



DISTRICT OF SUMMERLAND



2017 ANNUAL REPORT

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Message from the Mayor

As we enter the final year of Council's mandate reflecting on the activities of 2017, I realize how intense 2017 was. Our plans for the year had to be synchronised with a record flooding event, followed by an exceptional fire season. Looking back, it becomes clear that we accomplished a great deal despite the incredible work load that these events placed on all of staff. It needs to be noted that that the flooding included issues on Aeneas Creek and the lakeshore. Okanagan Lake exceeded record levels at 343.23 m compared to the record of 343.0 m reached in 1948. Private and public docks were destroyed and the District experienced severe damage to lakeshore infrastructure. This was followed closely with an exceptional fire season, heavy smoke affecting tourism plus the Finlay Creek forest fire where evacuation alerts were issued as well as some evacuations.

The key priorities of council included the following:

1. Supporting and fostering a vibrant and liveable community
2. Engaging and empowering the community
3. Recognizing that being well managed and demonstrating good governance is critical for a strong functioning community
4. Investing in District infrastructure
5. Pursuing economic initiatives, and exploring opportunities for increasing sustainability and resiliency are critical for a healthy future for the community



A significant goal in pursuit of a vibrant and liveable community was to foster a healthy lifestyle. The Parks and Recreation Masterplan and the Giant's Head Trail Masterplan will guide development for a healthy active lifestyle. These plans were near completion at the close of 2017. Towards the end of 2017 the District received \$435,000 from the Rural Dividend Fund for the Giant's Head Trail Redevelopment project. The total for this project was \$725,000 with \$190,000 from the District of Summerland and \$100,000 from the Rotary Club through the Giant's Head Grind event. These plans to assist in promoting healthy living mesh well with Council's goals for the arts in Summerland.

The Cultural Plan was completed in 2016. The Arts Council with support from the Community Co-ordinator led to the Gaming Capital grant of \$250,000 matched with the District's commitment of \$250,000 for renovations to the Arts and Cultural Center located in the former library building.

A key issue for the community is affordable housing availability. A report on Affordable Housing Framework was completed and is guiding council and staff on projects to this end. A large rental and commercial project for the Wharton Street properties, and several other projects in the downtown core are moving ahead for 2018.

Commitment to investing in infrastructure projects require thoughtful and detailed communication plans. Large and complex infrastructure such as the PVR 10 project and the Garnet Valley Water Separation and Road Improvement project were completed successfully largely due to detailed advanced communication planning with very effective execution. These projects replaced old and failing infrastructure as did the 3.2 million Grit Removal and Effluent Filtration project at the Wastewater Treatment plant. (83% through grant funding).

Opportunities for resilience and sustainability were explored. A \$100,000 grant was received from the British Columbia Government Rural Dividend fund in support of the Integrated Solar Project. The District was successful in their \$6 million application to the Federal Gas Tax grant project for the large Solar Array and Battery project. This will integrate with the District owned electric utility. This project was strongly supported in a well attended community conversation on the Solar Array project held in February.

The District of Summerland was the first Canadian government body to join the "Billion Dollar Green Challenge Network" and has started the process of establishing a Green Revolving fund to move energy saving projects forward, and then "revolve" the cost savings back into other green projects.

A significant project to move all streetlights to LED'S saving the District \$10,000 a month is an indication of Council's drive for green initiatives. Council at the outset of our term wanted to facilitate increased economic activity. 2017 saw a strong upswing in building permits and business licences. There were 195 building permits issued, with a value of \$32 million and sixty of these were for single family dwellings which was as 39.5% increase over 2016. Over 100 new business licences were issued. All these figures indicate that the lifestyle in Summerland is extremely attractive. To further drive economic activity, the Mayor's Task Force on the Economy resulted in grant funding from the British Columbia Government's Rural Dividend Fund of \$100,000 for an economic development contractor to address signage, communication and agri-tech development.

Council's efforts in the areas of the arts and recreation are meant to enhance synergies for Summerland as a place in which to invest, live and raise families.

A handwritten signature in black ink, appearing to read "Peter Waterman". The signature is fluid and cursive.

Mayor Peter Waterman

District of Summerland Council 2014-2018



Council (left to right):

Councillor Erin Carlson, Councillor Toni Boot, Councillor Doug Holmes, Mayor Peter Waterman, Councillor Richard Barkwill, Councillor Erin Trainer, and Councillor Janet Peake

Meetings:

Regular Meetings of Council are scheduled for the second and fourth Monday of each month. When Monday is a holiday, the meeting is generally moved to the Tuesday. Information about meeting schedules, agendas, minutes, video recordings, and how to appear as a delegation can be found on the municipal website at www.summerland.ca or by calling 250-494-6451.

Council Appointments

Mayor and Council appoint representatives to various Boards, Committees, Commissions, and Task Forces.

Mayor Peter Waterman

- Okanagan Basin Water Board, Director
- Mayor's Economic Development Task Force
- Regional District Okanagan-Similkameen, Director
- Summerland Chamber of Commerce, Alternate

Councillor Richard Barkwill

- Agricultural Advisory Committee, Alternate
- Heritage Advisory Commission
- Municipal Insurance Association of BC, Member Representative
- Regional District Okanagan-Similkameen, Alternate
- Sister City Advisory Committee
- Summerland Museum and Archives Society, Liaison (non-voting)

Councillor Toni Boot

- Municipal Insurance Association of BC, Alternate
- Okanagan Basin Water Board, Alternate
- Regional District Okanagan-Similkameen, Director
- Summerland Chamber of Commerce
- Water Advisory Committee

Councillor Erin Carlson

- Agricultural Advisory Committee
- Community Climate Action Advisory Committee
- Okanagan Regional Library Board, Director
- Water Advisory Committee, Alternate

Councillor Doug Holmes

- Cultural Development Committee
- Community Climate Action Advisory Committee, Alternate
- Okanagan Regional Library Board, Alternate
- Parks and Recreation Commission, Alternate
- Summerland Community Arts Council, Liaison (non-voting)

Councillor Janet Peake

- Cultural Plan Task Force
- Heritage Advisory Commission, Alternate
- Kettle Valley Railway Society, Liaison (non-voting)
- Municipal Insurance Association of BC, Alternate
- Sister City Advisory Committee
- Summerland Community Arts Council, Liaison (non-voting)

Councillor Erin Trainer

- Parks and Recreation Commission, Chair

Other legislated bodies include the *Advisory Planning Commission* and *Board of Variance*, both comprised of members of the public and a staff liaison.

Community Profile

Incorporated in 1906, the District of Summerland is an 11,615 person rural municipality in the Okanagan Valley situated between Kelowna and Penticton. A member municipality of the Regional District of Okanagan Similkameen, Summerland has an area of 73.8 square kilometers with vineyards, orchards, mountains and sandy beaches offering breathtaking views in all four seasons.

Summerland has a growing population of young professionals who enjoy outdoor recreation opportunities and the “take your time” ambience that Summerland offers. Families are attracted to parks, programs for children, excellent schools and our vibrant arts and cultural life.

Summerland's location near Penticton and Kelowna make Summerland the perfect option for those who want access to big-city amenities and airports, while also enjoying a small town way of life.

The traditional economic driver in Summerland has been the fruit growing industry which has been expanding through related enterprises such as wine and cider production. Tourism, commercial and light industry have also become significant parts of the local economy. Summerland's economy is stable with employment from a range of sectors including agriculture, manufacturing, commercial, retail, tourism and agricultural research. For the past 100 years, the federally owned Summerland Research and Development Centre has promoted the sustainable and economical production of foods in Canada. The research facility sits on 320 hectares of land, 90 of which are irrigated for horticulture & viticulture research. It is also home to the Summerland Ornamental Gardens, an important botanical resource in the Okanagan region.



Vision, Mission and Values

Vision

The Summerland Official Community Plan (OCP) policies express the fundamental values and goals of the community and set directions for achieving a collective vision.

"Our historic lakeside community has a collective sense of belonging and preserves and enhances its quality of life, agricultural character and its distinctive natural setting in a manner that reflects our strong social values.

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."

The Summerland Vision tells us where we want to go but not how to get there. The OCP guides our direction while the Strategic Plan provides the priority, allowing us to focus our energy on what is important. By having a Strategic Plan, we have cleared a path to get us from where we are today to where we want to be tomorrow.

