

2020 Annual Report

Year Ending December 31, 2020



THE CORPORATION OF
THE DISTRICT OF SUMMERLAND

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Mayor's Message

Council began 2020 with optimism and enthusiasm for the year ahead. We had been through a year without the threats of highwater, drought or wildfire, following both the preceding two years. Who knew, as we started January 2020 that, mere weeks later, the District of Summerland would be experiencing the first local impacts of a global pandemic?

To say the year was unsettling, unprecedented, and unpredictable for District Council and staff would be an understatement. The 2019 outbreak of the novel coronavirus, commonly known as COVID-19, caused disruption, anxiety and uncertainty.

Still, Council faced the situation and, over time, adjusted and readjusted to the realities of conducting the business of local government during a pandemic. Our core responsibility—to provide services that ensure and enhance the welfare of residents—remained the primary focus of our decision making.

Some of the COVID-19 decisions, such as amending the budget to allow for utility discounts, or deferring property tax payments, were made by Council. However, most decisions, for example human resource matters or closing and gradual temporarily closing recreational facilities and municipal hall were made by District operational staff to comply with provincial public health orders.

The pandemic added a substantial layer of complexity to both day-to-day operations and capital projects planned and budgeted for pre-COVID-19. Yet, despite the worldwide public health emergency, the District succeeded in getting several capital projects and Council priorities completed, or substantially so, in 2020. Others—the proposed Recreation and Health Centre project, for example—continued to make headway under the guidance of the project Steering Committee.

Mayor's Message

Sometimes, we forget the successes as we move through the year, but there is much the District can recognize and celebrate.

Arguably, 2020's most welcomed announcement for Council was the COVID-19 Restart Grant made in early November. The \$2.724 million grant was given to assist local governments in areas related to the pandemic such as revenue shortfalls, emergency planning or staffing costs.

In August, following the impending resignation of Chief Administrative Officer Anthony Haddad, Council was tasked with interviewing and selecting a candidate to fill this critical role. The selection of Mr. Graham Statt left Council at the end of 2020 where we were at the beginning: Looking forward to starting the New Year with optimism and enthusiasm.

Toni J Boot,
Mayor



DISTRICT COUNCIL

Mayor: Toni Boot (middle)

Councillors: (left to right) Doug Holmes, Doug Patan, Erin Trainer, Erin Carlson, Richard Barkwill and Marty Van Alphen.



1906

Year the District of Summerland
was incorporated

11,615

Number of residents (2016 census)
who make Summerland home

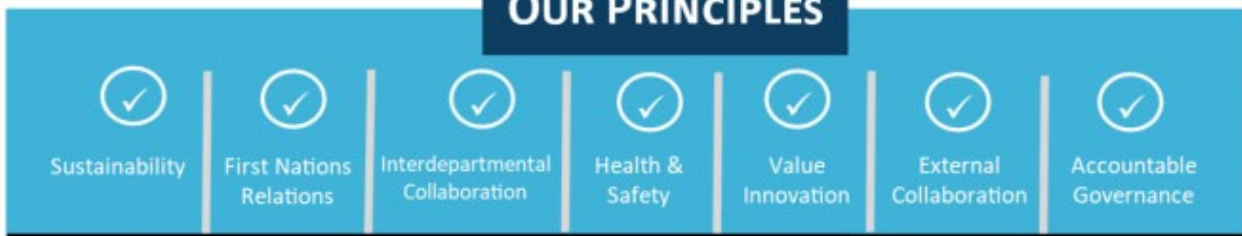
73.8

Square km of homes, orchards,
mountains & lakes

2020 Strategic Priorities



OUR PRINCIPLES





Strategic Priority Projects & Initiatives

Updated after discussion on 28th October 2020

Infrastructure Investment	Good Governance	Community Resiliency	Alternative Energy	Active Lifestyles	Downtown Vibrancy
Asset Management	Process Improvement	Affordable / Supportive Housing Opportunities & Partnerships	Solar & Battery Project (G)	Community Health & Wellness Centre	Downtown Plan
Capital Plan / Priorities Road and water main 10yr plan	Penticton Indian Band Relationship / Priorities	Chamber of Commerce – Industry Engagement / 5yr Plan	Climate Action Plan Implementation	Parks & Recreation Master Plan Implementation	Arts & Culture Centre renovations (G)
Giants Head Road – road and water system	Bylaw Updates	Cultural Plan Implementation	Community Energy Strategy	Arena Assessment	Main Street Outdoor Patio Design Guidelines
Voltage Conversion Project (G)	Short Term Vacation Rentals	South Okanagan Agricultural Food Hub		Memorial Park Playground	Downtown infrastructure
Road Condition Assessment	Tax Base / Agricultural Land Assessment	Community Conversation			
Eneas Creek Strategy					
Isintok dam upgrades					
Trout Creek Flume (G)					
Organics Processing Facility (G)					
Watershed Management					
Perpetual Slide					
Deer Ridge Sewer					

2020 Council Advisory Committees

Advisory Planning Commission

Reviews land use planning applications that require amendments to the Official Community Plan and Zoning Bylaw with recommendations included in the staff report to Council.

Agricultural Advisory Committee

Advises Council on ALR applications, OCP and zoning applications affecting lands in the ALR, and on sustainable agricultural land use from a multiple bottom line (i.e. cultural, economic, environmental, and social) perspective.

Development Process Improvement Advisory Committee

Provides advice and assistance to Council and staff to review and update bylaws, processes and procedures as they relate to planning, development and construction in the community.

Downtown Neighbourhood Plan Task Force

Leads a Downtown Planning Process to develop a Plan for the future of Summerland's Downtown.

Community Climate Action Advisory Committee

Supports Council in achieving the District's community-wide greenhouse gas (GHG) emission reduction targets and accompanying objectives related to Climate Action, as identified in the Official Community Plan.

Cultural Development Committee

Provides a local perspective and advice to Council on arts and cultural development within the community with consideration of the District of Summerland Cultural Plan.

Parks & Recreation Advisory Committee

Provides a local perspective and advice to Council and staff on the provision of parks and recreation services, programs, and facilities in Summerland with consideration of the District of Summerland Parks & Recreation Master Plan.

DISTRICT OF SUMMERLAND



MISSION

To foster a progressive, healthy, and innovative community by continually improving our social, environmental, cultural, and economic well-being for present and future generations

VISION

We respect our traditional small town character and proactively work to ensure balance among our shared values of protecting our natural environment, supporting a sustained local economy, showcasing cultural and historical legacies and providing quality facilities and services for our diverse population both now and for future generations

VALUES

Honesty - We are trustworthy, accountable and follow through on commitments.

Respect - We treat everyone equally and justly, and we hold each other and those we serve in high regard.

Creativity - We are imaginative, original, innovative, progressive and resourceful in accomplishing our tasks.

Transparency - We communicate clearly and accurately and offer easy public access to information.

Report from the Chief Administrative Officer

I took on the role of Chief Administrative Officer for the District of Summerland on January 4, 2021. Coming into the role I made it my focus to understand the status of items from operations and finance to Council priorities. So, it is with authenticity that I can say I am impressed by the work done by Council and staff in 2020, a year challenged with uncertainty and instability because of the pandemic.

Most impressive to me was the consistent delivery of high-quality services despite the pandemic. From my background, I have firsthand experience leading staff in the public service through things such as natural disasters and similar situations, and one of the things that is often overlooked is that the people providing the response and recovery are experiencing their own challenges.

In this case, staff experienced the same public health orders, canceled vacations, and changes to their work environment to accommodate government direction. All this while managing kids at home, or taking care of elderly family members, and—in some cases—dealing with COVID 19 in their own homes. But the power stayed on, safe drinking water was delivered to homes, streets continued to be plowed and garbage and recyclable materials were removed to the landfill. And Council continued to be briefed on options for critical decision making as they governed through this unusual time.



