

**The Corporation of the District of Summerland**  
**Financial Statements**  
*For the year ended December 31, 2021*

# The Corporation of the District of Summerland

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*For the year ended December 31, 2021*

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## Management's Responsibility

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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 25, 2022



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Director of Finance

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## Independent Auditor's Report

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To the Mayor and 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, 2021, and the statement of operations and accumulated surplus, the statement of changes 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, 2021, 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.

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  
Kelowna, British Columbia  
April 25, 2022

**The Corporation of the District of Summerland**  
**Statement of Financial Position**  
*As at December 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 28,630,507	\$ 22,507,467
Accounts receivable (Note 2)	6,592,087	4,601,054
Portfolio investments (Note 3)	12,578,407	11,652,680
Deposit - Municipal Finance Authority (Note 4)	616,256	625,626
	<b>48,417,257</b>	<b>39,386,827</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	7,662,210	5,915,555
Landfill closure and post closure liability (Note 6)	1,395,719	3,187,638
Deferred revenue (Note 7)	7,791,074	6,762,606
Deposits	2,926,444	1,677,591
Long-term debt (Note 8)	11,260,255	13,380,793
	<b>31,035,702</b>	<b>30,924,183</b>
<b>Net financial assets</b>	<b>17,381,555</b>	<b>8,462,644</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 9)	117,891,730	115,800,021
Prepays	424,987	410,547
Inventories of supplies	1,821,272	1,712,147
	<b>120,137,989</b>	<b>117,922,715</b>
<b>Accumulated surplus</b> (Note 10)	<b>\$137,519,544</b>	<b>\$126,385,359</b>

Contingent liabilities and commitments (Note 14)

  
 \_\_\_\_\_  
 Director of Finance

  
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 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, 2021*

	Budget (Note 16)	2021	2020
<b>Revenue</b>			
Taxation - net (Note 12)	\$ 12,234,472	\$ 12,248,198	\$ 11,947,726
Government transfers (Note 13)	9,571,159	4,597,813	4,884,598
User fees, sales and rentals	20,838,846	22,384,849	20,094,716
Permits, licenses and fines	375,500	694,682	617,399
Investment income	55,000	176,904	336,571
Actuarial earnings	955,687	955,685	897,690
Penalties and interest on taxes	75,000	120,083	86,737
Franchise	106,201	108,590	106,201
Contributions	1,373,670	1,302,756	871,225
Other	1,515,639	320,447	259,208
Gain on disposal of tangible capital assets	-	37,500	10,716
	47,101,174	42,947,507	40,112,787
<b>Expenses</b>			
General government services	2,335,997	1,990,249	1,899,398
Protection services (Note 18)	3,366,692	3,109,114	2,880,889
Transportation services	4,756,967	2,815,528	3,046,930
Environmental services	2,385,682	27,216	3,400,107
Health services	99,832	85,766	84,483
Planning and development	905,354	813,362	677,753
Parks and recreation	3,717,098	3,231,967	2,645,473
Water services	5,934,950	4,954,986	4,908,822
Sewer services	3,302,645	2,734,123	2,680,570
Electrical services	12,028,087	12,051,011	11,370,172
	38,833,304	31,813,322	33,594,597
<b>Annual surplus</b>	8,267,870	11,134,185	6,518,190
<b>Accumulated surplus, beginning of year</b>	126,385,359	126,385,359	119,867,169
<b>Accumulated surplus, end of year</b>	\$ 134,653,229	\$ 137,519,544	\$ 126,385,359

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, 2021*

	Budget (Note 16)	2021	2020
<b>Annual surplus</b>	\$ 8,267,870	<b>\$ 11,134,185</b>	\$ 6,518,190
Acquisition of tangible capital assets	(21,124,758)	<b>(6,345,462)</b>	(6,122,064)
Amortization of tangible capital assets	5,658,000	<b>4,253,753</b>	4,160,468
Gain on disposal of tangible capital assets	-	<b>(37,500)</b>	(10,716)
Proceeds on sale of tangible capital assets	-	<b>37,500</b>	10,716
	(7,198,888)	<b>9,042,476</b>	4,556,594
Change in prepaids	-	<b>(14,440)</b>	(118,771)
Change in inventory of supplies	-	<b>(109,125)</b>	(296,430)
Increase (decrease) in net assets	(7,198,888)	<b>8,918,911</b>	4,141,393
<b>Net financial assets (debt), beginning of year</b>	8,462,645	<b>8,462,645</b>	4,321,252
<b>Net financial assets (debt), end of year</b>	\$ 1,263,757	<b>\$ 17,381,556</b>	\$ 8,462,645