Mission

The following Mission is a statement of the Corporation's core purpose:

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

Values

The following corporate values express the core convictions Council and employees share about how they must conduct themselves to fulfill the Corporate Mission:

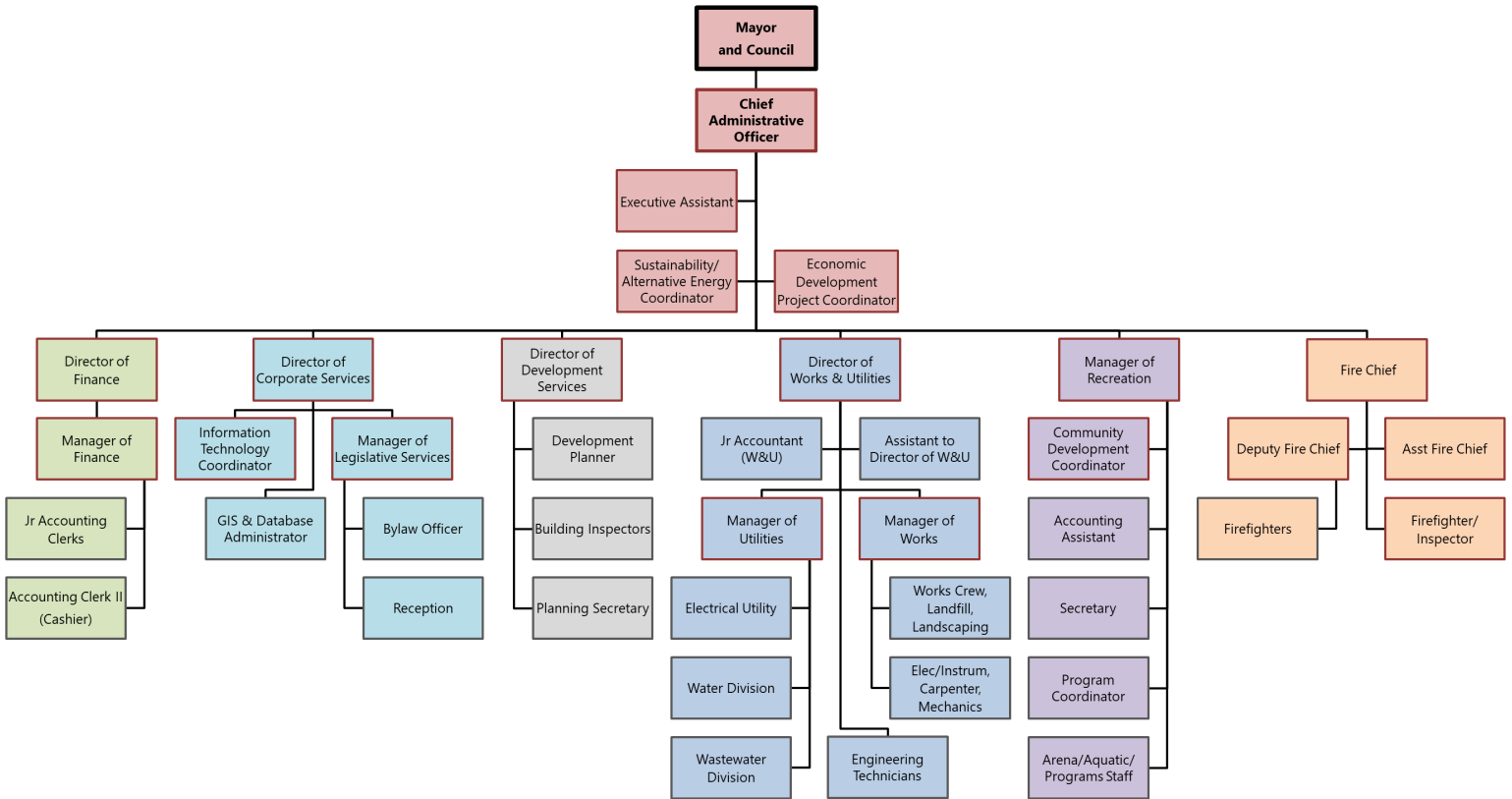
Honesty - We are trustworthy and tell the truth; we are accountable and follow through on commitments; and, as professionals, we accept no gift nor favour nor misuse of public time or property.

Respect - We treat everyone equally and justly, and we hold each other and those we serve in high regard and have a modest sense of our own importance.

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, and our collaborative, thoughtful and nonjudgmental decision-making involves all types of people.

Organizational Chart



Municipal Officers and Department Heads

Chief Administrative Officer	Linda Tynan
Director of Finance	David Svetlichny
Director of Corporate Services / Corporate Officer	Jeremy Denegar
Director of Development Services / Approving Officer	Dean Strachan (left 2018)
Director of Works & Utilities	Kris Johnson
Recreation Manager	Lori Mullin
Fire Chief	Glenn Noble

Chief Administrative Officer's Report

I am very pleased to provide this introduction to the 2017 Annual Report. It offers an opportunity to summarize the operations of the District for the past year and set the stage as we continue into 2018. It is my responsibility to ensure the efficient and cost-effective delivery of services and programs which council deems to be in the best interest of the community.

We are fortunate to have a strong management team and District staff whose dedication and determination help Mayor and Council move forward and accomplish District priorities while at the same time ensuring that Summerland businesses and residents continue to receive core programs and services. The commitment of the District of Summerland's staff was particularly notable during the emergency events experienced in 2017. With spring flooding of both Aeneas Creek and Okanagan Lake followed by the Finlay Creek wildfire in the summer, District staff went over and above to protect critical municipal infrastructure and assist residents affected by the emergencies.



Three major infrastructure projects including the Garnet Valley Water Separation Project, the Grit Removal and Effluent Filtration project and the Pressure Reducing Valve (PRV10) project were underway in 2017. The GV Water Separation Project was successfully completed late in the year. The PRV10 project was completed in a timely and very organized manner despite its complex nature including the interruption of the water supply affecting most of the community.

An Economic Development project, funded through a \$100,000 Rural Dividend grant started in 2017 with the hiring of an Economic Development project manager. The project manager is working with the Chamber of Commerce on further development of the concept for an Agricultural Tech Innovation Centre in Summerland. The project will also oversee development of new directional signage to be installed throughout Summerland, and the development of material aimed at simplifying information explaining how to access District services.

2017 proved was another year of progress in the District of Summerland, and again, I am particularly grateful to our District staff for their support of the many ongoing initiatives together with their ability to continually adapt to new systems and projects. The District of Summerland has approximately 100 employees who provide the core services including clean drinking water, electricity, waste management services, sewer systems, roads and sidewalks, streetlights, fire protection, parks and recreation, police protection, emergency management program, planning and development services and administrative services. Continuing to provide these services and large infrastructure projects, undertaking a large solar and battery storage project, continuing with the development of the Arts and Cultural Centre and completing the Economic Development project means that 2018 will be just as busy and productive!!

Regards,

A handwritten signature in black ink, appearing to read 'L. Tynan', followed by a period.

Linda Tynan, BBA, CPA, CGA
Chief Administrative Officer



2015-2019 Progress Report

The *Community Charter* requires that the Annual Report describes progress in relation to objectives established for the previous year and provides a statement of municipal objectives and measures for the current and following year. This means reviewing 2017 accomplishments and updating objectives for 2018. The 2015-2019 Strategic Plan was adopted by Council on March 23, 2015.

Objectives	Performance Measures	Progress to Date
Cultural Vitality		
Strengthen the Physical, Cultural and Democratic Participation of Citizens	<ul style="list-style-type: none"> Develop a Cultural Plan 	<ul style="list-style-type: none"> Adopted by Council (2016)
Leverage Technology, Innovation and Best Practices	<ul style="list-style-type: none"> Develop a Community Engagement Policy 	<ul style="list-style-type: none"> Winter 2017
Economic Vibrancy		
Facilitate Economic Development	<ul style="list-style-type: none"> Form a Mayor's Task Force on Economic Development Review feasibility of a hotel tax Refresh Wharton Street Area Redevelopment Study potential uses for downtown back lanes 	<ul style="list-style-type: none"> Task Force active; to be renewed with Rural Dividend Funding received in 2016 Future year Downtown plan in budget Downtown plan in budget
Foster Corporate Excellence	<ul style="list-style-type: none"> Streamline the development approvals process 	<ul style="list-style-type: none"> In progress
Explore opportunities in the operations of Electrical Utility for alternative energy revenue	<ul style="list-style-type: none"> Hire Sustainability/Alternative Energy Coordinator 	<ul style="list-style-type: none"> Completed in 2016
Provide Best Value for Money	<ul style="list-style-type: none"> Review Funding Opportunities for Renewable Energy 	<ul style="list-style-type: none"> Rural Dividend Grants received Application submitted for \$6M for engineering, procurement, and construction of 1MW solar array and 2 MW of battery storage
Environmental Integrity		
Protect Water Supply	<ul style="list-style-type: none"> Garnet Valley / Jones Flat water system separation Flume and water intake upgrade 	<ul style="list-style-type: none"> Project completed Funding application made but unsuccessful
Protect and Enhance Air, Water and Land Quality	<ul style="list-style-type: none"> Implement Climate Action initiatives Wastewater infrastructure grit removal and filter upgrades 	<ul style="list-style-type: none"> Climate Action Committees (Community & Corp.) re-established Construction substantially complete
Sustain Community Infrastructure	<ul style="list-style-type: none"> Develop Asset Management Plan 	<ul style="list-style-type: none"> Asset Management Project underway
Implement Sustainability Principles	<ul style="list-style-type: none"> Develop debt, surplus and reserves policies 	<ul style="list-style-type: none"> 2018 project Initiated Green Revolving Fund
Social Well-being		
Link Neighbourhoods	<ul style="list-style-type: none"> Develop Community Trails 	<ul style="list-style-type: none"> Multiple trails in progress
Strengthen the Physical, Cultural and Democratic Participation of Citizens	<ul style="list-style-type: none"> Develop a Parks and Recreation Master Plan 	<ul style="list-style-type: none"> Contract awarded
Leverage Technology, Innovation, and Best Practices	<ul style="list-style-type: none"> Implement recreation program registration website 	<ul style="list-style-type: none"> Launched March 2017
Enhance Public Safety	<ul style="list-style-type: none"> Build a Fire Department Training Facility 	<ul style="list-style-type: none"> Completed

2018 Municipal Objectives



VIBRANT COMMUNITY

The District of Summerland supports a vibrant and liveable community.