Stepping into 2021 it is refreshing to start to see the green shoots of recovery and regularization of society as we see the vaccination numbers increasing. 2020 had its challenges, but progress was made, and our community has transcended circumstances together to continue to see our way through it. As we turn our focus to the future, I am proud to highlight the work done in 2020 by the Council and staff of the District of Summerland

Graham Statt,
Chief Administrative Officer

Financial Services

2020 YEAR IN REVIEW

OVERVIEW

- Operational and Capital Budgeting
- Financial Reporting
- Grant Administration
- Payroll
- Property Taxation
- Annual Agricultural Water Billing
- Monthly Utility and Receivable Billing
- Invoice Processing and Payment
- Dog Licensing



ACCOMPLISHMENTS

- COVID-19 Financial Impact Assessments & Susequent Financial Plan Amendments
- Agicultural Water
- Annual Budgeting

2021 PRIORITIES

- Taxation Distribution Amongst Property Classes
- Timesheet Entry Module
- Overall Revenue Assessment
- Fees and Charges Review
- Net Metering Billing Automation
- Not-for-Profit Permissive Tax Exemption Review

7,011

Vendor invoices
processed

74,188

Invoices Issued

6,598

Property Tax Notices
Issued

GIANT'S HEAD

MOUNTAIN PARK



Corporate Services

2020 YEAR IN REVIEW



EMBRACING TECHNOLOGY

The shift to electronic meetings and working-from-home led 2020 Corporate Services activities. Throughout the year, multiple options were created for the public to participate in Council decision-making and access services. The District conducted business in-person, remotely and on-line in response to public health orders, setting the stage for the growth of our technology infrastructure into 2021.

ACCOMPLISHMENTS

- IT Needs Assessment & 5-year Roadmap complete
- Council Policy - Electronic Meetings -Public Participation adopted
- Summerland Spatial Viewer - District's interactive GIS mapping app launched
- Procurement & Contract Administration integrated

PRIORITIES - 2021

- Audio-Visual upgrades in Council Chamber
- GIS Needs Assessment - Works & Infrastructure
- Open Data Portal
- Internal Policy & Process review



73

Meetings of Council

1581

Help-desk tickets managed

104

Spatial Viewer layers

Community Services

2020 YEAR IN REVIEW

SEPTEMBER 2020

NEW! Community Services Department was established to include:

- Recreation Facilities, Programs & Services
- Parks Administration
- Parks & Trails Planning Projects
- Community Development
- Arts, Culture and Heritage



8,085

Registered Recreation Members

490

Red Cross Swim Lesson
registrations

917

Recreation program
registrations

Community Services

2020 at a Glance

Accomplishments

- Giant's Head Mountain Trails Redevelopment Project - completed Phases 1 & 2
- Proposed Summerland Community Recreation & Health Centre - community engagement & building needs assessment
- Electric lithium ion Zamboni purchased as another step to a more eco-friendly arena
- Dog Park - completed phase 2 work in exploring options for off-leash, fenced dog park
- New software program for staff scheduling implemented
- Supported a variety of film productions in Summerland
- Partnered with Lake Country's ArtWalk project - three Adirondack chairs painted by Okanagan artists were installed at Peach Orchard Beach
- Due to COVID-19, quickly closed recreation buildings, parks and programs as required
- Developed and continually updated COVID-19 Safety Plans and implemented a phased re-opening to parks and recreation facilities, programs, and services



45%

Program registration
conducted online

1760

RECOPE visits in 4
months of service

66.5

km trail network
within the District's
boundaries

Community Services

2021 Priorities

- Monitor and update COVID-19 protocols and services for parks & recreation
- Implement Memorial Park master planning process with the Downtown Plan
- Decommission and construct a new destination playground in Memorial Park
- Implement an Arena Condition Assessment
- Complete the Waterfront Concept Plan
- Complete the South Okanagan Similkameen Child Care Action Plan
- Complete the Summerland Arts & Cultural Centre renovations and implement services in the new spaces
- Proposed Summerland Community Recreation & Health Centre project – implementation of Feasibility and Site Fit Studies
- Parks & Recreation Fees and Charges review and bylaw update
- Implement phase 3 work in exploring options for a fenced off-leash dog park in Summerland



Development Services

2020 YEAR IN REVIEW



ACCOMPLISHMENTS

Planning and Development

- Initiation of Development Process Improvement Committee and Downtown Neighbourhood Plan Task Force
- Update to the District's Zoning Bylaw - Administrative and Customer Service changes
- New! Development Applications Procedure Bylaw - To help streamline and improve approval timelines, and provide clarity to development applicants on the approval process
- Creation of **FREE** Pre-application process for all applicants to gather District comments prior to applying (for complex projects)
- Review of policy restrictions to development on slopes over 30% in grade

30

SUBDIVIDED LOTS

39

VARIANCES

13

REZONINGS

18

DEVELOPMENT
PERMITS

Development Services

2020 YEAR IN REVIEW

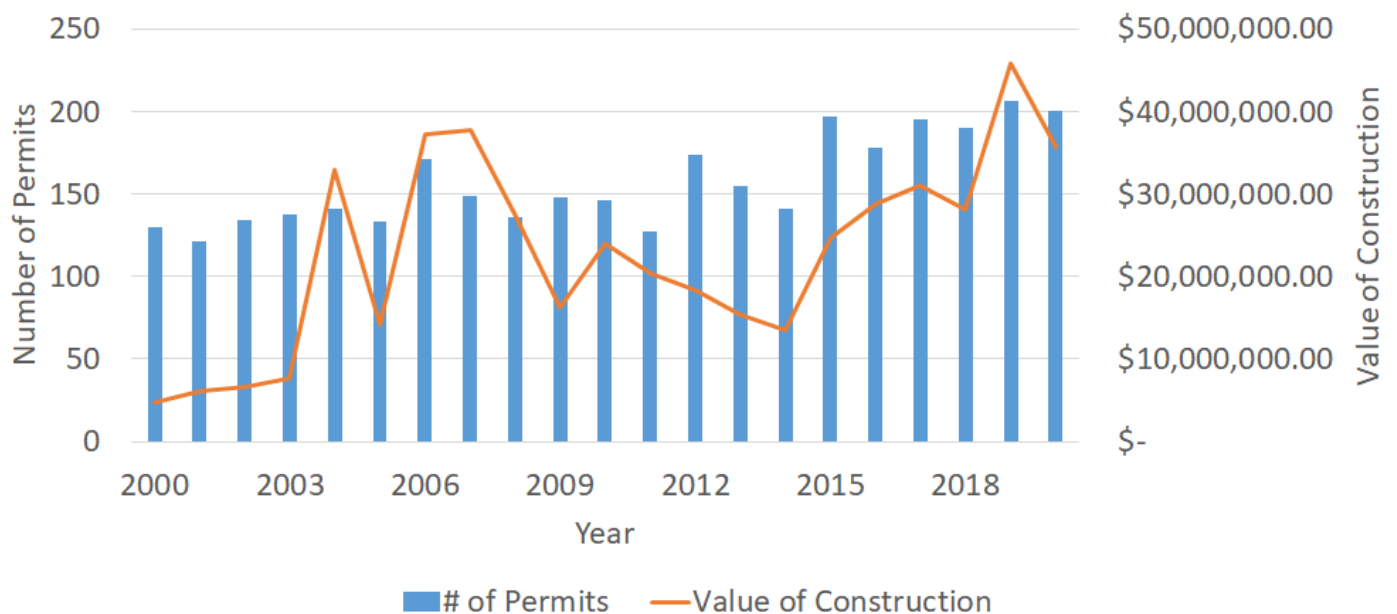
ACCOMPLISHMENTS

Building and Construction

- Despite the COVID-19 Pandemic, the District issued \$35 million construction value in building permits. This represents the fourth highest amount over the last 20 years
- A total of 200 building permits were issued. This was the second most permits ever issued by the District



Comparison of Building Permits Issued - Construction Value 2000 to 2020



\$35M

TOTAL CONSTRUCTION VALUE

200

BUILDING PERMITS

Development Services

2020 YEAR IN REVIEW

ACCOMPLISHMENTS

Bylaw Enforcement

- Supported Provincial Health Order enforcement efforts due to COVID-19
- Included new 'Parks Ambassador' to ensure COVID rules were being enforced in District park spaces
- Extension of bylaw enforcement coverage into weekends



1681

BYLAW FILES GENERATED

153

BUSINESS LICENSES

183

COVID-19 COMPLAINTS



Works & Infrastructure

2020 YEAR IN REVIEW

ABOUT US

The Works & Infrastructure team consists of 43 full-time, 1 part-time and 11 seasonal staff.