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, 2021*

	2021	2020
<b>Operating transactions</b>		
Annual surplus	\$ 11,134,185	\$ 6,518,190
<b>Items not involving cash</b>		
Amortization	4,253,753	4,160,468
Gain on disposal of tangible capital assets	(37,500)	(10,716)
Landfill closure and post closure costs	(1,791,919)	1,801,653
Contributed tangible capital assets	-	(100,400)
	<b>2,424,334</b>	<b>5,851,005</b>
<b>Changes in non-cash operating balances</b>		
Accounts receivable	(1,991,033)	(106,237)
Prepays	(14,440)	(118,771)
Inventories of supplies	(109,125)	(296,430)
Accounts payable and accrued liabilities	1,746,655	1,227,512
Deferred revenue	1,028,468	474,749
Actuarial reduction of long-term debt	(955,685)	(897,690)
Deposit - Municipal Finance Authority	9,370	(12,613)
Deposits	1,248,853	435,686
	<b>963,063</b>	<b>706,206</b>
	<b>14,521,582</b>	<b>13,075,401</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(6,345,462)	(6,021,664)
Proceeds on disposal of tangible capital assets	37,500	10,716
	<b>(6,307,962)</b>	<b>(6,010,948)</b>
<b>Investing transactions</b>		
Acquisition of portfolio investments	(925,727)	(502,682)
<b>Financing transactions</b>		
Repayment of long-term debt	(1,164,853)	(1,131,383)
<b>Net change in cash and cash equivalents</b>	<b>6,123,040</b>	<b>5,430,388</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>22,507,467</b>	<b>17,077,079</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 28,630,507</b>	<b>\$ 22,507,467</b>

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, 2021*

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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, 2021*

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### 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, 2021*

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**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, 2021.

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, 2021*

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**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, 2021*

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**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**

	2021	2020
Property taxes	\$ 377,386	\$ 547,735
Utilities	2,004,887	1,798,574
Other governments	2,538,914	1,060,100
Trade and other	1,727,716	1,250,696
Allowance for doubtful accounts	(56,816)	(56,051)
	\$ 6,592,087	\$ 4,601,054

**3. Portfolio investments**

	2021	2020
MFA short-term bond fund	\$ 9,974	\$ 9,776
MFA money market fund	69,352	69,246
Guaranteed Investment Certificates, interest ranging from 0.25% to 1.45% and maturing June, 2022 to September, 2023	12,499,081	11,573,658
	\$ 12,578,407	\$ 11,652,680

The income from portfolio investments for the year was \$212,131 (2020 - \$329,150), where \$29,417 (2020 - \$48,694) has been deferred. The market value of the District's portfolio investments was \$12,578,263 (2020 - \$11,651,333).

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**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	<b>2021</b>	2020
General fund	\$ 145,428	\$ 69,121	\$ 214,549	\$ 266,844
Water fund	532,310	284,050	816,360	811,609
Sewer fund	348,812	263,085	611,897	607,497
	<b>\$ 1,026,550</b>	<b>\$ 616,256</b>	<b>\$ 1,642,806</b>	<b>\$ 1,685,950</b>

**5. Accounts payable and accrued liabilities**

	<b>2021</b>	2020
Trade and other	\$ 6,428,489	\$ 4,709,110
Wages and benefits	877,854	840,975
Due to funds held in trust	355,867	365,470
	<b>\$ 7,662,210</b>	<b>\$ 5,915,555</b>

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**

*For the year ended December 31, 2021*

**6. Landfill closure and post closure liability**

	2021	2020
Landfill closure costs	<b>\$ 821,394</b>	\$ 1,801,421
Landfill post closure costs	<b>574,325</b>	1,386,217
	<b>\$ 1,395,719</b>	\$ 3,187,638