Objectives	Performance Measures	Target
Develop Parks and Recreation Masterplan	Completion of masterplan	June 2018
Fund skatepark construction	Adequate funds available for construction	March 2018
Construct new skatepark	Completion of construction	November 2018
Develop Giant's Head Mountain Trails Masterplan	Completion of masterplan	June 2018
Complete Giant's Head Mountain Trails Upgrade	Completion of upgrades	November 2018
Development of and investment in the Arts & Cultural Centre	Governance model completed and Arts & Cultural Centre operational	November 2018
Rewrite Subdivision & Development Servicing Bylaw	New bylaw adopted	December 2018
Development of Bottleneck Drive wayfinding signage agreement	Agreement in place	September 2018
Create communication material to assist potential developers	Materials available to developers	August 2018
Prepare a Cycling Network Masterplan	Completion of masterplan	December 2018

2018 Municipal Objectives



COMMUNITY ENGAGEMENT

The District of Summerland engages and empowers the community.

Objectives	Performance Measures	Target
Social media and website improvements	Completion of social media and website improvement portions of Economic Development project	September 2018
Staff participation on PIB Referral Committee	Staff participating in committee	Ongoing
Review Terms of Reference for: <ul style="list-style-type: none"> • Community Climate Action Advisory Committee • Water Advisory Committee 	Terms of Reference reviewed and updated as appropriate	<ul style="list-style-type: none"> • March 2018 • Fall 2018
Development of communication material through Rural Dividend Economic Development project	Completion of communication materials portion of Economic Development project	February 2018
Review use of social media processes to ensure best reach	Completion of social media portion of Economic Development project	June 2018
Development of updated newsletter template	New newsletter layout	August 2018
Monitoring communications practises (logo sharing, social media best practices, combined fundraising opportunities)	Completion of review of practices; and Creation of toolkits for business, non-profits, and residents which include logos, templates and FAQs: disseminate as brochures and weblinks	August 2018

2018 Municipal Objectives



INFRASTRUCTURE INVESTMENT

The District of Summerland invests in our infrastructure.

Objectives	Performance Measures	Target
Create an organizational-wide Integrated Asset Management Plan	Complete the plan	Spring 2019
Identify the financial impacts around how we acquire, improve and replace assets	Financial impacts identified	Summer 2018
Ensure agricultural water use supports sustainable water management – review 2nd services	Review and recommendation for 2nd water service fee model	Winter 2018
Grit Removal and Effluent Filtration project	Completion of project	February 2018
Construct new landfill cell & liner expansion	Completion of construction	August 2018
Update Electrical Masterplan	Completion of report	December 2018
Update Water Masterplan	Completion of report	December 2018
Design Water Treatment Plant centrifuge dewatering system	Design completed	December 2018
Conduct Dam Safety Review for Garnet and Thirsk Dams	Final report submitted	September 2018
Design Isintok dam outlet pipe replacement	Final design prepared	December 2018
Conduct Wastewater Treatment Plant facility audit	Final report submitted	December 2018

2018 Municipal Objectives



GOOD GOVERNANCE

The District of Summerland recognizes that being well managed and demonstrating good governance is critical to a robust community.

Objectives	Performance Measures	Target
Update and clarify our financial policies	Updated financial policies	2018 and 2019
Develop a long term financing/tax strategy	New long term financing/tax strategy presented to Council	Summer 2019
Apply for grants as opportunities become available	Grants submitted	As warranted
Updating various bylaws: <ul style="list-style-type: none"> • Building Bylaw • Delegation of Authority Bylaw • Subdivision and Development Servicing Bylaw • Solid Waste Management Regulation Bylaw • Electrical Bylaw 	Bylaws updated	December 2018
Application tracking software – Development Services	New software in place	March 2019
Productive IBEW negotiations	New Collective Agreement	December 2018
Updated Safety Plan	New Safety Plan	March 2019
Bullying/Harassment training for all staff	Staff trained	October 2018
Development of an intranet	Intranet operational	December 2018

2018 Municipal Objectives



SUSTAINABILITY & RESILIENCY

The District of Summerland creates stability through pursuit of economic initiatives and explores opportunities to increase the resilience of the community.

Objectives	Performance Measures	Target
Pursuit of Solar Farm Project	Feasibility studies completed	Summer 2018
Incorporate strategies and actions into all District	Policies and procedures amended as appropriate	2018
Update Community and Corporate Climate Action Plans	Community and Corporate Climate Action Plans updated	Spring 2019
Complete Streetlight Retrofit LED project	Streetlight Retrofit LED project completed	Fall 2018
Increased support for activities such as Bike to Work Week, Earth Week, etc.	Activities supported	Complete 2018 / Ongoing
Perpetual Slide geotechnical investigation	Final report completed	July 2018
Perpetual Slide survey and monitoring	Data gathered and submitted	December 2018
Investigate funding opportunities for Perpetual Slide mitigation	Sources of funding identified	2018
Purchase a new aerial fire truck to adequately serve the community	New aerial fire truck in operation	Delivery on schedule
Fibre Optics connection to electrical substations	Construction completed	December 2018



Administration

The Administration department is the primary liaison between Council and staff in the District of Summerland's implementation of community priorities so that services and amenities are continuously being improved within the community. Within its many roles, it provides direction for staff recommendations to Council that reflect relevant facts, options and professional opinion for issues that are being faced by them.

In addition, the Chief Administrative Officer's office takes a lead role in managing the implementation of the policy direction which has been established by Council and as a result, the Chief Administrative Officer is the senior staff leader that provides managerial leadership, direction and guidance to all municipal departments in their operations.

The District of Summerland's strategic priorities are kept in the forefront in all decision-making. The Chief Administrative Officer's primary objective is assisting Council and staff in implementing these priorities.

This department consists of:

- Office of the Chief Administrative Officer
- Human Resources
- Community Development
- Sustainability / Alternative Energy Coordinator
- Economic Development

Community Development

A Cultural Development Committee was appointed in the autumn of 2017, with representation from a number of different sectors including health, business, the arts, music, and youth.

Highlights include signing a Memorandum of Understanding between the District of Summerland and the Potters Guild in June 2017, and the District of Summerland and the Summerland Community Arts Council in August 2017. These guiding documents are the preliminary steps in creating a governance structure for the newly renovated Summerland Arts & Cultural Centre.

A number of funding opportunities were sought and awarded, including a series of facilitated workshops by Social Planning and Research Council BC, partnering with the Arts Council to achieve Capital Building Funding from the Province of BC, and Rural Dividend funding for a project manager.

The RFP for the project was posted and awarded in the winter of 2017. The chosen architects have a great deal of experience in working on cultural and interpretive facilities and work out of both Calgary and Kelowna.

Administration

Economic Development

The CAO works with the Chamber of Commerce to pursue Economic Development opportunities. In 2016, the District of Summerland received a \$100,000 Rural Dividend grant for an Economic Development project which began in the Fall of 2017. An Economic Development project manager was hired as part of the project. The coordinator was brought to focus on 4 key issues to help spearhead economic development in the community:

1. The development of a clear, concise communication from the municipality.
2. The development of a wayfinding and signage strategy
3. Research into potential Agri-Tech Sector opportunities
4. The Development of a long term Economic Development Action Plan

To date, the project manager has reviewed all public facing communications and implemented tools and resources to ensure standardization across the District's various departments. Public documents that are scheduled for mass release have been updated to ensure content is understood and addresses common questions and interests.

2017 also saw the project manager review signage and wayfinding best practices and work with a designer to develop a new suite of signs to aid visitors and residents in their navigation of the community. The strategy will be implemented through the Summer of 2018.

The project manager has also taken the lead role in exploring the potential of an Ag Innovation Centre being developed in Summerland. With the goal of providing innovative support in all aspects of the Agricultural Value Chain , a business plan is being developed with several regional partners that will identify gaps and services that the Centre could provide in the South Okanagan.

The project manager has also begun developing a framework that could be used to develop an Action Plan that will provide guidance and direction for future Economic Development initiatives in the District. Working closely with the Mayor's Task Force on Economic Development, the project manager will look to finalize a report recommending an Economic Development strategy.



Administration

Sustainability & Alternative Energy

The District of Summerland has been actively engaged with climate action and reducing greenhouse gas (GHG) emissions since at least 2010, and has both a Community-Wide and a Corporate Climate Action Plan to guide climate action in our community. The Official Community Plan sets out a community-wide GHG emissions reduction target of 33 percent below 2007 levels by the year 2020; and 80 percent below 2007 levels by the year 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.