SERVICES WE PROVIDE

- Water treatment & distribution
- Watershed, dams & reservoirs
- Sewer collection & treatment
- Water & sewer service installations/repairs
- Hydrant maintenance & flushing
- Storm sewers & drainage
- Snow removal & ice control
- Street sweeping & roadside mowing
- Dike Maintenance & creek maintenance
- Banners & seasonal decorative lighting
- Cemetery interments & maintenance
- Landfill operations
- Curbside Collection
- Municipal building maintenance
- Fleet & equipment maintenance
- Signage & line painting
- Beach & playground maintenance
- Sports fields & parks maintenance
- Public washrooms
- Tree, planting bed & boulevard maintenance

150km

Paved Roadways

220km

Watermains

80km

20

Sanitary Sewer

Works & Infrastructure

2020 Accomplishments



- Peach Orchard Beach path reconstructed
- Road and watermain projects
 - Quinpool Road watermain replacement & road reconstruction
 - Doherty Avenue & Bathville Road road reconstructed
 - Victoria Road north of Turner Street repaved
- Landfill 2nd scale & entrance upgrades
- Asset Management
 - Business Case & Project Prioritization framework
 - Road Condition Assessment



1.7km

Roads Repaved

770

Million Litres of
Wastewater Treated

120,000

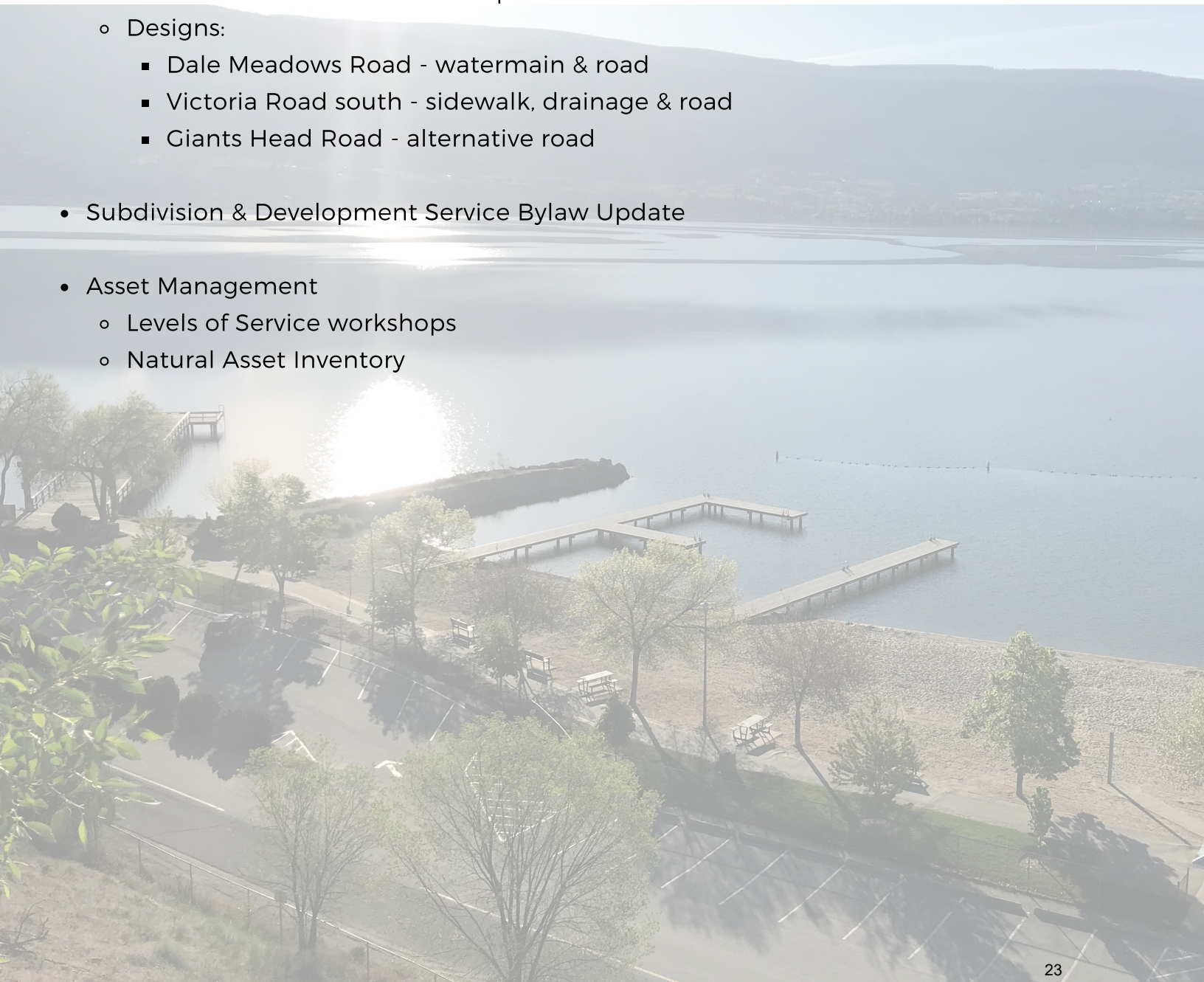
Vehicles crossed the²¹
Landfill Scale



Works & Infrastructure

2021 Priorities

- Landfill Compliance & Organics Processing Facility
- Road & Watermain improvements
 - Construction:
 - Canyon View Road - watermain & road
 - Peach Orchard & Rotary Beach pathway
 - Eneas Creek Improvements
 - Lakeshore Drive - shoreline protection & road
 - Designs:
 - Dale Meadows Road - watermain & road
 - Victoria Road south - sidewalk, drainage & road
 - Giants Head Road - alternative road
- Subdivision & Development Service Bylaw Update
- Asset Management
 - Levels of Service workshops
 - Natural Asset Inventory



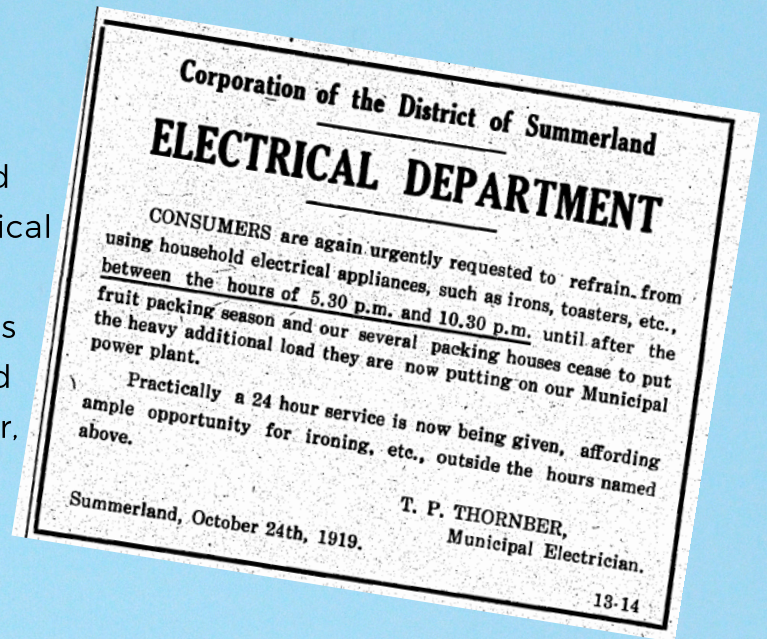
Summerland Electric Utility

Power History

Summerland is one of only five municipalities in BC that owns its electrical utility.

For over 110 years the District has proudly served the community with safe, reliable, and economical energy.

Summerland Electric Utility's seven employees all live within the community and are dedicated to keeping your lights on no matter the weather, temperature or time of day.



Power Generation

Currently, the Electric Utility purchases the majority of its electrical energy from the local transmission wholesaler and small amounts from individual customers with solar installations. This is a traditional model for Municipal Electric Utilities; however, Summerland's Electric Utility will soon be generating its own electricity through its innovative Solar and Battery Energy Storage project. This is in keeping with Summerland's roots as an electrical generator when one of the first hydro plants in BC was commissioned by Summerland around 100 years ago.

