It is important that all revenues and expenses originate from third party sources and that all internal allocations of costs and revenues are removed from the financials.

Recommendation:

We recommend that as part of the year end process a review is undertaken to source all internal revenues and expenses in the different programs and a working paper is provided to BDO at year end supporting which charges were classified as internal.

2. Agreements with Other Entities Demonstrating Control

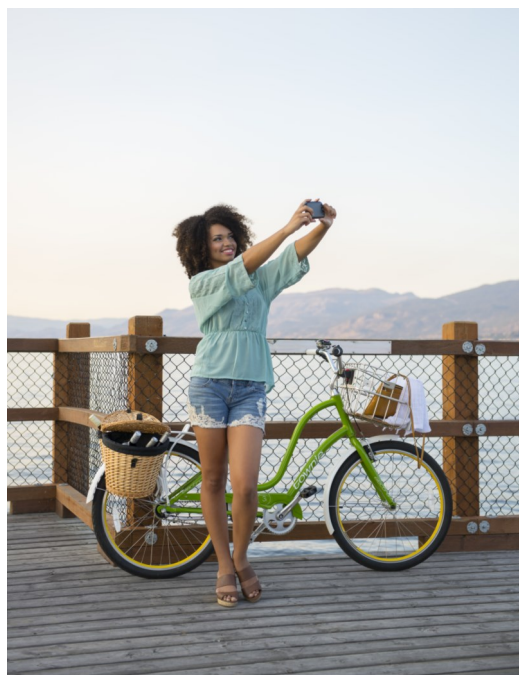
During the course of our audit we noticed that a lease agreement with a not for profit entity (NPO) that leases a facility from City of Penticton included identifiers which indicated that the City had some control over that NPO, and thus required to account for this NPO on a consolidated financial basis with the City's own financial statements. Indicators of control that we noted included; revenue limitations that dictated price increases the NPO could charge their customers, and requirement that any surplus generated by the NPO be transferred to the City upon termination or expiry of the lease.

After discussion with management, it was determined that the financial presentation of the City's financial statements were not materially affected by the omission of the NPO's financial information, accordingly this error was taken to the schedule of likely aggregate misstatements. Furthermore, it was discussed with management that this issue was not pervasive to other agreements engaged in by the City.

Recommendation:

We recommend that all agreements between the City and other organizations are reviewed to ensure proper accounting treatment if control exists.

TOURISM PENTICTON 2016 Q1 REPORT



EXECUTIVE SUMMARY	2
KEY INITIATIVES	2-4
A LOOK AHEAD TO Q2	5
APPENDIXES	6

EXECUTIVE SUMMARY

Highlights from Q1

- Secured DBC funding for Co Op Marketing programs and Innovative Funding \$58,600 under new marketing funding model
- Working on core review of services for VIC to determine best spend for funding and business practice— results to follow in Q2

TOTA Update

- 2 new roles with GoToHR for hard to fill positions and Aboriginal Tourism to bring awareness to region
- Partnering with Osoyoos and TOTA on an upcoming taping of The Travel Guys
- Partnering with TOTA on the TOTA Roadshow for to update stakeholders on new initiatives
- Kettle Valley Rail Trail—Destination Development, Trail Strategy in process
- Remarkable Experiences for businesses on the trail—pilot project
- Supplying story content for out of market media (see appendix 6)

Air Enhancement

- Air Canada Partnership includes 28 flights from anywhere in North America for 2016.
- Air Canada Full page ad in Experiences Guide value \$4,135
- WestJet full page ad in Experiences Guide value \$4,135

KEY INITIATIVES

Snowbird Campaign - Nov 9th - Feb 29th (Target: initially print 20,000 guides - a larger project developed)

- Pilot project in partnership with Economic Development and Summerland to encourage Snowbirds to consider Penticton as an alternative winter destination to travelling south of the border.
- Distributed 10,000 printed Snowbirds Guides in rural Alberta, Saskatchewan & Manitoba via Western Producer, ran a 1/2pg ad in CSA News with a 70,000 distribution, ran online ads with Snowbirds & RV Travellers with a reach of 13,000, sent eNewsletters to our database of 40,000 contacts.
- Overall occupancy rates for the area increased from 31% to 38.6% in November and from 22.3% to 25.9% in December. January saw a slight decrease to 26.6% from 27.3% and February saw a large increase to 40.2% from 33.4%). The relatively mild winter in the prairie provinces may have been a factor.