The Community Climate Action Advisory Committee and the Corporate Climate Action Team were each struck in 2017 to guide the community and corporation, respectively, in achieving their climate action goals. In pursuit of these goals, a number of measures were taken in 2017 including converting lights in the Arena and Fire Department to LEDs and beginning a three-year switch out of all District-owned Christmas lights to LEDs. In addition, a REALice® water treatment device for ice arenas to remove micro-air bubbles from water that is used when laying and resurfacing the ice was installed. This high precision de-aeration makes it possible to flood the ice with unheated water to create hard & resilient ice, while lowering utility costs and humidity in the arena.

Also in 2017, the District of Summerland aligned itself with several organizations focused on advancing sustainability goals, including joining the Federation of Canadian Municipalities' (FCM) Partners for Climate Protection Program, being selected as a founding member of the FCM Climate & Asset Management Network, joining the Blue Dot Movement, and becoming the first Canadian governmental body to join the Billion Dollar Green Challenge. The District also participated in national events including Earth Week and Earth Day, Carpool Week, Bike to Work & School Week, and Waste Reduction Week.

As calculated in the 2017 CARIP Climate Action/Carbon Neutral Progress Survey, the District's total emissions from Corporate operations decreased 5% in 2017 (to 1,113 tCO₂e from 1,164 tCO₂e); however, changes were made in how emissions from vehicles used for the collection of recycling were allocated to communities, which influenced the results. Overall, the District fleet used less fuel in 2017 but the buildings used more natural gas. A new policy regarding the funding of GHG emissions reduction projects was passed by Council in 2017, and the District began working towards the establishment of a Green Revolving Fund, both of which will guide staff in prioritizing projects that maximize emissions reductions while balancing return on investment and the social interests of our community.

2017 was a very exciting year for alternative energy in Summerland. Through a \$100,000 grant received from the Rural Dividend Fund, the Summerland Integrated Solar Project was launched. This multi-pronged approach to solar energy includes revamping the District's energy self-generation program, creating energy efficiency education opportunities and programs, and the exploration of the feasibility of a large-scale solar+storage project for our community. In addition, a grant proposal was submitted to \$6M in funding to support the engineering, procurement, and construction components of the solar+storage project.



Corporate Services

The Corporate Services department provides a number of important services to the public, Council and staff.

It is responsible for the management of the municipality's records policy, freedom of information requests, bylaw enforcement, insurance claims and risk management, legal agreements, property management and business licencing. It works with Administration and other departments to develop municipal bylaws, policies and procedures.

Corporate Services, which includes the roles and responsibilities of the Corporate Officer as mandated by the *Community Charter*, is responsible for overseeing the preparation of minutes and agendas, preparing, reviewing and providing advice on municipal bylaws, and ensuring follow-up actions from Council meetings are initiated.

In addition, Corporate Services is responsible for carrying out procedures for local government elections as required under the provisions of the *Community Charter*.

Legislative Services ensures that Council is provided with relevant information from District staff, committees and the general public. It provides the public with information related to activities of Council, ensures meeting and agenda material is complete and provides Council with the necessary information for decision



making. It is responsible for the preparation of bylaws and agreements, maintenance of the District's policy manual, and administers the records management system.

Bylaw Enforcement works with residents, businesses and visitors to achieve compliance and to foster a safe, healthy and respectful community. The District's Bylaw Enforcement Policy governs the handling of complaints to ensure that complaints are being managed in a fair and consistent manner.

Corporate Services also manages, maintains and provides technical support and training for all computer hardware, software and public information services such as the website, online utility account services, and web map (GIS) services. Corporate Services is also critical in improving business processes.

This department consists of:

- Legislative Services
- Bylaw Enforcement
- Information Technology
- Geographic Information Services
- Reception



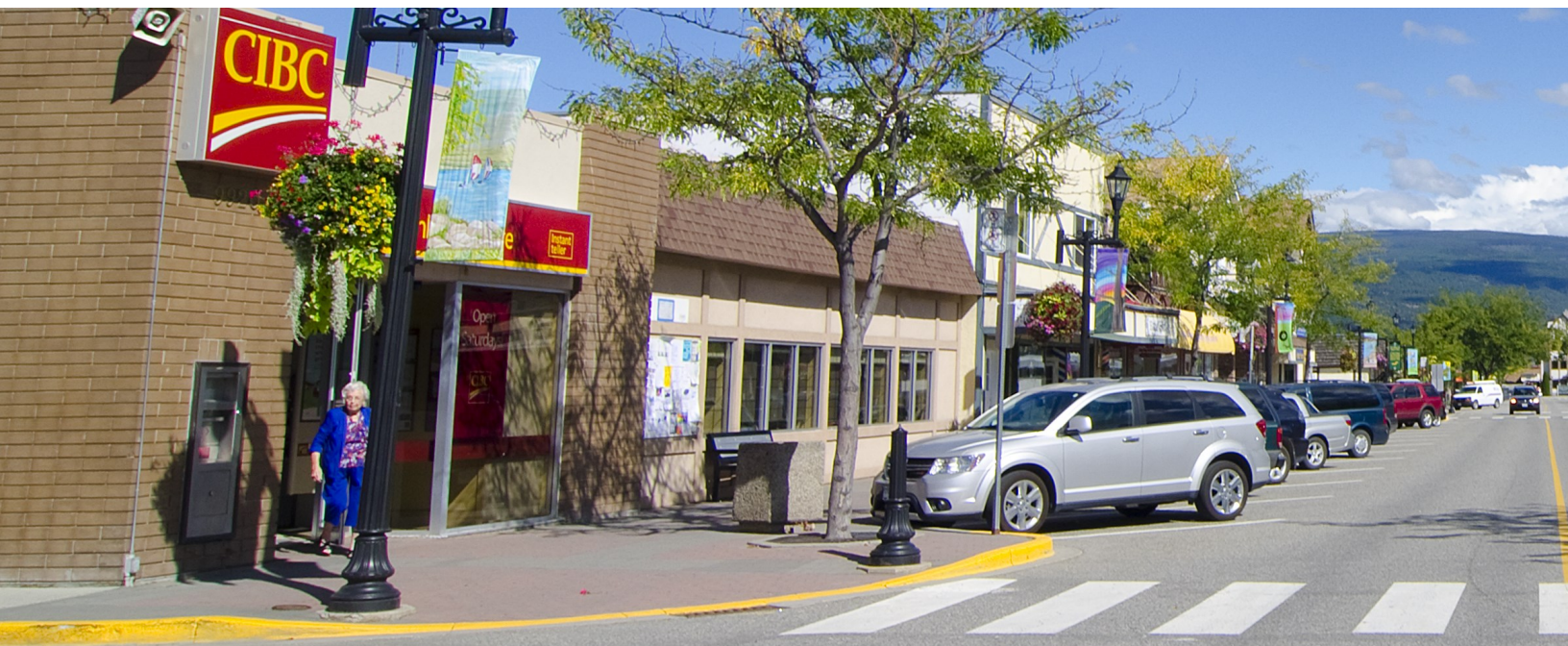
Development Services

The Development Services department is responsible for all land use planning and building related processes. This includes long range planning as well as current planning. Long range planning includes policy work including zoning regulations and Official Community Plan policies that guide development in our community. Current planning primarily includes processing all land use related applications and inquiries including the functions of the Approving Officer. Development applications typically include:

- OCP Amendments
- Rezoning
- Development Permits
- Development Variance Permits
- Subdivisions
- Strata Subdivisions
- Agricultural Land Reserve applications
- Building Permits
- Sign Permits

The department is committed to providing excellent customer service and, as such, works closely with committees of Council, the development community and the public to ensure our shared vision of Summerland is realized. Community consultation for proposed development, neighbourhood plans and/or changes to zoning is undertaken through open houses, public hearings, our online mapping system and through public notifications.

In 2017, a total of 105 development applications were received and processed by Development Services, a 59% increase from 2016. Development Services issued a total of 195 Building Permits. These building permits had a total construction value of \$32,113,882, an 11% increase from 2016.



Finance

The Finance department's responsibility and authority is derived from legislation mandated by the Community Charter, provincial and federal statutes as well as municipal bylaws. The Finance Department is responsible for safeguarding the District's financial assets and planning to ensure the financial stability and viability of the District. The department provides financial reporting and oversight and is responsible for the implementation of financial management policies. The department also provides financial information and advice to Council, District departments and the general public.