Power Distribution

Our electrical distribution network is the backbone of our power delivery system and is currently meeting the needs of existing customers. This electric distribution system consists of over 3,000 power poles, 2,500 transformers, 5,000 revenue meters and over 330 km of wire!

Electric Utility

2020 YEAR IN REVIEW

Accomplishments

- Pandemic Response
- Solar & Battery project advancement
- Energy Strategy advancement
- EV charging stations

Our Future

The future is full of opportunities for our Electrical Utility. With the many developments occurring in the community (subdivisions and large commercial customers) it is expected our loads will increase over the next 5 years. This increase, coupled with expected energy savings from our Solar and Battery Energy Storage project of around 0.7MWh per year, will result in an increase in financial performance for Summerland's Electrical Utility.

Continuous Improvement

As the Electrical Utility looks towards the future it is focusing on improving existing process and work practices. Due to the pandemic, 2020 saw a slow start to these improvements. But our resolve to streamline and modernize processes for customers has never been stronger. This year we had the opportunity to bring on young and energetic employees who care deeply for customer service and safety. Our focus on prudent Asset Management will ensure the utility is positioned for another 110 years of successfully providing safe, reliable, and economical energy to our customers.



Jeremy Storvold, General Manager

2021 Priorities

- Pandemic Response
- Energy Strategy
- Solar & Battery project advancement
- Bylaw updates
- Business Process Improvements
- Customer surveys
- EV charging station

Sustainability & Alternative Energy

2020 YEAR IN REVIEW

Our Future

The District of Summerland has been actively engaged since at least 2010 on climate action, taking steps to reduce greenhouse gas (GHG) emissions and adapt to changes in the environment, and has both a Community-Wide and a Corporate Energy & Emissions Plan to guide climate action in our community. In 2020, Council adopted a new Community Energy & Emissions Reduction Plan, which includes updated GHG emissions reduction targets of 18% below 2007 levels by 2025, 30% by 2030, and 80% by 2050. Additionally, as a signatory to the BC Climate Action Charter, the District of Summerland has committed to working towards becoming carbon neutral in operations.

Accomplishments

- Efficiency in Action Award
- Solar & Battery project site brownfield cleanup; 12,000kg of hazardous materials removed!
- Expanded the Electric Vehicle Charging Network adding 22 new public charging stations
- Asset Management Strategy - prioritization framework includes GHG emissions, environmental impacts & natural asset utilization opportunities
- Remote events - Earth Week & Earth Day, Go by Bike, Waste Reduction Week



2021 Priorities

- Electric Vehicle community education
- Solar & Battery project advancement
- Corporate Energy & Emissions Management Plan
- Green Fleet Action Planning

Fire Department

2020 YEAR IN REVIEW

ABOUT US

The Summerland Fire Department was established in 1949, with the current Fire Hall constructed in 1966/1967. The Department is home to a professional and volunteer team with an average age of 47 years

ACCOMPLISHMENTS

- Completion of wildfire fuel modification project in Deer Ridge
- Completion of the Community Wildfire Protection Plan (revision)
- FireSmart Canada recognition of two neighbourhoods
- 45 individual certifications obtained by firefighters in 2019



2021 PRIORITIES

- NFPA Firefighter II certification of 7 recruit auxiliary firefighters (13 month certification process)
- FireSmart Public Education Program and FireSmart demonstration area at Summerland Arena
- Develop RFP for wildfire "Fuel Management Prescription" project
- Fire Hall office renovation (capital project)
- Completion of new wildfire bush truck

427

Open burning permits issued*

278

Emergency response incidents *

628

property inspections conducted*

40

Public education sessions*

711

Firefighter training hours*

(*Statistic based on 5-year averages)



Police (RCMP)

2020 YEAR IN REVIEW

The Summerland RCMP Detachment is committed to keeping our community safe. We have a partnership with our community, providing safety and security through professional service based on our traditions of fairness and equality.

Our mandate is multi-faceted in that we prevent and investigate crime, maintain order, enforce laws on matters as diverse as health, the protection of government revenues, contribute to national security, and provide vital operational support services to other agencies.

The Summerland RCMP Detachment administers and supports the Citizens on Patrol program and works closely with the South Okanagan Similkameen Crime Stoppers organization.

MESSAGE FROM THE DIRECTOR OF FINANCE

I am pleased to present the District of Summerland audited financial statements for the year ended December 31, 2020.

As noted in the management report, Council has delegated the responsibility for the accuracy, integrity and objectivity of the financial information presented in the financial statements to the management staff of the District. The financial statements, as required by the *Community Charter*, have been prepared and meet the reporting standards for local governments.

The financial statements reflect a continued improvement in the financial position of the District of Summerland. 2020 Net Financial Assets, which measures a municipalities ability to cover its financial liabilities with its financial assets, increased by \$4.1 million. Overall, revenues increased by \$1.5 million. The largest contributing factor to this increase was the District receiving \$2.7 million in COVID-19 Safe Restart grant funding from the Province of BC in November. Offsetting this large influx of grant funding was an overall decrease in gains from disposal of capital assets of \$766,300, as the District did not dispose of many assets during 2020, when compared to 2019.

2020 expenses of \$33.6 million increased \$1.56 million over 2019. As in previous years some departments saw expenditures increase, while other departments had expenditures decrease. The most significant increase saw the District's landfill closure amount increase by \$1.07 million. This increase was primarily due to a decrease in the discount rate that is used to calculate the Net Present Value of the overall landfill closure liability. Additionally, the District incurred \$705,650 in COVID-19 related expenses throughout the year, on top of normal operational expenses.

The District ended the year with a \$6.5 million increase to accumulated surplus, which has an overall balance of \$126.4 million. Accumulated surplus includes investment in tangible capital assets, funds held in reserve and unappropriated surplus. The General Fund ended the year with \$1.96 million unappropriated surplus, an increase of \$451,864. The Water Fund ended the year with \$2.27 million unappropriated surplus, an increase of \$337,200. The Sewer Fund ended the year with \$923,400 unappropriated surplus, an increase of \$298,700. The Electric Fund ended the year with \$3.53 million unappropriated surplus, an increase of \$98,000. The surplus increases in each fund were primarily due to lower than budgeted spending due to the COVID-19 pandemic.

Funds held in reserve increased \$2.6 million and total \$24.0 million. The primary reasons for this increase were due to the District not moving forward with budgeted 2020 capital acquisitions funded through reserves, as well as Council's commitment of putting additional funds into reserves. The 2020 capital budget was \$24.1 million with \$6.1 million

being expended, thereby increasing the District's investment in tangible capital assets to a total of \$102.4 million.

Council's ongoing commitment to ensure the financial stability of the District will provide a strong framework in meeting community needs in future years.

Respectfully submitted,

A handwritten signature in black ink, consisting of a series of fluid, overlapping strokes that form a stylized 'D' and 'S'.

David Svetlichny, CPA, CA
Director of Finance

The Corporation of the District of Summerland
Financial Statements
For the year ended December 31, 2020

The Corporation of the District of Summerland

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For the year ended December 31, 2020

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Management's Responsibility

To the Mayor and Council of The Corporation of the District of Summerland:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles for local governments and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of the financial statements.

The Mayor and Council are composed entirely of individuals who are neither management nor employees of the District. The Mayor and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Mayor and Council fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Mayor and Council are also responsible for appointing the District's external auditors.

BDO Canada LLP, an independent firm of Chartered Professional Accountants, is appointed by the Mayor and Council to audit the financial statements in accordance with Canadian generally accepted auditing standards and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

April 26, 2021

A handwritten signature in black ink, consisting of several overlapping loops and strokes, positioned above a solid horizontal line.

Director of Finance

Independent Auditor's Report

To the Members of Council, inhabitants and ratepayers of the District of Summerland

Opinion

We have audited the financial statements of the District of Summerland (the "District"), which comprise the statement of financial position as at December 31, 2020, and the statement of operations, the statement of change in net financial assets and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as at December 31, 2020, and its results of operations, its change in net financial assets, 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 District 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 the 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 District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District'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 District'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 District'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 District 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the District to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 22 of the District's Financial Statements.