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 m<sup>3</sup> of airspace in the landfill to be 57 years, closing in the year 2078. Landfill closure costs are estimated at \$821,394 (2020 - \$1,801,421). As at December 31, 2021, \$793,034 (2020 - \$652,345) 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 and the current Consumer Price Index. The estimate of the annual costs is \$150,000. Total post closure costs are estimated to be \$574,325 for 2021 (2020 - \$1,386,217) based on 20.4% (2020 – 19.0%) of the landfill capacity used to this date and a 57-year lifespan to 2078 and a discount rate of 0.45% (2020 – -1.03%). 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, 2021*

**7. Deferred revenue**

	Opening balance	Deferred transactions	Externally restricted investment income	Revenue recognized	<b>2021 Ending balance</b>
Development cost charges	\$ 5,345,956	\$ 778,509	\$ 29,417	\$ (41,925)	<b>\$ 6,111,957</b>
Property taxes and business licenses	1,416,650	1,701,376	-	(1,438,909)	<b>1,679,117</b>
	<b>\$ 6,762,606</b>	<b>\$ 2,479,885</b>	<b>\$ 29,417</b>	<b>\$(1,480,834)</b>	<b>\$ 7,791,074</b>

**8. Long-term debt**

	<b>2021</b>	2020
Outstanding debt, beginning of year	<b>\$ 13,380,793</b>	\$ 15,409,866
Repayment of debt	<b>(1,164,853)</b>	(1,131,383)
Actuarial reduction of principal	<b>(955,685)</b>	(897,690)
Outstanding debt, end of year	<b>\$ 11,260,255</b>	\$ 13,380,793

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

	<b>General Fund</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
2022	\$ 264,286	\$ 1,088,945	\$ 776,992	<b>\$ 2,130,223</b>
2023	273,536	1,128,731	813,203	<b>2,215,470</b>
2024	283,110	1,169,996	212,560	<b>1,665,666</b>
2025	293,019	1,212,794	220,362	<b>1,726,175</b>
2026	303,275	832,693	171,855	<b>1,307,823</b>
2027 and thereafter	1,539,698	424,510	250,690	<b>2,214,898</b>
	<b>\$ 2,956,924</b>	<b>\$ 5,857,669</b>	<b>\$ 2,445,662</b>	<b>\$ 11,260,255</b>

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
For the year ended December 31, 2021

**8. Long-term debt (continued)**

Bylaw Number	Purpose	Year Maturing	% Rate	2021 Cash Payments		Balance Outstanding	
				Interest	Principal	2021	2020
<b>General fund</b>							
00-083	Road Improvements	2021	1.750	\$ 17,500	\$ 30,242	\$ -	\$ 76,421
00-083	Road Improvements	2030	1.280	25,600	73,523	<b>1,091,881</b>	1,193,628
00-399	RCMP Building	2030	1.470	88,594	104,943	<b>1,865,044</b>	2,014,410
				<u>131,694</u>	<u>208,708</u>	<b>2,956,925</b>	<u>3,284,459</u>
<b>Water fund</b>							
00-161	Water works upgrade	2025	0.910	54,600	244,492	<b>1,577,877</b>	1,944,047
00-213	Thirsk Dam Expansion	2026	1.530	98,400	201,490	<b>1,965,437</b>	2,314,354
00-195	Water works upgrade	2027	2.250	135,000	201,491	<b>2,314,354</b>	2,649,850
				<u>288,000</u>	<u>647,473</u>	<b>5,857,668</b>	<u>6,908,251</u>
<b>Sewer fund</b>							
98-034	Sewer System construction	2023	2.650	238,500	188,572	<b>1,187,367</b>	1,738,990
00-192	Sewer System construction	2025	1.910	7,280	32,599	<b>210,384</b>	259,206
00-207	Sewer System construction	2026	1.530	32,800	67,164	<b>655,146</b>	771,451
00-192	Sewer System construction	2029	2.250	4,500	6,716	<b>99,081</b>	109,421
16-023	Sewer System construction	2036	2.100	7,686	13,621	<b>293,684</b>	309,015
				<u>290,766</u>	<u>308,672</u>	<b>2,445,662</b>	<u>3,188,083</u>
				<u>\$ 710,460</u>	<u>\$ 1,164,853</u>	<b>\$ 11,260,255</b>	<u>\$ 13,380,793</u>