BC Winter Games - Nov 1st - Feb 28th (Target: encourage visitors to extend their stay)

- As Digital Media Chair, the Executive Director wore two hats and was able to cross promote #visitpenticton through all social media channels.
- 500 “I Heart Penticton Bags” were distributed to over 17 venues and included stakeholder incentives and a customized “What’s On” Sheet.
- Room occupancy rate for Feb 2016 was 40.2% compared with 33.4% Feb 2015. Average room rate was \$99.03 compares with \$82 and total room revenue for the month was \$891,570 compared with \$610,000

Annual Experience Guide - Sep 10th - Feb 29th (Target: create more value add for stakeholders)

- 50,000 guides printed, 14,055 guides distributed to 60 locations across, BC, AB, SK and WA and over 1,000 guides handed out at events, tradeshows and via the visitors centre.
- References throughout the guide to our annual Peach City Pic contest, which is being nationally promoted through our social media channels.
- In line with digital media strategy an online version of the guide was published on ISSUU and has received 242 reads and 16,844 impressions in Q1 (since February 22nd).

Event Partnerships - Mar 9th - Mar 12th (Target: reach out directly to visitors)

- Activations at CSSHL and Rogers Hometown Hockey supported with various marketing pieces (Experience Guide, Sports Tourism Guide)
- Total of 2,138 roaming visitors reached in Q1

Tradeshows - Mar 5th - Mar 20th (Target: directly reach key demographic - outdoor enthusiasts aged 20-60).

- Seattle Bike Show, The Vancouver Outdoor & Adventure Show and The Calgary Outdoor & Adventure Show.
- Partnered with GranFondo, Challenge, Hoodoo Adventures, the PHA and the Okanagan Fest of Ale.
- Utilized social media for targeted posts to highlight our presence at the events.
- Cycling Map was a hit at and a great take away at a low cost.

Print Advertising - Jan 21st - Feb 26th (Target: get best possible coverage for least \$.)

- Q1 ads = 2 page spread in KVE Adventure Magazine, 1/2 page in Downtown Penticton Guide and 1/2 page in Penticton Western News BC Winter Games Supplement.
- By partnering with stakeholders and arranging contra deals we have secured a total distribution of 90,000 copies for just over \$1,100 (50,000 was out of market) .
- **GoMedia - Jan 1st - Mar 31st (Target: foster relationships with key influencers that attended GoMedia, by sharing relevant articles across our social media channels.)**
- Recent AMA Travel article "Penticton-A South Okanagan Treasure" produced 8,000 reach 88 shares and 100 likes when shared on TP Facebook.
- Q1 earned media = 22 articles, 726,479 circulation, \$18,033 value. Top 3 out of area articles = Global TV National, Halifax Chronicle-Herald, Forbes Mexico (circulation 418,158 - 58% of total)

Cycle Maps - Mar 5th - Mar 31st (Target: continue to distribute maps to key demographic)

- Used maps as giveaways at all 3 March tradeshows to help promote Penticton & Wine Country as a world-class cycling destination - over 750 maps were distributed.
- Of the 25,000 maps that were printed in 2015 there are just 4,000 left in stock, which will be used in Q2 for Chain of Events.
- We will look at a possible reprint later in 2016, depending on available budget.

EQ Profiling - Jan - Feb (Target: discover information on actual visitors to the region and how best to target them)

- First DMO to work with TOTA using a accommodator data to generate accurate consumer profiles.
- A powerful tool giving insight to target markets including: physical location and how to best engage them.
- Full analysis will be completed early April.