Chartered Professional Accountants
Kamloops, British Columbia
April 26, 2021

The Corporation of the District of Summerland
Statement of Financial Position
As at December 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	\$ 22,507,467	\$ 17,077,079
Accounts receivable (Note 2)	4,601,054	4,494,817
Portfolio investments (Note 3)	11,652,680	11,149,998
Deposit - Municipal Finance Authority (Note 4)	625,626	613,013
	39,386,827	33,334,907
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	5,915,554	4,688,042
Landfill closure and post closure liability (Note 6)	3,187,638	1,385,985
Deferred revenue (Note 7)	6,762,606	6,287,857
Deposits	1,677,591	1,241,905
Long-term debt (Note 8)	13,380,793	15,409,866
	30,924,182	29,013,655
Net financial assets	8,462,645	4,321,252
Non-financial assets		
Tangible capital assets (Note 9)	115,800,021	113,838,425
Prepays	410,547	291,776
Inventories of supplies	1,712,147	1,415,717
	117,922,715	115,545,918
Accumulated surplus (Note 10)	\$126,385,359	\$119,867,169

Contingent liabilities and commitments (Note 14)



 Director of Finance



 Mayor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the District of Summerland
Statement of Operations and Accumulated Surplus

For the year ended December 31, 2020

	Budget (Note 16)	2020	2019
Revenue			
Taxation - net (Note 12)	\$ 11,937,158	\$ 11,947,726	\$ 11,448,838
Government transfers (Note 13)	11,520,076	4,884,598	2,959,365
User fees, sales and rentals	20,444,979	20,094,716	20,029,503
Permits, licenses and fines	632,886	617,399	570,659
Investment income	140,000	336,571	345,831
Actuarial earnings	897,689	897,690	899,874
Penalties and interest on taxes	93,500	86,737	95,975
Franchise	103,800	106,201	98,261
Contributions	1,098,175	871,225	967,631
Other	1,161,791	259,208	434,135
Gain on disposal of tangible capital assets	-	10,716	777,079
	48,030,054	40,112,787	38,627,151
Expenses			
General government services	2,375,563	1,899,398	2,095,912
Protection services	3,199,998	2,880,889	2,775,173
Transportation services	5,045,941	3,046,930	3,221,331
Environmental services	2,104,714	3,400,107	2,225,915
Health services	108,014	84,483	82,723
Planning and development	1,071,951	677,753	774,023
Parks and recreation	3,515,707	2,645,473	3,341,868
Water services	5,785,881	4,908,822	4,552,156
Sewer services	2,955,537	2,680,570	2,527,583
Electrical services	12,041,938	11,370,172	10,436,632
	38,205,244	33,594,597	32,033,316
Annual surplus	9,824,810	6,518,190	6,593,835
Accumulated surplus, beginning of year	119,867,169	119,867,169	113,273,334
Accumulated surplus, end of year	\$ 129,691,979	\$ 126,385,359	\$ 119,867,169

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the District of Summerland
Statement of Changes in Net Financial Assets
For the year ended December 31, 2020

	Budget (Note 16)	2020	2019
Annual surplus	\$ 9,824,810	\$ 6,518,190	\$ 6,593,835
Acquisition of tangible capital assets	(24,074,180)	(6,122,064)	(4,767,330)
Amortization of tangible capital assets	4,738,000	4,160,468	4,034,262
Gain on disposal of tangible capital assets	-	(10,716)	(777,079)
Proceeds on sale of tangible capital assets	-	10,716	2,002,090
	(9,511,370)	4,556,594	7,085,778
Change in prepaids	-	(118,771)	(56,617)
Change in inventory of supplies	-	(296,430)	(371,792)
Increase (decrease) in net assets	(9,511,370)	4,141,393	6,657,369
Net financial assets (debt), beginning of year	4,321,252	4,321,252	(2,336,117)
Net financial assets (debt), end of year	\$ (5,190,118)	\$ 8,462,645	\$ 4,321,252

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the District of Summerland
Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
Operating transactions		
Annual surplus	\$ 6,518,190	\$ 6,593,835
Items not involving cash		
Amortization	4,160,468	4,034,262
Gain on disposal of tangible capital assets	(10,716)	(777,079)
Landfill closure and post closure costs	1,801,653	735,327
Contributed tangible capital assets	(100,400)	(8,150)
	5,851,005	3,984,360
Changes in non-cash operating balances		
Accounts receivable	(106,237)	3,487,714
Prepays	(118,771)	(56,617)
Inventories of supplies	(296,430)	(371,792)
Accounts payable and accrued liabilities	1,227,512	701,554
Deferred revenue	474,749	261,772
Actuarial reduction of long-term debt	(897,690)	(899,874)
Deposit - Municipal Finance Authority	(12,613)	27,498
Deposits	435,686	506,942
	706,206	3,657,197
	13,075,401	14,235,392
Capital transactions		
Acquisition of tangible capital assets	(6,021,664)	(4,759,180)
Proceeds on disposal of tangible capital assets	10,716	2,002,090
	(6,010,948)	(2,757,090)
Investing transactions		
Acquisition of portfolio investments	(502,682)	(2,683,860)
Financing transactions		
Repayment of long-term debt	(1,131,383)	(1,197,682)
Net change in cash and cash equivalents	5,430,388	7,596,760
Cash and cash equivalents, beginning of year	17,077,079	9,480,319
Cash and cash equivalents, end of year	\$ 22,507,467	\$ 17,077,079

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the District of Summerland

Notes to the Financial Statements

For the year ended December 31, 2020

The Corporation of the District of Summerland (the "District") was incorporated under the laws of the Province of British Columbia in 1906 and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. Its principal activities include the provision of local government services to residents of the incorporated area. These include general government, fire protection, planning and development, parks and cultural services, utilities, and fiscal services. Under Section 149(1)(c) of the Income Tax Act, the District is exempt from taxation.

1. Significant accounting policies

The financial statements of the District are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation

i) Consolidated entities

The District does not control any significant external entities and accordingly no entities have been consolidated in the financial statements.

ii) Accounting for other government organizations and School Board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the other government entities and the School Boards with which the District interacts are not reflected in these financial statements. Funds collected by the District on behalf of these other entities and transmitted to them are summarized in Note 12. Funds received by the District as transfers from other government entities are summarized in Note 13.

(b) Basis of accounting

The District follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The Corporation of the District of Summerland

Notes to the Financial Statements

For the year ended December 31, 2020

1. Significant accounting policies (continued)

(c) Revenue recognition

Taxation revenues are recorded on an accrual basis and recognized as revenue in the year they are levied. Charges for electric, sewer and water usage are recorded as user fees when the service or product is provided. Connection fee revenues are recognized when the connection has been established. Sales of service and other revenue is recognized when the service or product is provided.

The District recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the District recognizes revenue as the liability is settled.

Non-government conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(d) Deferred revenue

Funds received from non-government sources 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 statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

(e) Investment income

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

(f) Reserves

Non-statutory reserves represent an appropriation of surplus for specific purposes. Statutory reserves are restricted by the Community Charter and the associated municipal bylaws that established the reserves.

(g) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with a term to maturity of 90 days or less at acquisition and readily convertible to cash.

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies (continued)

(h) Portfolio investments

Portfolio investments are recorded at cost. When there is a decline in the market value, which is other than temporary in nature, investments are written down to the market value.

(i) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined principally on a weighted average and specific item basis, or replacement cost.

(j) Long-term debt

Long-term debt is recorded net of related sinking fund balances.

(k) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2020.

At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(l) Non-financial assets

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

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies (continued)

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings	20-50
Roads and sidewalks	20-50
Machinery and equipment	5-20
Water utility	10-80
Sewer utility	10-50
Electric utility	10-50

Annual amortization is charged in the year following acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization

The District does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

1. Significant accounting policies (continued)

(m) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Significant estimates include assumptions used in estimating provisions for useful lives of tangible capital assets, liability for landfill closure and post-closure and liability for contaminated sites.