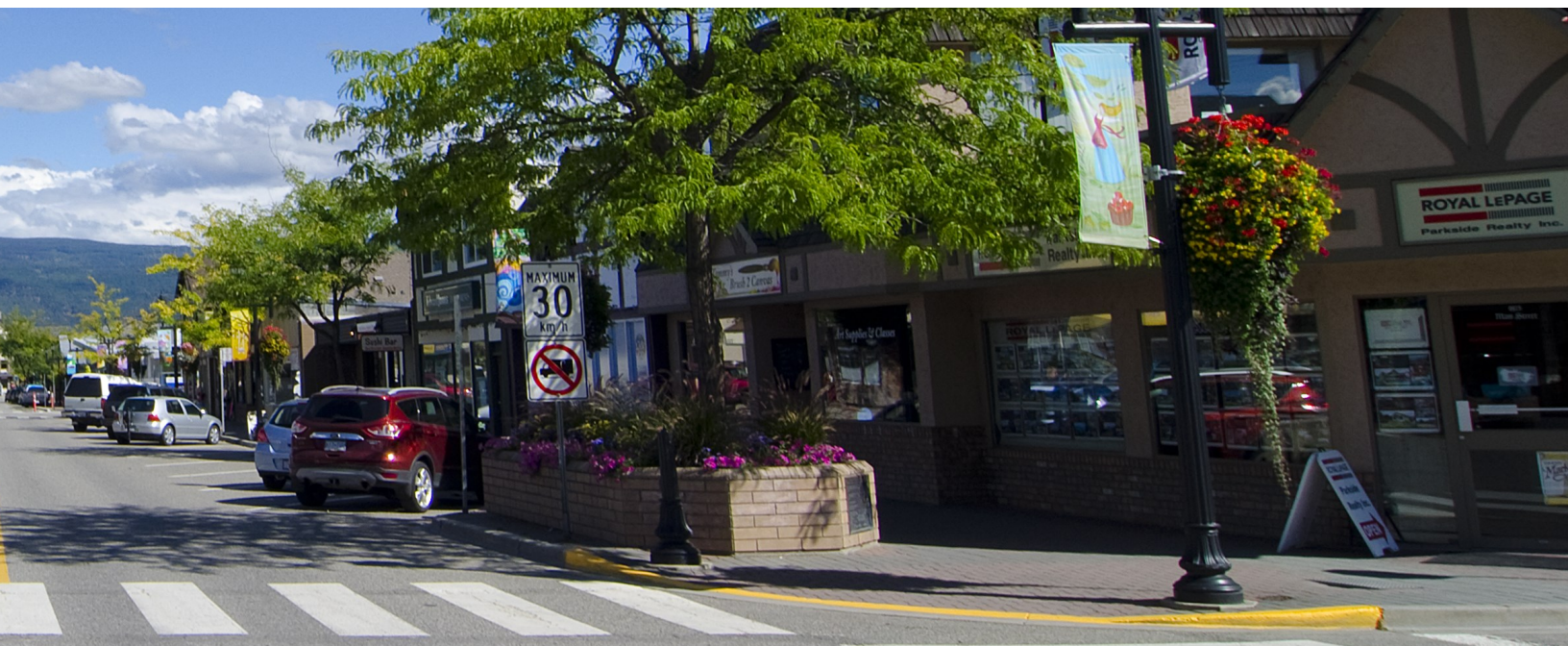
Major financial functions include:

Accounting - responsible for the expenditures of the municipality, processing over 6,900 invoices annually. This area prepares monthly financial reports for internal review, along with an annual financial statement that is available on the municipal website.

Payroll - provides bi-weekly pay cheques for approximately 100 employees, including fulltime, part-time and casual employees.

Financial Planning - prepares the municipality's financial plan annually for review and adoption by Council. The budget is modified during a public input and discussion period and adopted by bylaw.

Property Taxes and Utilities - responsible for billing, collecting money and maintaining records for properties, electrical, water, sewer and garbage user fees and dog licences. Bills and reminders are mailed annually to 5,700 properties, and an annual tax sale is held for properties where property taxes are unpaid for three years.



Fire Department

Mission Statement:

"To proudly protect lives and property by providing prompt, skillful, cost effective fire protection and life safety services."

To fulfill this Mission, the Fire Department adheres to the following principles:

- We will take GREAT risks to save your life
- We will take MINIMAL risks to save your property
- We will take NO risks for the lives or property that are already lost

The Summerland Fire Department was established in 1949. Today we serve a population of approximately 11,600 residents from one central fire hall with a fire protection area of 74 square km. (28 square miles). The Summerland Fire Department consists of 4 Career Firefighters and 28 Auxiliary Firefighters. Firefighting equipment includes three engines, one rescue, one water tender, one CAFS squad unit, one bush truck, two command vehicles, and one administration vehicle.







Parks & Recreation

Summerland Parks & Recreation is the heart of our vibrant community. With many facilities and natural green spaces, the District of Summerland offers a community pool, fitness centre, arena, curling club, beaches, parks, water-park, lake front community gazebo, sports complexes that include ball fields and soccer fields, rodeo grounds, a municipal campground and a community theatre. The Trans Canada trail goes through Summerland and this provides many opportunities for cycling and hiking.

The Recreation Department provides services in three main areas: 1) parks and sports fields, 2) recreation, leisure, and fitness programs for all age groups, and 3) facility operations. Our programs and services generate revenue directly through user fees.

Additional economic activity is also generated from staging and promoting sporting and special events in the community. Thousands of people attend Action Festival on the first weekend in June each year with an 80 team slo-pitch tournament, 5 & 10km family fun runs, triathlon, along with parade and stage entertainment.



Police (RCMP)

The Royal Canadian Mounted Police is Canada's national police service, an agency of the Ministry of Public Safety Canada, providing law enforcement services in detachments across the country. The District of Summerland contracts the RCMP to provide police services for its citizens.

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

Our mandate is multi-faceted. 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 police and law enforcement agencies.

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

Works & Utilities

The Works & Utilities department is responsible for the planning, design, construction, operation and maintenance of the municipality's water, sanitary sewer, drainage, solid waste, electrical and transportation infrastructure as well as cemeteries and parks. The department operates and maintains all municipal infrastructure in a cost-effective and efficient manner, and completes upgrades to improve the service life of utilities infrastructure to meet the current and future needs of the community.

Our waterworks system is managed and maintained to produce clean and safe potable water to satisfy all anticipated consumption and fire protection needs. This includes management of the District's watershed and dam infrastructure which provides raw water storage and flood mitigation. The department also operates an effective sanitary sewer collection and treatment system that provides for public health and safety with minimal service disruption and impact to the environment.

Our Electrical Utility maintains and improves the District's electrical infrastructure including power poles, distribution network and streetlights in order to provide reliable electrical service for Summerland residents and businesses in a safe and responsive manner. The Electrical Utility is also actively exploring opportunities for alternative power production and green technologies to enhance Summerland's self-reliance, reduce costs, and increase efficiency.

The transportation network includes roads, pathways and trails which are maintained and improved to enhance the safety, livability and sustainability of the community and to effectively manage traffic to support user safety. The department also maintains a safe and cost-effective fleet of vehicles and equipment for District of Summerland staff. It also provides cemetery services, maintains parks and playing fields, and solid waste services to maintain a healthy and clean city.



EMERGENCY MANAGEMENT

The District of Summerland works in coordination with regional, provincial, and federal agencies to plan for and respond to emergency situations such as floods and wildfires. In 2017, there were two major emergency events that required significant action by the District to mitigate risk to life and property.

May-June Flood Event

Beginning in May of 2017, the District began to experience higher than usual water levels in creeks and waterways throughout the municipality and experienced some localized flooding in the Garnet Valley area.

On May 9, District crews and equipment were used to create a berm on the banks of Aeneas Creek near the intersection of Garnet Avenue and Tingley Street as the elevated water levels caused the creek to breach its bank and pose danger to the surrounding community.

Simultaneously, Okanagan Lake was experiencing high water levels and was considered full. The levels were expected to rise to 343.0 m and cause flooding in some areas. Summerland residents with property bordering Okanagan Lake were encouraged to take precautions. Sandbags were made available and volunteer groups were organized to assist the public with preparing for the rising lake level.

As lake levels continued to rise, by mid-May, District staff were performing inspections and taking action to protect public infrastructure under threat of flooding. Staff were also going door-to-door in low-lying areas along the lake to communicate with residents regarding what steps the residents could take to protect themselves and their property, and provided staking along the private beachfronts to help residents plan for the predicted high water mark and sandbag accordingly.

By late May, the District had use of a sandbagging machine on loan from the province, capable of filling 1,600 bags per hour, to increase the number of sandbags available for municipal and residential use. Further volunteer work groups were organized to assist with sandbagging areas under risk.



Wind events in late May worsened matters and caused even further damage from high lake levels. Many properties along the lake, both public and private, experienced significant damage, especially to docks. Public beaches were closed due to the risk of related hazards now in the lake.

A bladder dam was erected at Powell Beach to protect municipal infrastructure and the surrounding area from rising water. The park was closed to the public as the high water table saturated the parking lot from below and the asphalt became unstable.

On May 26, the District received an updated report from the Province on the expected maximum lake

level, expected to then reach 343.05 m. This prediction was revised upwards a number of times over the following weeks. The District encourages residents to prepare for a level of 343.5 m to be safe. One area in Trout Creek required power to be cut off for safety reasons, affecting 14 homes. District staff met with these residents in person to explain the situation and provide information on available emergency assistance resources.

The District continued to communicate this and other flood related news with residents on a daily basis via the website, social media, press releases, traditional media, and face-to-face with affected residents. A flood information line was active 24/7 to provide information to the public and coordinate assistance for those in need.



Lake levels continued to rise until finally stabilizing at 343.25 m in mid-June. Shortly thereafter, lake levels started to drop and recovery efforts began, including safe disposal of sandbags, removal of debris along the shore, and repairs to roads, walkways and beaches.

Finlay Creek Wildfire

On September 4, 2017, the District of Summerland issued an Evacuation Alert for all properties along Garnet Valley Road from Wildhorse Road and north.

This alert was issued as a precautionary measure in response to a wildfire at the northeast end of Garnet Lake.