Digital Marketing - Jan 6th - Mar 31st (Target: double social media followers in 2016)

- By far one of the most cost effective mediums for reaching a large and diverse audience.
- eNewsletters and eBlasts are still being well received with an average open rate of 22.5% and an average click rate of 6% (industry standard is 21% open rate and 0.14% click rate).
- Social media presence is also growing and we making a concerted effort to post regular meaningful content.
- Q1 = 62 Facebook posts, total reach - 107,154, likes - 1,265, shares - 386 shares, comments - 76, (strong indication that visitors are engaging)

Visitor's Services - Jan 2nd - Mar 31st (Target: reach out directly to visitors via mobile centre)

- Visitor traffic has shown an 9% increase in Q1 (3,277 compared with 2,984 this time last year)
- Retail sales increased from \$4,564 to \$6,749.
- Overall industry trend shows a move away from the brick and mortar (see appendix 4). We are reviewing the current business model and exploring new opportunities for redirection including the new temporary space within the SOEC complex.
- In Q1 we worked with Destination BC to produce a case study outlining best practices in new Visitor's Services models.
- Mobile Pop Up Centre activations will be increased this year to include more events and strategic high traffic locations - Q1 = 2,138 visitors reached via mobile locations.

Stakeholder Development - Jan 4th - Mar 31st (Target: increase stakeholder engagement)

- Continuing to encourage stakeholders work with - in Q1 \$85,543.50 in marketing services have been sold.
- Worked in partnership with Telus and Seekers media to stage a workshop for stakeholders at the end of March on Social Media best practices - sold out in just a couple of days which is testament to that we are focusing on topics that are really relevant to our stakeholders.

LOOK AHEAD TO Q2

As we move into Q2 it is important that we have a clear strategy place. The schedule we have put together (see appendix 5) allows us to prioritise our marketing activities and ensure that projects stay on track. Below is an outline of the key activities for Q2.

Peach City Pics Contest

Budget - \$25,000

Timeframe - March - December

Objective - to put TP to the forefront digitally.

Strategy - Visitors are booking and researching their holidays online and mainly through mobile phones. Most visitors are influenced by others in their social media networks when it comes to choosing a destination to visit. Our campaign entices visitors to post their #VisitPenticton experiences through their networks for a chance to win the Ultimate Penticton Experience while creating a visual story as told through our visitors. The Penticton Selfie Photo booth will be an interactive addition to our Pop Up Mobile Visitor Centres that will be at events this year, starting with the Fest of Ale.

Chain of Events

Budget - \$12,800 (\$18,000 will be provided by the Co-op Marketing Partnership Funding through Destination BC)

Timeframe - April-June

Objective - Highlights early spring cycling in the area and promote overnight stays during shoulder season

Strategy - Working in partnerships with Summerland, Naramata and the City of Penticton and have also included local cycling stakeholders the planning process. We have secured a partnership agreement with Seekers Media for them to manage a 45 day promotional campaign and contest. Seekers were chosen because of their expertise in festival promotion and their access to key target demographics, which would be extremely costly to source using our existing resources.

TRUE Penticton

Budget - \$6,400 (funding will be provided by Destination BC under the Innovation Fund).

Timeframe - June 9 @ PTCC

Objective - Think Remarkable Unique Experiences. This is an industry/consumer tourism tradeshow that highlights new tourism offerings from stakeholders for the upcoming season.

Strategy - provide an opportunity to train all front line staff in Penticton as they are often asked by visitors for their suggestions on food, fun, etc. The event will include:

- Social Media training -building on the March 30 sessions held at OUC through Telus and EventSeekers.com
- WorldHost training

Event Partnerships

Budget - Labour cost

Timeframe - Depending on dates of major 2016 events

Objective - Build relationships and educate event organizers on how we can add value to their events as a strategic partner.

Strategy - Work that we have undertaken with the Okanagan Fest of Ale Society will serve as a case study.