2. Accounts receivable

	2020	2019
Property taxes	\$ 547,735	\$ 563,414
Utilities	1,798,574	1,741,161
Other governments	1,060,100	1,095,199
Trade and other	1,250,696	1,152,043
Allowance for doubtful accounts	(56,051)	(57,000)
	\$ 4,601,054	\$ 4,494,817

3. Portfolio investments

	2020	2019
MFA short-term bond fund	\$ 9,776	\$ 9,566
MFA money market fund	69,246	68,665
Guaranteed Investment Certificates, interest ranging from 0.25% to 1.15% and maturing June, 2021 to September, 2022	11,573,658	11,071,767
	\$ 11,652,680	\$ 11,149,998

The income from portfolio investments for the year was \$329,150 (2019 - \$429,159), where \$48,694 (2019 - \$69,473) has been deferred. The market value of the District's portfolio investments was \$11,651,333 (2019 - \$11,149,768).

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

4. Municipal Finance Authority debt reserve

The District issues its debt instruments through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are withheld as cash deposits by the Municipal Finance Authority as a debt reserve fund. The District also executes demand notes in connection with each debenture whereby the District may be required to loan certain amounts to the Municipal Finance Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at the end of the year are as follows:

	Demand Notes	Cash Deposits	2020	2019
General fund	\$ 179,202	\$ 87,642	\$ 266,844	\$ 265,077
Water fund	532,310	279,299	811,609	805,978
Sewer fund	348,812	258,685	607,497	602,282
	\$ 1,060,324	\$ 625,626	\$ 1,685,950	\$ 1,673,337

5. Accounts payable and accrued liabilities

	2020	2019
Trade and other	\$ 4,709,109	\$ 3,626,046
Wages and benefits	840,975	689,602
Due to funds held in trust	365,470	372,394
	\$ 5,915,554	\$ 4,688,042

The Corporation of the District of Summerland

Notes to the Financial Statements

For the year ended December 31, 2020

6. Landfill closure and post closure liability

	2020	2019
Landfill closure costs	\$ 1,801,421	\$ 818,917
Landfill post closure costs	1,386,217	567,068
	\$ 3,187,638	\$ 1,385,985

In accordance with PS 3270, liabilities with respect to permanently closing and monitoring a landfill are incurred as landfill capacity is used. Landfill closure costs include placing a permanent cover over the face of the landfill. Post closure costs include landfill gas monitoring and general site maintenance for a period of 25 years after the landfill is closed.

Landfill closure costs are estimated based on the unused capacity of the landfill site. Management, with the assistance of an engineering firm, has projected the remaining life of the 950,000 m³ of airspace in the landfill to be 58 years, closing in the year 2078. Landfill closure costs are estimated at \$1,801,421 (2019 - \$818,917). As at December 31, 2020, \$652,345 (2019 - \$874,495) has been set aside in reserves for this purpose. The balance of the landfill closure costs are expected to be funded by a combination of future reserve account contributions and borrowing.

Post closure costs are estimated to manage the closed landfill for a period of 25 years, the statutory period required by the Province, using a number of factors including the unused capacity of the landfill, the probable closure date, the annual maintenance costs and the present value discount rate. The discount rate is the difference between the long-term Municipal Financing Authority borrowing rate (0.91%, 2019 - 2.24%) and the current Consumer Price Index (1.94%, 2019 - 2.0%). The estimate of the annual costs is \$150,000. Total post closure costs are estimated to be \$1,386,217 for 2020 (2019 - \$567,068) based on 19.0% (2019 – 17.6%) of the landfill capacity used to this date and a 58-year lifespan to 2078 and a discount rate of -1.03% (2019 – 0.24%). Post closure costs are expected to be funded by annual budget appropriations in the years in which they are incurred.

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

7. Deferred revenue

	Opening balance	Deferred transactions	Externally restricted investment income	Revenue recognized	2020 Ending balance
Development cost charges	\$ 4,988,372	\$ 369,285	\$ 48,694	\$ (60,395)	\$ 5,345,956
Property taxes and business licenses	1,299,485	1,405,723	-	(1,288,558)	1,416,650
	\$ 6,287,857	\$ 1,775,008	\$ 48,694	\$(1,348,953)	\$ 6,762,606

8. Long-term debt

	2020	2019
Outstanding debt, beginning of year	\$ 15,409,866	\$ 17,507,422
Repayment of debt	(1,131,383)	(1,197,682)
Actuarial reduction of principal	(897,690)	(899,874)
Outstanding debt, end of year	\$ 13,380,793	\$ 15,409,866

Future payments on net outstanding debt for the next five years and thereafter are as follows:

	General Fund	Water Fund	Sewer Fund	Total
2021	\$ 327,534	\$ 1,050,583	\$ 742,421	\$ 2,120,538
2022	260,649	1,088,945	776,992	2,126,586
2023	270,548	1,128,731	813,203	2,212,482
2024	280,825	1,169,995	212,560	1,663,380
2025	291,494	1,212,794	220,362	1,724,650
2026 and thereafter	1,853,408	1,257,203	422,546	3,533,157
	\$ 3,284,458	\$ 6,908,251	\$ 3,188,084	\$ 13,380,793

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

8. Long-term debt (continued)

Bylaw Number	Purpose	Year Maturing	% Rate	2020 Cash Payments		Balance Outstanding	
				Interest	Principal	2020	2019
General fund							
00-083	Road Improvements	2026	1.750	\$ 17,500	\$ 30,243	\$ 76,421	\$ 149,204
00-083	Road Improvements	2030	1.280	57,800	67,163	1,193,628	1,289,222
00-399	RCMP Building	2030	4.200	131,250	104,943	2,014,410	2,158,032
				206,550	202,349	3,284,459	3,596,458
Water fund							
00-161	Water works upgrade	2025	0.910	108,000	220,570	1,944,047	2,294,316
00-213	Thirsk Dam Expansion	2026	1.750	105,000	201,490	2,314,354	2,649,850
00-195	Water works upgrade	2027	2.250	135,000	201,491	2,649,850	2,972,443
				348,000	623,551	6,908,251	7,916,609
Sewer fund							
98-034	Sewer System construction	2023	2.650	238,500	188,572	1,738,990	2,264,345
00-192	Sewer System construction	2025	1.910	14,400	29,409	259,206	305,909
00-207	Sewer System construction	2026	1.750	35,000	67,164	771,451	883,283
00-192	Sewer System construction	2029	2.250	8,260	6,717	109,421	119,363
16-023	Sewer System construction	2036	2.100	7,686	13,621	309,015	323,899
				303,846	305,483	3,188,083	3,896,799
				\$ 858,396	\$ 1,131,383	\$ 13,380,793	\$ 15,409,866

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

9. Tangible capital assets

	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Sidewalks	Water Utility	Sewer Utility	Electric Utility	Work in Progress	2020 Total	2019 Total
Cost, beg. of year	\$ 14,509,931	\$ 4,954,255	\$ 12,160,582	\$ 12,674,605	\$ 33,705,929	\$ 53,368,321	\$ 38,117,416	\$ 10,456,266	\$ 3,361,841	\$ 183,309,146	\$ 180,036,074
Additions	-	839,408	146,816	1,313,863	703,239	849,284	238,388	717,992	3,372,776	8,181,766	7,067,376
Disposals	-	-	-	(228,852)	-	-	-	-	(2,059,702)	(2,288,554)	(3,794,304)
Cost, end of year	14,509,931	5,793,663	12,307,398	13,759,616	34,409,168	54,217,605	38,355,804	11,174,258	4,674,915	189,202,358	183,309,146
Accumulated amortization, beg. of year	-	-	6,416,123	7,901,586	21,527,431	15,848,558	14,583,397	3,193,626	-	69,470,721	65,705,706
Amortization	-	-	256,647	577,719	1,063,308	1,198,169	883,353	181,272	-	4,160,468	4,034,262
Disposals	-	-	-	(228,852)	-	-	-	-	-	(228,852)	(269,247)
Accumulated amortization, end of year	-	-	6,672,770	8,250,453	22,590,739	17,046,727	15,466,750	3,374,898	-	73,402,337	69,470,721
Net carrying amount, end of year	\$ 14,509,931	\$ 5,793,663	\$ 5,634,628	\$ 5,509,163	\$ 11,818,429	\$ 37,170,878	\$ 22,889,054	\$ 7,799,360	\$ 4,674,915	\$ 115,800,021	\$ 113,838,425

The net book value of tangible capital assets, not being amortized as they are under construction or development is \$4,674,915 (2019 - \$3,361,841). Contributed infrastructure tangible capital assets with a value of \$100,400 were recognized in the financial statements during the year (2019 - \$8,150). Asset additions include \$2,059,702 of work in progress transfers from 2019 (2019 - \$2,300,047). Net cash additions for 2020 are \$6,021,664 (2019 - \$4,759,180).