The 1,000-1,300 hectare fire was stabilized and the BC Wildfire Service was continuing to fortify the area with dozens of fire lines, however, conditions can change rapidly and the District and residents needed to take appropriate measures in case the fire risk escalated. For public safety, access to Garnet Valley Road was limited to personnel involved in firefighting activity and local traffic. Evacuation orders were issued for two properties on Garnet Valley Lake.

The fire line between the wildfire and Summerland was well established, but the fire was only 15% contained by September 7. Crews and support personnel moved into a fire camp located at the Summerland Living Memorial ball park and additional resources continued to arrive in Summerland to assist firefighting efforts.

By September 13, the wildfire had been 75% contained and the evacuation orders and alerts were lifted.

The District is grateful for the support of the many dedicated people and agencies that assisted throughout these events, and for the cooperation, understanding, and assistance of Summerland residents.



Financial Section

I am pleased to present the District of Summerland audited financial statements for the year ended December 31, 2017.

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 consolidated 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. 2017 revenues of \$40.00 million increased approximately \$8.04 million over 2016 revenue totals. This increase was predominantly due to three factors:

1. Capital grant claims for the Jones Flat and Garnet Valley Water System Separation project and the Waste Water Treatment Plant Grit Removal and Effluent Filter Upgrades Project were approximately \$5.8 million as these two projects neared completion.
2. The District was successful in recuperating approximately \$380,600 in Emergency response costs caused by severe flooding.
3. User fees increased \$1.6 million as the District continued to adjust fees in order to maintain services at appropriate levels.

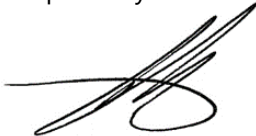
2017 expenses of \$29.71 million increased \$1.95 million over 2016. One of the most significant increases to the community, not just financially, was the impact of flooding. The District expended approximately \$534,300 in flooding related response costs. The remainder of this increase was predominantly attributed to increased expenses in the water and electrical utilities as well as the parks and recreation department.

The District ended the year with a \$10.29 million increase to accumulated surplus, which has an overall balance of \$108.16 million. Accumulated surplus includes investment in tangible capital assets, funds held in reserve and unappropriated surplus. The General Fund ended the year with \$1.74 million unappropriated surplus, an increase of \$205,000. The Water Fund ended the year with \$157,000 unappropriated surplus, a decrease of \$1.19 million primarily due to the construction of capital projects in 2017. The Sewer Fund ended the year with \$701,000 unappropriated surplus, an increase of \$206,000. The Electric Fund ended the year with \$1.81 million unappropriated surplus, an increase of \$598,800.

Funds held in reserve increased \$495,000 and total \$14.9 million. The primary reason for this increase was due to the District not moving forward with budgeted 2017 capital acquisitions funded through reserves. The 2017 capital budget was \$19.5 million with \$11.3 million being expended, thereby increasing the District's investment in tangible capital assets to a total of \$93.3 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,



David Svetlichny, CPA, CA
Director of Finance

Financial Section

The Corporation of the District of Summerland
Consolidated Financial Statements
For the year ended December 31, 2017

Financial Section

The Corporation of the District of Summerland

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For the year ended December 31, 2017

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Financial Section

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 consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards 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 consolidated 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 consolidated 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.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Mayor and Council to audit the consolidated financial statements 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 9, 2018



Director of Finance

Financial Section

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the District of Summerland, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the District of Summerland as at December 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, British Columbia

April 9, 2018, except for Note 18 which is at June 11, 2018

MNP LLP

Chartered Professional Accountants

Financial Section

The Corporation of the District of Summerland Consolidated Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial assets		
Cash and cash equivalents	9,657,169	12,591,586
Accounts receivable (Note 2)	8,369,458	3,351,436
Portfolio investments (Note 3)	6,669,139	6,477,508
Deposit - Municipal Finance Authority (Note 4)	626,872	614,881
	25,322,638	23,035,411
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	5,342,525	3,691,038
Landfill closure and post closure liability (Note 6)	443,596	621,233
Deferred revenue (Note 7)	5,146,945	4,916,800
Deposits	744,076	828,218
Long-term debt (Note 8)	19,731,749	21,851,905
Obligations under capital lease	-	50,912
	31,408,891	31,960,106
Net debt	(6,086,253)	(8,924,695)
Non-financial assets		
Tangible capital assets (Note 9)	113,000,483	105,374,355
Prepays	290,357	321,930
Inventories of supplies	951,789	1,092,317
	114,242,629	106,788,602
Accumulated surplus (Note 10)	108,156,376	97,863,907
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.

Financial Section

The Corporation of the District of Summerland
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2017

	Budget (Note 16)	2017	2016
Revenue			
Taxation - net (Note 12)	10,717,725	10,732,701	10,280,410
Government transfers (Note 13)	11,055,978	7,786,595	1,765,317
User fees, sales and rentals	17,958,336	18,977,945	17,390,174
Permits, licenses and fines	492,960	557,515	505,240
Investment income	125,000	170,801	198,657
Actuarial earnings	733,948	733,947	702,624
Penalties and interest on taxes	100,000	106,320	110,884
Franchise	84,109	84,109	90,496
Contributions	910,394	588,791	151,673
Other	1,036,634	176,423	174,841
Gain on disposal of tangible capital assets	-	84,809	587,889
	43,215,084	39,999,956	31,958,205
Expenses			
General government services	1,614,067	1,307,969	1,173,119
Protection services	2,964,232	2,663,987	2,614,711
Transportation services	4,682,396	3,707,523	3,029,040
Environmental services	1,444,338	994,366	1,292,074
Health services	969,020	105,846	114,543
Planning and development	150,268	671,508	616,720
Parks and recreation	2,995,687	2,783,317	2,479,364
Water services	5,414,483	4,241,022	4,110,689
Sewer services	3,213,707	2,479,205	2,388,536
Electrical services	10,566,045	10,752,744	9,936,787
	34,014,243	29,707,487	27,755,583
Annual surplus	9,200,841	10,292,469	4,202,622
Accumulated surplus, beginning of year	97,863,907	97,863,907	93,661,285
Accumulated surplus, end of year	107,064,748	108,156,376	97,863,907

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

Financial Section

The Corporation of the District of Summerland
Consolidated Statement of Changes in Net Debt
For the year ended December 31, 2017

	Budget (Note 16)	2017	2016
Annual surplus	9,200,841	10,292,469	4,202,622
Acquisition of tangible capital assets	(19,476,915)	(11,287,804)	(1,928,750)
Amortization of tangible capital assets	4,955,000	3,653,007	3,604,124
Gain on disposal of tangible capital assets	-	(84,809)	(587,889)
Proceeds on sale of tangible capital assets	-	93,478	698,496
	(5,321,074)	2,666,341	5,988,603
Change in prepaids	-	31,573	(16,121)
Change in inventory of supplies	-	140,528	95,816
Decrease in net debt	(5,321,074)	2,838,442	6,068,298
Net debt, beginning of year	(8,924,695)	(8,924,695)	(14,992,993)
Net debt, end of year	(14,245,769)	(6,086,253)	(8,924,695)

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

Financial Section

The Corporation of the District of Summerland Consolidated Statement of Cash Flows For the year ended December 31, 2017

	2017	2016
Operating transactions		
Annual surplus	10,292,469	4,202,622
Items not involving cash		
Amortization	3,653,007	3,604,124
Gain on disposal of tangible capital assets	(84,809)	(587,889)
Landfill closure and post closure costs	(177,637)	202,222
Contributed assets	(17,220)	-
	3,373,341	3,218,457
Changes in non-cash operating balances		
Accounts receivable	(5,018,022)	(373,582)
Prepays	31,573	(16,121)
Inventories of supplies	140,528	95,816
Accounts payable and accrued liabilities	1,651,487	(265,355)
Deferred revenue	230,145	319,102
Actuarial reduction of long-term debt	(733,947)	(702,624)
Deposit - Municipal Finance Authority	(11,991)	5,179
Deposits received (refunded)	(84,142)	130,646
	(3,794,369)	(806,939)
	9,871,441	6,614,140
Capital transactions		
Acquisition of tangible capital assets	(11,270,584)	(1,928,750)
Proceeds on disposal of tangible capital assets	93,478	698,496
	(11,177,106)	(1,230,254)
Investing transactions		
Disposal (acquisition) of portfolio investments	(191,631)	4,445,795
Financing transactions		
Repayment of long-term debt	(1,421,311)	(1,414,303)
Proceeds of long-term debt	35,102	366,000
Repayment of obligations under capital lease	(50,912)	(76,305)
	(1,437,121)	(1,124,608)
Net change in cash and cash equivalents	(2,934,417)	8,705,073
Cash and cash equivalents, beginning of year	12,591,586	3,886,513
Cash and cash equivalents, end of year	9,657,169	12,591,586

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 Consolidated Financial Statements

For the year ended December 31, 2017

The Corporation of the District of Summerland (the "District") was incorporated under the laws of the Province of British Columbia in 1906. 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 consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation

i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all the funds of the District, segregated into General, Protective, Transportation, Environmental, Health, Planning & Development, Parks & Recreation, Water Utility, Sewer Utility and Electrical Utility funds, and those of any local boards which are owned or controlled by the District and that are accountable for the administration of their financial affairs and resources to the District.