Appendix 1 - Key Performance Indicators

After reviewing the marketing and strategy reports for the previous 5 years Tourism Penticton put together the following key performance indicators. These KPIs are specific, measurable and achievable and will provide a clear indication of our performance throughout 2016.

Annual	Q1 2015	2015 (total)	Q1 2016	2016 (target)
Accommodation - Revenue* (to Feb in Q1)	1,110,000	\$27,400,000	\$1,448,380	\$25,000,000
Accommodation - Occupancy* (to Feb in Q1)	30.35%	53.1%	33.2%	55.0%
Accommodation - Average Daily Room Rate *(to Feb in Q1)	\$79	\$127.00	\$92.78	\$127.00
Passenger Volumes to YYF	27,972	138,487	28,251**	140,000
Visitor Services - Vistor Centre Traffic	2,984	30,817	3,277	35,000
Visitor Services - Mobile Centre Traffic	0	6,867	2,138	7,500
Visitor Services - Visitor Centre Retail Sales	\$4,564	\$63,248	\$6,749	\$60,000
Web Site - Page Views	46,147	372,819	51,261	400,000
Web Site - Unique Visitors	12,633	95,729	15,393	100,000
Web Site - New Visitors	75%	73%	71%	75%
Web Site - Impressions on Listings	8,282	100,865	95,450	200,000
Web Site - Clicks on Listings	0	3,908	2,078	5,000
Web Site - Event Page Views	5,440	28,714	3,347	30,000
Social Media - Facebook Followers	4,439	5,201	5,380	10,000
Social Media - Twitter Followers	5,202	5,675	5,812	10,000
Social Media - Instagram Followers	1,165	1,967	2,288	5,000
Contest Promotions – Number of Entrants	2,597	34,277	468	40,000
Contest Promotions – Total Impressions	5,702	4,107,906	37,332	5,000,000
eNewsletter – Open Rate	23%	23%	22%	25%
eNewsletter – Click Rate	9%	10%	5%	12.5%
eBlast – Open Rate	16%	23%	22%	25%
eBlast - Click Rate	3%	8%	8%	10%

* figures provided by Destination BC only available until end of February.

** After discussion with the Manager of YYF we were advised to add 1% to the Q1 figures for 2015 - Q1 passenger numbers do not fluctuate very much and the fact that Westjet pulled some of their flights early in the year evened the figures out somewhat.