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
For the year ended December 31, 2021

**9. Tangible capital assets**

	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Sidewalks	Water Utility	Sewer Utility	Electric Utility	Work in Progress	2021 Total	2020 Total
Cost, beg. of year	\$ 14,509,931	\$ 5,793,663	\$ 12,307,398	\$ 13,759,616	\$ 34,409,168	\$ 54,217,606	\$ 38,355,804	\$ 11,174,259	\$ 4,674,915	\$ 189,202,360	\$ 183,309,146
Additions	-	144,110	898,492	3,314,816	-	2,423,314	236,396	891,434	4,149,882	12,058,444	8,181,766
Disposals	-	-	-	(62,688)	-	-	-	-	(5,712,982)	(5,775,670)	(2,288,554)
Cost, end of year	14,509,931	5,937,773	13,205,890	17,011,744	34,409,168	56,640,920	38,592,200	12,065,693	3,111,815	195,485,134	189,202,358
Accumulated amortization, beg. of year	-	-	6,672,770	8,250,454	22,590,739	17,046,728	15,466,750	3,374,898	-	73,402,339	69,470,721
Amortization	-	-	238,006	620,768	1,062,480	1,200,899	900,778	230,822	-	4,253,753	4,160,468
Disposals	-	-	-	(62,688)	-	-	-	-	-	(62,688)	(228,852)
Accumulated amortization, end of year	-	-	6,910,776	8,808,534	23,653,219	18,247,627	16,367,528	3,605,720	-	77,593,404	73,402,337
Net carrying amount, end of year	\$ 14,509,931	\$ 5,937,773	\$ 6,295,114	\$ 8,203,210	\$ 10,755,949	\$ 38,393,293	\$ 22,224,672	\$ 8,459,973	\$ 3,111,815	\$ 117,891,730	\$ 115,800,021

The net book value of tangible capital assets, not being amortized as they are under construction or development or have been removed from service is \$3,111,806 (2020 - \$4,674,915). Contributed infrastructure tangible capital assets with a value of \$nil were recognized in the financial statements during the year (2020 - \$100,400). Asset additions include \$5,712,982 of work in progress transfers from 2020 (2020 - \$2,059,702). Net cash additions for 2021 are \$6,345,462 (2020 - \$6,021,664).

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**10. Accumulated surplus**

The District segregates its accumulated surplus in the following categories:

	2021	2020
Current funds	<b>\$ 20,682,373</b>	\$ 15,893,223
Community Works	<b>3,926,563</b>	2,811,166
Net current funds	<b>24,608,936</b>	18,704,389
Investment in tangible capital assets	<b>106,631,464</b>	102,419,219
Statutory reserve funds (Note 11)	<b>6,279,144</b>	5,261,751
	<b>\$137,519,544</b>	\$126,385,359

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	\$ 2,811,166	1,113,335	17,298	(15,236)	<b>\$ 3,926,563</b>

**11. Statutory reserve funds**

	Opening balance	Contributions received	Investment income	Expenditure	Ending balance
Land sale	\$ 1,893,030	\$ 25,000	\$ 9,190	\$ (240,606)	<b>\$ 1,686,614</b>
Capital works	2,297,211	1,494,286	14,737	(363,464)	<b>3,442,770</b>
Parking	101,822	-	524	-	<b>102,346</b>
Asset management	969,688	889,303	5,179	(816,756)	<b>1,047,414</b>
	<b>\$ 5,261,751</b>	<b>\$ 2,408,589</b>	<b>\$ 29,630</b>	<b>\$(1,420,826)</b>	<b>\$ 6,279,144</b>

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

**12. Taxation, net**

	<u>2021</u>	<u>2020</u>
Property taxes and payments-in-lieu	\$ 12,248,198	\$ 11,947,726
Collections for other governments		
Province of British Columbia - school tax	5,770,926	5,251,691
Regional District	840,589	846,082
Regional Hospital District	856,964	866,186
Municipal Finance Authority	692	688
British Columbia Assessment Authority	146,403	149,388
Okanagan Regional Library	521,776	525,085
	<u>20,385,548</u>	<u>19,586,846</u>
Transfers		
Province of British Columbia - school tax	5,770,926	5,251,691
Regional District	840,589	846,082
Regional Hospital District	856,964	866,186
Municipal Finance Authority	692	688
British Columbia Assessment Authority	146,403	149,388
Okanagan Regional Library	521,776	525,085
	<u>8,137,350</u>	<u>7,639,120</u>
Available for general municipal purposes	<u>\$ 12,248,198</u>	<u>\$ 11,947,726</u>