Interdepartmental and inter-organizational transactions and balances between these funds have been eliminated during consolidation.

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 consolidated 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 Consolidated Financial Statements

For the year ended December 31, 2017

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 consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

(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 Consolidated Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies (continued)

(h) Accounts receivable

Accounts are net of an allowance for doubtful accounts and therefore represent the amounts expected to be collected.

(i) 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.

(j) 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.

(k) Long-term debt

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

(l) 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, 2017.

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.

(m) 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.

Financial Section

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

For the year ended December 31, 2017

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 Consolidated Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies (continued)

(n) 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 accrued liabilities, estimated useful lives of tangible capital assets, valuation of accounts receivable, liability for landfill closure and post-closure and liability for contaminated sites.

(o) Recent accounting pronouncements

(i) PS 2200 *Related Party Disclosures*

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the PSAB issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

This Section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The District does not expect application of the new Standard to have a material effect on the financial statements.

(ii) PS 3210 *Assets*

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

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

For the year ended December 31, 2017

1. Significant accounting policies (continued)

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries. An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

(iii) PS 3320 *Contingent Assets*

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook. The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The Standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

(iv) PS 3380 *Contractual Rights*

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook. This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Financial Section

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

For the year ended December 31, 2017

1. Significant accounting policies (continued)

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The District does not expect application of the new Standard to have a material effect on the consolidated financial statements.

2. Accounts receivable

	2017	2016
Property taxes	532,166	699,743
Utilities	1,724,749	1,762,822
Other governments	5,887,444	537,113
Development cost charges	-	68,749
Trade and other	225,099	283,009
	8,369,458	3,351,436

3. Portfolio investments

	2017	2016
Cash and bond funds	9,111	8,930
Money Market funds	66,316	65,677
Guaranteed Investment Certificates	6,593,712	6,402,901
	6,669,139	6,477,508

The income from portfolio investments for the year was \$208,004 (2016 - \$215,797), where \$48,034 (2016 - \$41,013) has been deferred. The market value of the District's portfolio investments was \$6,668,761 (2016 - \$6,477,508).

Financial Section

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

For the year ended December 31, 2017

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	2017	2016
General fund	179,202	82,133	261,335	259,764
Water fund	567,605	282,028	849,633	844,239
Sewer fund	384,107	262,711	646,818	641,792
	1,130,914	626,872	1,757,786	1,745,795

5. Accounts payable and accrued liabilities

	2017	2016
Trade and other	4,251,555	2,683,924
Wages and benefits	685,336	615,664
Due to funds held in trust	405,634	391,450
	5,342,525	3,691,038

Financial Section

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

For the year ended December 31, 2017

6. Landfill closure and post closure liability

	2017	2016
Landfill closure costs	287,389	383,708
Landfill post closure costs	156,207	237,525
	443,596	621,233

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 50 years, closing in the year 2067. Landfill closure costs are estimated at \$287,389 (2016 - \$383,708). As at December 31, 2017, the landfill closure costs are fully funded.

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 \$156,207 for 2017 (2016 - \$237,525) based on 14.4% (2016 – 12.9%) of the landfill capacity used to this date and a 50-year lifespan to 2067 and a discount rate of 1.97% (2016 – 1.12%). Post closure costs are expected to be funded by annual budget appropriations in the years in which they are incurred.

7. Deferred revenue

	Opening balance	Deferred transactions	Externally restricted investment income	Revenue recognized	2017 Ending balance
Development cost charges	3,808,928	67,516	48,034	(7,975)	3,916,503
Property taxes and business licenses	1,107,872	1,160,409	-	(1,037,839)	1,230,442
	4,916,800	1,227,925	48,034	(1,045,814)	5,146,945

Financial Section

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

For the year ended December 31, 2017

8. Long-term debt

	2017	2016
Outstanding debt, beginning of year	21,851,905	23,602,832
Repayment of debt	(1,421,311)	(1,414,303)
Actuarial reduction of principal	(733,947)	(702,624)
New Borrowing	35,102	366,000
Outstanding debt, end of year	19,731,749	21,851,905

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

	General Fund	Water Fund	Sewer Fund	Total
2018	498,657	1,007,182	718,488	2,224,327
2019	299,332	1,046,212	752,012	2,097,556
2020	311,999	1,008,359	708,715	2,029,073
2021	325,206	1,046,941	741,935	2,114,082
2022	258,736	1,087,007	776,734	2,122,477
2023 and thereafter	2,700,517	4,774,303	1,669,414	9,144,234
	4,394,447	9,970,004	5,367,298	19,731,749

Financial Section

The Corporation of the District of Summerland Notes to the Consolidated Financial Statements For the year ended December 31, 2017

8. Long-term debt (continued)

Bylaw Number	Purpose	Year Maturing	% Rate	2017 Cash Payments		Balance Outstanding	
				Interest	Principal	2017	2016
General fund							
00-083	Road Improvements	2026	1.750	17,500	30,243	284,536	347,408
00-083	Road Improvements	2030	4.500	90,000	67,163	1,469,523	1,554,506
00-399	RCMP Building	2030	4.200	131,250	104,943	2,428,916	2,556,595
Oct 15/13	Prairie Valley Road	2018	variable	5,557	200,000	200,000	400,000
EF0001-0	Caterpillar Wheel Loader	2018	1.35	156	19,469	6,556	-
EF0001-0	Bomford Motor	2018	1.35	64	4,161	4,916	-
				244,527	425,979	4,394,447	4,858,509
Water fund							
99-039	Water works upgrade	2019	2.100	21,000	33,150	146,771	215,426
00-161	Water works upgrade	2025	4.170	108,000	220,570	2,959,721	3,275,644
00-213	Thirsk Dam Expansion	2026	1.750	192,300	201,490	3,282,628	3,580,883
00-195	Water works upgrade	2027	4.820	289,200	201,490	3,580,884	3,867,667
				610,500	656,700	9,970,004	10,939,620
Sewer fund							
98-034	Sewer System construction	2023	4.650	418,500	188,572	3,241,195	3,695,017
99-040	Sewer System construction	2019	2.100	21,000	33,149	146,771	215,426
00-192	Sewer System construction	2025	4.170	14,400	29,409	394,630	436,753
00-207	Sewer System construction	2026	1.750	64,100	67,164	1,094,209	1,193,628
00-192	Sewer System construction	2029	4.130	8,260	6,717	138,114	146,952
16-023	Sewer System construction	2036	2.100	7,686	13,621	352,379	366,000
				533,946	338,632	5,367,298	6,053,776
				1,388,973	1,421,311	19,731,749	21,851,905

Financial Section

The Corporation of the District of Summerland Notes to the Consolidated Financial Statements For the year ended December 31, 2017

9. Tangible capital assets

	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Sidewalks	Water Utility	Sewer Utility	Electric Utility	Work in Progress	2017 Total	2016 Total
Cost, beg. of year	15,730,029	3,712,845	12,046,731	10,018,009	29,740,154	47,902,407	34,479,223	9,086,805	1,127,026	163,843,229	162,278,848
Additions	-	18,003	22,508	554,085	-	889,512	22,643	634,657	9,785,144	11,926,552	3,147,305
Disposals	-	-	-	-	-	-	-	(22,254)	(638,748)	(661,002)	(1,582,924)
Cost, end of year	15,730,029	3,730,848	12,069,239	10,572,094	29,740,154	48,791,919	34,501,866	9,699,208	10,273,422	175,108,779	163,843,229
Accumulated amortization, beg. of year	-	-	5,655,437	6,789,962	18,628,061	12,414,483	12,288,619	2,692,312	-	58,468,874	55,118,512
Amortization	-	-	252,550	469,717	928,017	1,116,789	710,696	175,238	-	3,653,007	3,604,124
Disposals	-	-	-	-	-	-	-	(13,585)	-	(13,585)	(253,762)
Accumulated amortization, end of year	-	-	5,907,987	7,259,679	19,556,078	13,531,272	12,999,315	2,853,965	-	62,108,296	58,468,874
Net carrying amount, end of year	15,730,029	3,730,848	6,161,252	3,312,415	10,184,076	35,260,647	21,502,551	6,845,243	10,273,422	113,000,483	105,374,355

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 \$10,273,422 (2016 - \$1,127,026). Contributed infrastructure tangible capital assets with a value of \$17,220 were recognized in the consolidated financial statements during the year (2016 - \$Nil). Asset additions include \$637,357 of work in progress transfers from 2016 (2016 - \$463,210). Net cash additions for 2017 are \$11,270,584 (2016 - \$1,928,750).