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

10. Accumulated surplus

The District segregates its accumulated surplus in the following categories:

	2020	2019
Current funds	\$ 15,893,223	\$ 13,879,035
Community Works	2,811,166	2,790,104
Net current funds	18,704,389	16,669,139
Investment in tangible capital assets	102,419,219	98,428,550
Statutory reserve funds (Note 11)	5,261,751	4,769,480
	<u>\$126,385,359</u>	<u>\$119,867,169</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

	Opening balance	Transfer receipts	Interest earned	Expenditure	Ending balance
Community Works	\$ 2,790,104	544,256	26,779	(549,973)	\$ 2,811,166

11. Statutory reserve funds

	Opening balance	Contributions received	Investment income	Expenditure	Ending balance
Land sale	\$ 2,102,144	\$ -	\$ 19,101	\$ (228,215)	\$ 1,893,030
Capital works	1,629,678	1,290,700	18,774	(641,941)	2,297,211
Parking	100,853	-	969	-	101,822
Asset management	936,805	624,618	9,115	(600,850)	969,688
	<u>\$ 4,769,480</u>	<u>\$ 1,915,318</u>	<u>\$ 47,959</u>	<u>\$(1,471,006)</u>	<u>\$ 5,261,751</u>

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

12. Taxation, net

	<u>2020</u>	<u>2019</u>
Property taxes and payments-in-lieu	\$ 11,947,726	\$ 11,448,838
Collections for other governments		
Province of British Columbia - school tax	5,251,691	5,388,656
Regional District	846,082	826,142
Regional Hospital District	866,186	865,219
Municipal Finance Authority	688	669
British Columbia Assessment Authority	149,388	134,502
Okanagan Regional Library	525,085	499,720
	<u>19,586,846</u>	<u>19,163,746</u>
Transfers		
Province of British Columbia - school tax	5,251,691	5,388,656
Regional District	846,082	826,142
Regional Hospital District	866,186	865,219
Municipal Finance Authority	688	669
British Columbia Assessment Authority	149,388	134,502
Okanagan Regional Library	525,085	499,720
	<u>7,639,120</u>	<u>7,714,908</u>
Available for general municipal purposes	<u>\$ 11,947,726</u>	<u>\$ 11,448,838</u>

13. Government transfers

	<u>2020</u>	<u>2019</u>
Provincial Transfers		
Small community grants	\$ 361,359	\$ 363,055
Traffic fine revenue sharing	74,549	66,825
Community Works	571,035	1,133,309
Capital grants	864,226	858,583
Other contributions	26,913	264,654
COVID-19 Safe Restart Grant	2,724,000	-
	<u>4,622,082</u>	<u>2,686,426</u>
Regional transfers		
Okanagan Basin Water Board	<u>262,516</u>	<u>272,939</u>
Total government transfer revenues	<u>\$ 4,884,598</u>	<u>\$ 2,959,365</u>

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

14. Contingent liabilities and commitments

- (b) The District is responsible, as a member of the Regional District of the Okanagan-Similkameen, for its proportion of any operating deficits or long-term debt related to functions in which it participates.
- (c) The District and its employees contribute to the Municipal Pension Plan (a jointly trusteed 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, 2020, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The District paid \$626,538 (2019 - \$617,510) for employer contributions while employees contributed \$547,269 (2019 - \$538,552) to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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.

- (c) A claim has been filed against the District in relation to claims for loss and compensation arising from a capital project undertaken by the District. The District and its lawyers have reviewed the claim and believe that the District did not trespass on the property and the Plaintiffs have been fully compensated. At the date of the financial statements, neither the outcome nor the potential settlement can be foreseen. No provision has been made in the financial statements.

The Corporation of the District of Summerland
Notes to the Financial Statements
For the year ended December 31, 2020

15. Funds held in trust

At the year end, the District held \$1,036,258 (2019 - \$1,028,276) in trust. Certain assets have been conveyed or assigned to the District to be administered as directed by agreement or statute. The District holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the District's financial statements:

	2020	2019
Summerland scholarship	\$ 24,190	\$ 25,044
Cemetery perpetual care	383,117	379,907
Abernethy memorial	82,009	81,229
Summerland education funding	546,942	542,096
	\$ 1,036,258	\$ 1,028,276

16. Annual budget

The financial statements have included the Annual Budget as approved by Council on February 28, 2020. No amendments subsequent to this date have been included. The following is a reconciliation of the budget presentation required for the financial statements and the annual financial plan bylaw:

	2020	2019
Annual surplus	\$ 9,824,810	\$ 14,836,393
Capital expenditures	(24,074,180)	(26,962,419)
Principal repayment of debt	(1,131,383)	(1,197,682)
Transfers from accumulated surplus and reserves	14,717,851	13,323,708
Borrowing proceeds	662,902	-
Net annual budget	\$ -	\$ -

17. Global Pandemic

COVID-19 impacted the global economy significantly in 2020. As the impacts of COVID-19 continue, there could be further impact on the District, its citizens, employees, suppliers and other third-party business associates that could impact the timing and amounts realized on the District's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the District is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The District's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The District will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

The Corporation of the District of Summerland

Notes to the Financial Statements

For the year ended December 31, 2020

18. Segmented information

The District is a municipal government which provides a wide range of services to the citizens and businesses for Summerland. The District is governed by an elected Council comprised of a Mayor and six Councilors whose authority is set in the *Community Charter* and *Local Government Act*. The District's operations and activities are organized and reported by Funds and departments. The General Fund reports on operations, funded primarily by property taxes, which include services provided by the District such as general government services, protective services, transportation services environmental services, health services planning and developmental services, parks and recreation services. The utility operations are comprised of the water, sewer and electrical systems, and each accounting for its own operations and programs within their own funds. Operating results of the following segments are reported as follows:

General Government services are comprised of a number of functions including Corporate Services and Finance which involves staff working closely with Council and community partners to coordinate the delivery of a wide range of functions and services. Corporate Services is responsible for Administration, Information Technology, Human Resources, Occupational Health and Safety and Legislative Service functions. Finance is responsible for the collection of tax revenues, utility billing and all treasury and accounting functions. Revenues associated with this segment include all those amounts that cannot be directly attributed to other segments including taxation, grants in lieu, and interest revenue.

Protective services include police services under contract with the Royal Canadian Mounted Police, bylaw enforcement and animal control under contract to a third party, emergency measures services, and building inspection. Fire protection is provided by a composite department responsible for fire suppression, fire inspections and public education training.

Transportation services include equipment and civic building maintenance, and the maintenance of roads, signs, sidewalks, street lighting and storm drains. This segment is also responsible for the planning and implementation of the capital works program for all infrastructure as well as climate action program reporting.

Environmental services include garbage collection and recycling.

Health services include the operations related to cemetery functions.

Planning and Development services include all planning and building related process, long range and current planning, land use applications and economic development functions.

Parks and Recreation services include providing and coordinating leisure and recreational services, and maintaining recreational facilities, parks and trails.

Water services include the operating activities that relate to the treatment, distribution and maintenance of the water system including the dams and the water treatment plant.

Sewer services include the operating activities that relate to the collection and treatment of wastewater, maintenance of the related equipment including the wastewater treatment plant.

Electrical services include the operating activities that relate to power distribution and maintenance of the electrical system and related equipment.