**13. Government transfers**

	<u>2021</u>	<u>2020</u>
Provincial Transfers		
Small community grants	\$ 348,000	\$ 361,359
Traffic fine revenue sharing	71,287	74,549
Community Works	1,130,633	571,035
Capital grants	2,289,056	864,226
Other contributions	497,425	2,750,913
	<u>4,336,401</u>	<u>4,622,082</u>
Regional transfers		
Okanagan Basin Water Board	<u>261,412</u>	<u>262,516</u>
Total government transfer revenues	<u>\$ 4,597,813</u>	<u>\$ 4,884,598</u>

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**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 trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 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 \$670,682 (2020 - \$626,538) for employer contributions while employees contributed \$583,475 (2020 - \$547,269) to the plan in fiscal 2021.

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, 2021*

**15. Funds held in trust**

At the year end, the District held \$1,034,627 (2020 - \$1,036,258) 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:

	2021	2020
Summerland scholarship	\$ 24,315	\$ 24,190
Cemetery perpetual care	387,792	383,117
Abernethy memorial	82,431	82,009
Summerland education funding	554,416	546,942
	<b>\$ 1,048,954</b>	<b>\$ 1,036,258</b>

**16. Annual budget**

The financial statements have included the Annual Budget as approved by Council on February 26, 2021. 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:

	2021	2020
Annual surplus	\$ 8,267,870	\$ 9,824,810
Capital expenditures	(21,124,758)	(24,074,180)
Principal repayment of debt	(1,164,853)	(1,131,383)
Transfers from accumulated surplus and reserves	12,021,741	14,717,851
Borrowing proceeds	2,000,000	662,902
	<b>\$ -</b>	<b>\$ -</b>

**17. Global Pandemic**

COVID-19 continued to impact the global economy in 2021. 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.

**18. RCMP Retroactive Pay**

The District contracts its policing services to the Royal Canadian Mounted Police (the "RCMP"). Over the past several years, the RCMP had been engaged with its members in the formation of their first collective agreement, which was ratified in August 2021. The newly formed collective agreement provides for retroactive pay to members for services starting in 2017. The District had not previously accrued for any retroactive pay during the negotiations due to there being no reasonable estimate of what the retroactive pay would be. Included in the 2021 segment expense for protective services is \$260,000 in retroactive pay.

**The Corporation of the District of Summerland**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2021*

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**19. 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, 2021