Appendix 2 - Financials for Q1

TOURISM PENTICTON SOCIETY Departmental Income Statement 01/01/2016 to 3/31/2016

REVENUE	Total		Visitor Centre		Marketing	
	Actuals	Budget	Actuals	Budget	Actuals	Budget
Visitor Centre Revenue						
Retail Sales Revenue	6,747.02	3,600.00	6,747.02	3,600.00		
Cycling Map Retail Sales	38.00	-	38.00			
Cycling Map Wholesale Sales	33.33	-	33.33			
Ticket Sales - Global	20,226.60	20,000.00	20,226.60	20,000.00		
Ticket Sales - Ticketmaster	1,579.40	1,700.00	1,579.40	1,700.00		
Ticket Sales - General	-	1,700.00		1,700.00		
Ticket Sales - Many Hats	32,212.00	20,000.00	32,212.00	20,000.00		
Ticket Sales - Tours	-	-				
Net Sales	60,836.35	47,000.00	60,836.35	47,000.00	-	-
Cost of Ticket Sales and Retail Sales						
Ticket Sales Expense - Global	20,227.10	20,000.00	20,227.10	20,000.00		
Ticket Sales Expense - Ticketmaster	1,198.56	1,380.00	1,198.56	1,380.00		
Ticket Sales Expense - General	109.92	1,564.00	109.92	1,564.00		
Ticket Sales Expense - Many Hats	26,393.13	18,200.00	26,393.13	18,200.00		
Ticket Sales Expense - Tours	-	-				
Retail Cost of Sales	3,545.93	2,160.00	3,545.93	2,160.00		
Total Visitor Centre Cost of Goods Sold	51,474.64	43,284.00	51,474.64	43,284.00	-	-
Gross Margin - Visitor Centre	9,361.71	3,716.00	9,361.71	3,716.00	-	-
Municipal Contract for Service	88,500.00	88,500.00	48,771.87	48,772.00	39,728.13	39,728.00
Sport Tourism Funding	9,999.99	-			9,999.99	
Air Travel Enhancement	24,999.00	25,000.00			24,999.00	25,000.00
Racking Fees	1,453.86	501.00	1,453.86	501.00		
Tourism Grants	-	-				
Vacation Rental Revenue	-	2,250.00				2,250.00
Co-op Revenue	8,400.00	-			8,400.00	
Tourism BC Visitor Centre Network	13,749.00	13,750.00	13,749.00	13,750.00		
Trade Show Partnerships	-	4,500.00				4,500.00
South Okanagan Partnership Revenue	-	-				
Stakeholder Marketing Services	4,358.65	11,750.00			4,358.65	11,750.00
Experience Guide Advertising	5,802.75	8,600.00			5,802.75	8,600.00
Commission Earned	-	-				
PST Commission	17.62	-	17.62			
Miscellaneous Revenue	1,020.00	-	1,020.00			
Total Marketing Revenue	158,300.87	154,851.00	65,012.35	63,023.00	93,288.52	91,828.00
Direct Related Expenses						
Print Advertising	5,323.10	875.00			5,323.10	875.00
Regional Print	-	1,677.00				1,677.00
TV Advertising	-	-				
Videography / Photography	-	1,200.00				1,200.00
Media Hosting	-	-				
Digital & Online Marketing	3,423.26	5,100.00			3,423.26	5,100.00
Sport Tourism Projects	-	-			11,868.28	
Contests & Prizing	-	-				
Sales Collateral & Materials	-	2,500.00				2,500.00
Trade Shows	-	7,100.00				7,100.00
Experiences Guide	4,360.02	5,100.00			4,360.02	5,100.00
Air Enhancement Expense	24,999.00	25,000.00			24,999.00	25,000.00
Stakeholder Education	(619.38)	12,750.00			(619.38)	12,750.00
Business Development	177.38	500.00			177.38	500.00
Uniforms	-	-				
On Site - Event Support	-	-				
Signage	-	-				
Penny	-	-				