The Corporation of the District of Summerland
Notes to Financial Statements
For the year ended December 31, 2020

18. Segmented information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Health Services	Planning & Develop Services	Parks & Recreation Services	Water Services	Sewer Services	Electrical Services	Actual 2020
Revenue											
Property tax	\$ 9,676,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,676,162
Parcel tax	-	-	-	-	-	-	-	1,538,430	733,134	-	2,271,564
Government transfers	4,059,910	15,288	180,963	283,991	-	-	-	-	309,439	35,007	4,884,598
User fees, sales and rentals	161,092	7,095	16,583	1,861,587	32,095	-	552,224	3,810,945	1,503,173	12,149,922	20,094,716
Permits, licenses and fines	157,272	24,057	-	-	-	436,070	-	-	-	-	617,399
Investment income	336,571	-	-	-	-	-	-	-	-	-	336,571
Actuarial earnings	109,650	-	-	-	-	-	-	384,807	403,233	-	897,690
Penalties and interest on taxes	86,737	-	-	-	-	-	-	-	-	-	86,737
Franchise	106,201	-	-	-	-	-	-	-	-	-	106,201
Contributions from developers	3,400	-	3,500	97,000	-	-	5,200	89,952	8,510	663,663	871,225
Other	43,932	-	132,955	-	-	-	-	27,171	5,023	50,127	259,208
Gain (loss) on disposal	-	-	10,700	-	-	-	16	-	-	-	10,716
	14,740,927	46,440	344,701	2,242,578	32,095	436,070	557,440	5,851,305	2,962,512	12,898,719	40,112,787
Expenses											
Labour and benefits	1,006,993	989,615	1,240,849	283,877	55,374	410,023	1,340,100	1,121,343	610,086	887,425	7,945,685
Contracted services	435,961	1,545,733	1,052,001	1,164,405	15,479	262,883	534,215	620,563	253,327	507,531	6,392,098
Materials and supplies	159,710	134,667	(359,987)	46,101	12,988	3,562	395,349	1,611,336	638,652	9,793,944	12,436,322
Interest	-	131,250	63,906	-	-	-	-	341,120	295,152	-	831,428
Amortization	289,084	78,374	1,048,411	104,070	642	1,285	375,809	1,198,168	883,353	181,272	4,160,468
Other	7,650	1,250	1,750	1,801,654	-	-	-	16,292	-	-	1,828,596
	1,899,398	2,880,889	3,046,930	3,400,107	84,483	677,753	2,645,473	4,908,822	2,680,570	11,370,172	33,594,597
Annual SURPLUS (DEFICIT)	\$ 12,841,529	\$ (2,834,449)	\$ (2,702,229)	\$ (1,157,529)	\$ (52,388)	\$ (241,683)	\$ (2,088,033)	\$ 942,483	\$ 281,942	\$ 1,528,547	\$ 6,518,190

The Corporation of the District of Summerland
Notes to Financial Statements
For the year ended December 31, 2020

18. Segmented information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Health Services	Planning & Develop Services	Parks & Recreation Services	Water Services	Sewer Services	Electrical Services	Actual 2019
Revenue											
Property tax	\$ 9,179,613	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,179,613
Parcel tax	-	-	-	-	-	-	-	1,534,725	734,500	-	2,269,225
Government transfers	1,806,931	13,943	414,650	-	-	-	393,574	-	272,939	57,328	2,959,365
User fees, sales and rentals	167,676	3,848	26,170	1,798,079	40,635	-	837,747	3,863,343	1,419,476	11,872,529	20,029,503
Permits, licenses and fines	155,191	22,122	-	-	-	393,346	-	-	-	-	570,659
Investment income	345,831	-	-	-	-	-	-	-	-	-	345,831
Actuarial earnings	96,983	-	-	-	-	-	-	389,511	413,380	-	899,874
Penalties and interest on taxes	95,975	-	-	-	-	-	-	-	-	-	95,975
Franchise	98,261	-	-	-	-	-	-	-	-	-	98,261
Contributions from developers	33,150	-	-	-	-	-	205,060	66,436	24,810	638,175	967,631
Other	29,751	-	258,442	-	-	-	-	32,009	23,805	90,128	434,135
Gain (loss) on disposal	768,902	4,123	3,556	-	-	-	498	-	-	-	777,079
	12,778,264	44,036	702,818	1,798,079	40,635	393,346	1,436,879	5,886,024	2,888,910	12,658,160	38,627,151
Expenses											
Labour and benefits	1,218,942	930,048	1,273,311	309,860	51,349	413,299	1,639,199	1,112,880	608,017	923,872	8,480,777
Contracted services	474,620	1,479,544	1,289,034	1,100,234	20,905	356,803	637,855	669,515	198,823	322,590	6,549,923
Materials and supplies	177,267	128,281	(314,547)	35,360	9,013	3,193	491,179	1,214,777	533,529	9,022,430	11,300,482
Interest	-	131,249	104,817	-	-	-	-	348,485	314,130	-	898,681
Amortization	211,837	104,827	867,004	45,134	1,456	728	573,635	1,188,967	872,934	167,740	4,034,262
Other	13,246	1,224	1,712	735,327	-	-	-	17,532	150	-	769,191
	2,095,912	2,775,173	3,221,331	2,225,915	82,723	774,023	3,341,868	4,552,156	2,527,583	10,436,632	32,033,316
Annual SURPLUS (DEFICIT)	\$ 10,682,352	\$ (2,731,137)	\$ (2,518,513)	\$ (427,836)	\$ (42,088)	\$ (380,677)	\$ (1,904,989)	\$ 1,333,868	\$ 361,327	\$ 2,221,528	\$ 6,593,835

The Corporation of the District of Summerland
Schedule - COVID-19 Safe Restart Grant
For the year ended December 31, 2020

Schedule - COVID-19 Safe Restart Grant

Safe Restart Grant received November 2020	<u>\$ 2,724,000</u>
Eligible costs incurred:	
Computer and technology costs to improve connectivity and virtual communications	(45,914)
Revenue shortfalls	(345,196)
General government services	(211,263)
Recreation, parks and cultural	(16,386)
Water utility	(294,094)
Electrical utility	<u>(137,989)</u>
Total eligible costs incurred	<u>(1,050,842)</u>
Balance, December 31, 2020	<u>\$ 1,673,158</u>

Statement of Property Tax Exemptions

Through the adoption of an annual bylaw, the Municipal Council may provide a permissive exemption from taxation to certain groups and organizations.

The legal capacity to provide these permissive tax exemptions is through powers granted to Council in the *Community Charter*, and qualification guidelines for an exemption are described in the District of Summerland's Permissive Tax Exemption Policy 200.2, available in person at the Municipal Hall or on the municipal website at www.summerland.ca.

Below is a listing of organizations granted a Permissive Tax Exemption in 2020 together with the estimated amount of municipal taxes that would have been imposed on each property if it were not considered exempt.

ORGANIZATION	2020 MUNICIPAL TAXES
Christian and Missionary Alliance	\$6,814.16
Julia Street Community Church	\$3,362.74
Okanagan Hindu Society	\$3,070.63
Roman Catholic Bishop of Nelson Church of the Holy Child	\$8,990.18
St. John's Lutheran Church	\$4,295.98
St. Stephen Anglican Church	\$4,722.77
Summerland Baptist Church	\$3,544.37
Summerland United Church	\$1,800.24
Trustee of the Summerland Congregation of Jehovah's Witness	\$4,571.90
TOTAL PLACES OF WORSHIP	\$41,172.97
Kettle Valley Railway Society	\$38,900.30
Royal Canadian Legion Branch 22	\$3,026.47
South Okanagan Sailing Association	\$14,246.41
Summerland Athletic Club	\$2,583.21
Summerland Chamber of Commerce	\$3,030.38
Summerland Golf Society	\$25,411.38
Summerland Recreation Society (Lakeshore Racquets Club)	\$20,422.61
Summerland Senior Citizens Drop-In Association	\$4,745.69
Summerland Yacht Club	\$5,279.98
Summerland Youth Centre Association	\$9,872.56
Faith Rebekah Lodge #32	\$4,562.70
TOTL ALL OTHER NON-PROFIT ORGANIZATIONS	\$132,081.69
GRAND TOTAL	\$173,254.66