**19. 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 2021
<b>Revenue</b>											
Property tax	\$ 9,959,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,959,944
Parcel tax	-	-	-	-	-	-	-	1,548,120	740,134	-	2,288,254
Government transfers	2,100,060	140,326	30,876	101,917	-	-	-	1,815,860	261,412	147,362	4,597,813
User fees, sales and rentals	175,362	9,107	18,107	2,249,474	45,413	-	686,404	4,499,855	1,549,071	13,152,056	22,384,849
Permits, licenses and fines	24,103	27,620	-	-	-	642,959	-	-	-	-	694,682
Investment income	176,904	-	-	-	-	-	-	-	-	-	176,904
Actuarial earnings	118,825	-	-	-	-	-	-	403,110	433,750	-	955,685
Penalties and interest on taxes	120,083	-	-	-	-	-	-	-	-	-	120,083
Franchise	108,590	-	-	-	-	-	-	-	-	-	108,590
Contributions from developers	-	-	48,605	-	-	-	195,175	138,720	52,636	867,620	1,302,756
Other	46,466	-	172,435	-	-	-	-	46,519	2,283	52,744	320,447
Gain (loss) on disposal	-	-	37,500	-	-	-	-	-	-	-	37,500
	<u>12,830,337</u>	<u>177,053</u>	<u>307,523</u>	<u>2,351,391</u>	<u>45,413</u>	<u>642,959</u>	<u>881,579</u>	<u>8,452,184</u>	<u>3,039,286</u>	<u>14,219,782</u>	<u>42,947,507</u>
<b>Expenses</b>											
Labour and benefits	1,146,677	1,120,025	1,249,505	385,266	55,261	506,196	1,518,107	1,240,236	606,319	897,552	8,725,144
Contracted services	495,332	1,687,401	970,709	1,268,476	16,295	301,838	664,301	672,107	340,305	511,435	6,928,199
Materials and supplies	136,325	136,407	(369,211)	66,190	13,549	4,005	445,736	1,541,157	600,398	10,411,202	12,985,758
Interest	-	88,594	28,902	-	-	-	-	284,572	285,923	-	687,991
Amortization	207,006	75,395	933,842	99,204	661	1,323	603,823	1,200,899	900,778	230,822	4,253,753
Other	4,909	1,292	1,781	(1,791,920)	-	-	-	16,015	400	-	(1,767,523)
	<u>1,990,249</u>	<u>3,109,114</u>	<u>2,815,528</u>	<u>27,216</u>	<u>85,766</u>	<u>813,362</u>	<u>3,231,967</u>	<u>4,954,986</u>	<u>2,734,123</u>	<u>12,051,011</u>	<u>31,813,322</u>
<b>Annual SURPLUS (DEFICIT)</b>	<b>\$ 10,840,088</b>	<b>\$ (2,932,061)</b>	<b>\$ (2,508,005)</b>	<b>\$ 2,324,175</b>	<b>\$ (40,353)</b>	<b>\$ (170,403)</b>	<b>\$ (2,350,388)</b>	<b>\$ 3,497,198</b>	<b>\$ 305,163</b>	<b>\$ 2,168,771</b>	<b>\$ 11,134,185</b>

**The Corporation of the District of Summerland**  
**Notes to Financial Statements**  
For the year ended December 31, 2021

**19. 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
<b>Revenue</b>											
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
	<u>14,740,927</u>	<u>46,440</u>	<u>344,701</u>	<u>2,242,578</u>	<u>32,095</u>	<u>436,070</u>	<u>557,440</u>	<u>5,851,305</u>	<u>2,962,512</u>	<u>12,898,719</u>	<u>40,112,787</u>
<b>Expenses</b>											
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
	<u>1,899,398</u>	<u>2,880,889</u>	<u>3,046,930</u>	<u>3,400,107</u>	<u>84,483</u>	<u>677,753</u>	<u>2,645,473</u>	<u>4,908,822</u>	<u>2,680,570</u>	<u>11,370,172</u>	<u>33,594,597</u>
<b>Annual SURPLUS (DEFICIT)</b>	<b>\$ 12,841,529</b>	<b>\$ (2,834,449)</b>	<b>\$ (2,702,229)</b>	<b>\$ (1,157,529)</b>	<b>\$ (52,388)</b>	<b>\$ (241,683)</b>	<b>\$ (2,088,033)</b>	<b>\$ 942,483</b>	<b>\$ 281,942</b>	<b>\$ 1,528,547</b>	<b>\$ 6,518,190</b>

**The Corporation of the District of Summerland**  
**Schedule - COVID-19 Safe Restart Grant**  
*For the year ended December 31, 2021*

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**Schedule - COVID-19 Safe Restart Grant**

Safe Restart Grant 2021 Opening Balance	<b>\$ 1,673,158</b>
Eligible costs incurred:	
Computer and technology costs to improve connectivity and virtual communications	<b>(343,142)</b>
Revenue shortfalls	<b>(203,996)</b>
General government services	<b>(124,902)</b>
Protective services	<b>(53,850)</b>
Transportation services	<b>(13,026)</b>
Environmental services	<b>(3,375)</b>
Planning and development services	<b>(9,664)</b>
Recreation, parks and cultural	<b>(71,676)</b>
Water utility	<b>(9,043)</b>
Wastewater utility	<b>(5,439)</b>
Electrical utility	<b>(7,573)</b>
Total eligible costs incurred	<b><u>(845,686)</u></b>
Balance, December 31, 2021	<b><u>\$ 827,472</u></b>