Airport Racking	-	100.00		100.00		
Info Centre Publication Advertising	-	-				
On-Line VIC Services	-	500.00		500.00		
Touch Screen Info Terminals	-	-				
Video Info Screens	-	-				
Display,Racking, Visitor Experience	218.50	-	218.50			
Freight	-	270.00		270.00		
VIC Training	-	-				
Business Development	-	-				
Search Engine Marketing	-	1,800.00			1,800.00	
Simple View	-	-				
Website Optimizing & Hosting	-	102.00				102.00
Total Direct Related Expenses	37,881.88	64,574.00	218.50	870.00	49,531.66	63,704.00
Payroll Expenses						
Wages & Salaries	49,700.33	51,873.00	31,584.95	33,758.00	18,115.38	18,115.00
EI Expense	1,308.09	1,364.00	774.93	888.00	533.16	476.00
CPP Expense	2,205.91	2,568.00	1,369.21	1,671.00	836.70	897.00
WCB Expense	79.50	78.00	41.88	51.00	37.62	27.00
Employee Benefits	3,167.20	3,946.00	1,722.40	2,034.00	1,444.80	1,912.00
Total Payroll Expense	56,461.03	59,829.00	35,493.37	38,402.00	20,967.66	21,427.00
General & Administrative Expenses						
Accounting & Legal	3,594.17	2,550.00	1,797.08	1,275.00	1,797.09	1,275.00
Associations & Memberships	115.88	501.00			115.88	501.00
Travel - Mileage	58.89	1,200.00	31.95	600.00	26.94	600.00
Travel - Air/Taxi/Parking	223.25	-	223.25			
Travel - Hotels	-	-				
Travel - Meals	24.52	390.00	24.52	90.00		300.00
Bank Charges	75.00	60.00	30.00	30.00	45.00	30.00
Credit Charges (POS Charges)	829.25	840.00	829.25	840.00		
Board Expenses	59.10	1,300.00		700.00	59.10	600.00
Bldg Lease, Utilities & Janitorial	7,620.00	7,620.00	6,096.00	6,096.00	1,524.00	1,524.00
Equipment Leasing	-	522.00		261.00		261.00
Equipment Maintenance	-	402.00		201.00		201.00
Gifts, Awards, Training	137.28	-	53.43		83.85	
Internet Expense	160.00	120.00	80.00	60.00	80.00	60.00
Insurance	715.02	876.00	483.87	701.00	231.15	175.00
Repair & Maintenance	484.23	669.00	355.21	535.00	129.02	134.00
Miscellaneous	-	134.00		67.00		67.00
Office Supplies	616.10	1,004.00	313.40	803.00	302.70	201.00
Photocopy Expense	445.77	450.00	222.89	360.00	222.88	90.00
Courier & Postage	240.99	300.00	120.50	150.00	120.49	150.00
Professional Development	-	1,250.00		500.00		750.00
Telephone	2,833.69	1,500.00	1,453.27	750.00	1,380.42	750.00
Strategic Planning 5 year plan	5,000.00	10,000.00			5,000.00	10,000.00
Bad Debts	-	-				
Cash Short/Over	61.25	-	61.25			
Inventory Shrinkage & Obsolescence	-	-				
Total General & Admin. Expenses	23,294.39	31,688.00	12,175.87	14,019.00	11,118.52	17,669.00
Non Operating Expenses						
Amortization	5,090.18	5,000.00		-	5,090.18	5,000.00
Total Non Operating Expenses	5,090.18	5,000.00	-	-	5,090.18	5,000.00
TOTAL EXPENSE	122,727.48	161,091.00	47,887.74	53,291.00	86,708.02	107,800.00
NET INCOME	33,066.82	(2,524.00)	26,486.32	13,448.00	6,580.50	(15,972.00)

per budget 20,777.00
(23,301.00)
(13,301.00)
21,688.00

Appendix 3 - Earned Media Figures

	2012	2013	2014	2015
# of Articles	181	188	262	633
Circulation	48,644,928	41,565,829	60,436,082	107,551,198
Value	\$515,741	\$322,124	\$977,985	\$3,031,276

Appendix 4 - Visitor Centre Foot Traffic

	2012	2013	2014	2015
Visitor Centre Traffic	57,962	37,681	34,644	30,817

Appendix 5 - Schedule for Q1 & Q2

	Jan	Feb	Mar	Apr	May	Jun
Experiences Guide						
Peach City Pics Contest Campaign						
Snowbirds Campaign						
BC Winter Games Promotions						
GoMedia Post Event Projects						
Cycle Maps (targeted distribution)						
Website Development (including blog)						
EQ Profiling						
Tradeshows						
Stakeholder Development						
Event Partnerships						
Chain of Events						
I Heart Penticton (bag programme)						
TRUE Penticton						
Mobile Visitor Centre						
Visitor Centre Team Training						
Alignment of Penticton Brands						

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Appendix 6 - TOTA Story Tip Sheet

KETTLE VALLEY RAIL TRAIL

An Incredible Journey through British Columbia's Heritage.

From Christina Lake to Princeton, the historic railway route that intersects the Thompson Okanagan region is targeted for modifications and interpretive enhancements that will place the Kettle Valley Rail Trail in the category of a must-do, world-class traveler experience. The Kettle Valley Rail Trail forms a 218.3 km portion of the Trans Canada Trail scheduled for completion by July 2017 and features tunnels and trestles, incredible vistas, and wildlife viewing. The trail takes travelers through the southern part of the province and into the past and around every corner there is another story to learn about the building of the famous railway.

Thompson Okanagan

WORKING WITH THOMPSON OKANAGAN
The Thompson Okanagan Tourism Association, or TOTA as its more commonly known, represents business and community tourism interests throughout the region. It is one of six regional tourism organizations in the province of BC that work under the Super, Natural British Columbia brand, and whose mandate includes marketing the Province's tourism products. TOTA is an industry-led organization that represents and supports all business and community tourism interests throughout the Thompson Okanagan, while also assisting with the implementation of Provincial tourism policies.

RESOURCES
HelloBC.com/tota
Find story ideas, interesting facts about Thompson Okanagan.
tota.bc.org
Image Bank
Contact Howard Grieve, Travel Trade & Media Specialist

THOMPSON OKANAGAN

SUPER, NATURAL BRITISH COLUMBIA CANADA

The profusion of riches in the Thompson Okanagan is staggering, from the lush diversity of its land – fruit-laden orchards, lakeside beaches, forested mountains – to the copious abundance of recreation and activity, from championship golf to award-winning wineries.

Can it be true this region has something for everyone? It can. Satisfy your culinary senses at renowned orchards and vineyards. Pick from a plethora of activities – hike, bike, golf or ski – or cherish the languid hot days on sandy, lakeside beaches-king.

Amidst this wealth of offerings lies a vivid history and culture, from its Aboriginal peoples to European fur traders to a rich gold mining history. Here you are pulled back to the very roots of the country, with incomparable culture found in the area's museums and heritage sites. It is a land of generous indulgences, with world-class, regional cuisine and luxury resorts, beckoning you with a genuineness and hospitality only found in the Thompson Okanagan.

IMAGINE the highest mountain in the Canadian Rockies. A waterfall twice the height of Niagara Falls. Canada's only true desert climate. Traverse amidst semi-arid grasslands, hike through high-allevation sub-alpine meadows, or explore dark, moist temperate rainforests.

HELLO BC /HelloBC @HelloBC #explorebc
HOWARD GRIEVE
 Travel Trade & Media Specialist
 Thompson Okanagan Tourism Association
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 Email: trademedia@tota.bc.com
 tota.bc.org

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STORY TIP SHEET

April 2016

For more information on any of these stories, please contact:
Howard Griewe, Thompson Okanagan Tourism Association
250-469-1035 or tradelmedia@toba.bc.ca



LONG TABLE EVENTS IN THE THOMPSON OKANAGAN
Popularity of Long Table Culinary events in the Thompson Okanagan has nurtured growth in the number and variety of events now being offered. In orchards, in vineyards, in wineries, fine dining to rustic, there is something for everyone's taste including a 1.6 mile event consisting of a multi-course meal using only the best food provided by artisan producers from within a 1.6 mile radius of Orofino Winery. How about the celebration of the 100 year anniversary of the first fruit produced from a Snow Apple or Fameuse tree. 100 people at long tables under the shade of a 102 year old tree located in the Similkameen Valley.



LIVING WELL, A FUN AND HEALTHY WAY TO EXPAND YOUR PERSONAL HORIZONS
Freakin' Farmer, Half Corked Marathon, Dirty Feet, Kai Park 50, event names that conjure up the question "What the??" From obstacle races in the desert to marathons in the Rockies, the Thompson Okanagan has a wide variety of Living Well activities and events. A desert Oyster festival, a Fest of Ale, a Feast of Fields, and a Rib Fest. How about the Canadian Culinary Championships in Kelowna? Near Vernon, you can "Sing like a Girl" with a former PGA pro and then step into a Cryotherapy treatment with -110 C temperatures at a European-style Health and Wellness Resort.



WONDER OF WINTER, MUCH MORE THAN SKIING
Walking along the colorfully lit streets of a Bavarian-style Ski Resort village, stopping along the way to enjoy a progressive wine tasting of over 30 wineries at a winter wine festival, dog-friendly Nordic skiing trails, wildlife viewing along snowshoe trails, 100,000+ Wildlights amongst the real wildlife, The Spirit Of Christmas steam engine-powered heritage trains, Hut to Hut Back-country, pond hockey tournaments, ice fishing and more. Snowmobiling is another popular sport in the Thompson Okanagan with many trail systems throughout the North and South Thompson, Shuswap and North Okanagan regions. Fat Biking is a growing sport and designated trail systems are being built alongside ski runs with rentals available in the resorts and major centres. The vibrancy of the valleys offer many winter activities for people to do off the mountain during their ski vacations.



ROUTE 97 - OVER 200 YEARS OF ROAD TRIPS
Route 97 is one of the longest roads in North America stretching from Weed, California to Watson Lake, Yukon Territories. It winds through the Thompson Okanagan region from Osoyoos to Cache Creek and it was first used by the Fur Brigade starting in 1811. Pick your theme for stops along the way...heritage, golf, spas and resorts or local flavours including wineries, craft breweries, distilleries, cideries, long table dining in vineyards, and farm to table restaurants. At Cache Creek, connect with another Road Trip route...The Gold Rush Trail and follow the paths of the prospectors.

THE OKANAGAN'S FIRST CHAIN OF EVENTS HAPPENS THIS YEAR IN PENTICTON, NARAMATA AND SUMMERLAND
Three communities have teamed up to present the Chain of Events in May & June with cycling in all forms supported by tour operators, rental shops, accommodations, and 'Local Flavours' stakeholders. Penticton, Summerland and Naramata have partnered on this initiative to take advantage of the popularity of cycling combined with an ever-growing trail system and the vast array of local flavours experiences. Imagine the freedom and exhilaration of biking on trails through flourishing vineyards and rugged mountain ranges overlooking crystal clear lakes and golden sandy beaches. With such breathtaking vistas and one of the best year-round climates in Canada, it's easy to see why thousands of cyclists pedal their way through Penticton & Wine Country every year.



UNIQUE ACCOMMODATIONS IN THE THOMPSON OKANAGAN
When touring the Thompson Okanagan, there are a wide variety of accommodation choices but in addition to the standard resorts, hotels, B&Bs and camping, how about going out of the box and trying something more unique. There is a B&B that's run by an amateur astronomer that features a tour of the night skies through a computer controlled 16 inch telescope housed in a roof-top observatory. Another B&B offers a luxurious roof top room...with no roof! Sleep in the back of a covered wagon at an historic roadhouse, in a tree fort or luxury cruising on a lake featuring 1,000 kms of shoreline. And there is that Tuscany-Style Villa where you look out over the vineyards, over the Okanagan river valley...later you show up for your cooking class at the winery restaurants demonstration kitchen.

ELECTRIC CAR TOURING THROUGH THE THOMPSON OKANAGAN

There are now more than 2,000 electric car charging stations in the Thompson Okanagan including the new TESLA Superchargers. From wineries and resorts to golf courses and fruit stands, every stop to top up a vehicle charge allows time for a wine tasting, a round of golf, shopping or just enjoying a beautiful beach. The Route 97 road network provides many choices for touring routes through the wine region, desert and inland temperate rainforest. And speaking of electric, how about renting an electric bicycle and touring a dozen wineries along a wine trail or renting a Segway and cruising around Sun Peaks Resort or the trails in Roderick Haig-Brown Provincial Park. The new Thompson Okanagan 'Charter of Sustainability' being completed will encourage even more tourism businesses to consider adding charging stations along with additional green initiatives.



FIRST NATIONS REMARKABLE EXPERIENCES

Travel in a voyageurs canoe along the shores of Little Shuswap Lake to the Adams River where Sockeye Salmon return to spawn each October, cozy up in a Kekuli for Elder Story Telling learn the legends of the past, attend Kamloops, the largest Pow Wow in Western Canada, experience how First Nations lived in the desert at the NKWIP Desert Cultural Centre, make a visit to a First Nations specialty cafe for fresh bannock and other traditional foods. From world-class golf resorts to formula 1 automotive racing, come and experience what Thompson Okanagan's First Nations bands have created and are planning in the future for the tourism industry.