Financial Section

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

For the year ended December 31, 2017

10. Accumulated surplus

The District segregates its accumulated surplus in the following categories:

	<u>2017</u>	2016
Current funds	9,725,936	10,144,196
Community Works	2,124,927	1,567,930
Net current funds	11,850,863	11,712,126
Investment in tangible capital assets	93,268,724	83,471,538
Statutory reserve funds	3,036,789	2,680,243
	<u>108,156,376</u>	<u>97,863,907</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	1,567,930	534,956	22,961	(920)	2,124,927

11. Statutory reserve funds

	Opening balance	Contributions received	Investment income	Expenditure	Ending balance
Tax sale	7,118	-	89	-	7,207
Land sale	1,225,114	-	14,228	(176,095)	1,063,247
Capital works	967,703	292,139	13,133	(128,496)	1,144,479
Parking	76,281	-	955	-	77,236
Asset management	404,027	333,451	7,142	-	744,620
	2,680,243	625,590	35,547	(304,591)	3,036,789

Financial Section

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

For the year ended December 31, 2017

12. Taxation, net

	2017	2016
Property taxes and payments-in-lieu	10,732,701	10,280,410
Collections for other governments		
Province of British Columbia - school tax	5,115,183	5,160,811
Regional District	741,237	632,292
Regional Hospital District	823,038	757,345
Municipal Finance Authority	543	487
British Columbia Assessment Authority	124,428	137,044
Okanagan Regional Library	469,414	464,488
	<u>18,006,544</u>	<u>17,432,877</u>
Transfers		
Province of British Columbia - school tax	5,115,183	5,160,811
Regional District	741,237	632,292
Regional Hospital District	823,038	757,345
Municipal Finance Authority	543	487
British Columbia Assessment Authority	124,428	137,044
Okanagan Regional Library	469,414	464,488
	<u>7,273,843</u>	<u>7,152,467</u>
Available for general municipal purposes	<u>10,732,701</u>	<u>10,280,410</u>

13. Government transfers

	2017	2016
Provincial Transfers		
Small community grants	364,770	360,638
Traffic fine revenue sharing	59,511	61,858
Community Works	556,997	528,343
Capital grants	5,768,137	395,071
Other contributions	667,041	32,364
	<u>7,416,456</u>	<u>1,378,274</u>
Regional transfers		
Okanagan basin water board	370,139	387,043
Total government transfer revenues	<u>7,786,595</u>	<u>1,765,317</u>

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

For the year ended December 31, 2017

14. Contingent liabilities and commitments

- (a) 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.
- (b) 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, 2017, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 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, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Corporation of the District of Summerland paid \$578,269 (2016 - \$524,533) for employer contributions while employees contributed \$507,818 (2016 - \$406,744) to the plan in fiscal 2017.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- (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 consolidated financial statements, neither the outcome nor the potential settlement can be foreseen. No provision has been made in the consolidated financial statements.

Financial Section

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

For the year ended December 31, 2017

15. Funds held in trust

At the year end, the District held \$1,030,801 (2016 - \$1,018,305) 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 consolidated financial statements:

	2017	2016
Summerland scholarship	26,452	27,605
Cemetery perpetual care	373,577	365,293
Abernethy memorial	78,770	77,796
Summerland education funding	552,002	547,611
	1,030,801	1,018,305

16. Annual budget

The financial statements have included the Annual Budget as approved by Council on April 13, 2017. 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:

	2017	2016
Annual surplus	9,200,841	4,114,266
Capital expenditures	(19,476,915)	(7,794,731)
Principal repayment of debt	(1,470,866)	(2,116,927)
Transfers from accumulated surplus	2,056,000	5,074,501
Borrowing proceeds	9,690,940	722,891
Net annual budget	-	-

17. Comparative figures

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

18. Correction to previously issued financial statements

The financial statements of December 31, 2017, issued under an independent audit report date April 9, 2018 were not the correct version approved by the District and have therefore been withdrawn and replaced with these financial statements under a double-dated independent audit report approved on June 11, 2018.

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

For the year ended December 31, 2017

19. Segmented information

The Corporation of the District of Summerland 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 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, occupational health and safety, 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 Thirsk dam and 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.

Financial Section

The Corporation of the District of Summerland Notes to Consolidated Financial Statements For the year ended December 31, 2017

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 2017
Revenue											
Property tax	8,474,661	-	-	-	-	-	-	-	-	-	8,474,661
Parcel tax	-	-	-	-	-	-	-	1,528,740	729,300	-	2,258,040
Government transfers	1,143,944	-	415,291	-	-	-	-	3,841,865	2,369,140	16,355	7,786,595
User fees, sales and rentals	196,714	4,572	30,602	1,397,295	47,340	-	817,882	3,470,820	1,241,407	11,771,313	18,977,945
Permits, licenses and fines	147,414	22,849	-	-	-	387,252	-	-	-	-	557,515
Investment income	160,381	-	-	-	-	-	-	5,395	5,025	-	170,801
Actuarial earnings	73,186	-	-	-	-	-	-	312,916	347,845	-	733,947
Penalties and interest on taxes	106,320	-	-	-	-	-	-	-	-	-	106,320
Franchise	84,109	-	-	-	-	-	-	-	-	-	84,109
Contributions from developers	139,720	-	-	-	-	-	5,394	190,527	22,643	230,507	588,791
Other	34,595	-	36,170	-	-	-	-	21,856	15,264	68,538	176,423
Gain (loss) on disposal	-	-	-	-	-	93,478	-	-	-	(8,669)	84,809
	10,561,044	27,421	482,063	1,397,295	47,340	480,730	823,276	9,372,119	4,730,624	12,078,044	39,999,956
Expenses											
Labour and benefits	800,464	845,996	1,258,864	176,146	61,470	375,476	1,455,404	1,003,998	528,701	780,131	7,286,650
Contracted services	295,010	1,436,535	1,258,015	942,069	23,485	286,881	596,595	392,702	272,204	299,493	5,802,989
Materials and supplies	129,861	113,480	(92,741)	31,664	17,434	7,768	490,724	1,208,513	432,163	9,497,882	11,836,748
Interest	-	120,875	120,875	-	-	-	-	492,103	535,241	-	1,269,094
Amortization	76,050	145,878	1,160,798	22,124	3,457	1,383	240,594	1,116,789	710,696	175,238	3,653,007
Other	6,584	1,223	1,712	(177,637)	-	-	-	26,917	200	-	(141,001)
	1,307,969	2,663,987	3,707,523	994,366	105,846	671,508	2,783,317	4,241,022	2,479,205	10,752,744	29,707,487
SURPLUS (DEFICIT) for the year	9,253,075	(2,636,566)	(3,225,460)	402,929	(58,506)	(190,778)	(1,960,041)	5,131,097	2,251,419	1,325,300	10,292,469

Financial Section

The Corporation of the District of Summerland
Notes to Consolidated Financial Statements
 For the year ended December 31, 2017

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 2016
Revenue											
Property tax	8,035,489	-	-	-	-	-	-	-	-	-	8,035,489
Parcel tax	-	-	-	-	-	-	-	1,509,930	734,991	-	2,244,921
Government transfers	950,839	4,364	28,000	-	-	-	-	395,071	387,043	-	1,765,317
User fees, sales and rentals	179,821	10,429	31,850	1,222,871	55,325	-	812,108	3,191,094	1,178,758	10,707,918	17,390,174
Permits, licenses and fines	144,621	23,309	-	-	-	337,310	-	-	-	-	505,240
Investment income	183,680	-	-	-	-	-	-	7,522	7,455	-	198,657
Actuarial earnings	62,012	-	-	-	-	-	-	276,759	363,853	-	702,624
Penalties and interest on taxes	110,884	-	-	-	-	-	-	-	-	-	110,884
Franchise	90,496	-	-	-	-	-	-	-	-	-	90,496
Contributions from developers	-	-	-	-	-	-	7,106	26,447	-	118,120	151,673
Other	32,506	-	2,347	-	-	-	-	78,369	1,500	60,119	174,841
Gain (loss) on disposal	598,496	-	-	-	-	-	-	-	-	(10,607)	587,889
	<u>10,388,844</u>	<u>38,102</u>	<u>62,197</u>	<u>1,222,871</u>	<u>55,325</u>	<u>337,310</u>	<u>819,214</u>	<u>5,485,192</u>	<u>2,673,600</u>	<u>10,875,550</u>	<u>31,958,205</u>
Expenses											
Labour and benefits	769,641	732,399	1,072,585	179,884	76,574	307,938	1,313,943	1,003,518	550,443	705,440	6,712,365
Contracted services	212,096	1,492,995	866,201	873,360	22,590	294,274	517,683	361,851	162,501	372,776	5,176,327
Materials and supplies	119,495	104,034	(244,027)	23,583	13,751	9,624	462,139	1,042,344	418,404	8,676,230	10,625,577
Interest	-	129,429	129,430	-	-	-	-	584,535	557,854	-	1,401,248
Amortization	65,123	154,666	1,203,139	13,025	1,628	4,884	185,599	1,094,585	699,134	182,341	3,604,124
Other	6,764	1,188	1,712	202,222	-	-	-	23,856	200	-	235,942
	<u>1,173,119</u>	<u>2,614,711</u>	<u>3,029,040</u>	<u>1,292,074</u>	<u>114,543</u>	<u>616,720</u>	<u>2,479,364</u>	<u>4,110,689</u>	<u>2,388,536</u>	<u>9,936,787</u>	<u>27,755,583</u>
SURPLUS (DEFICIT) for the year	9,215,725	(2,576,609)	(2,966,843)	(69,203)	(59,218)	(279,410)	(1,660,150)	1,374,503	285,064	938,763	4,202,622



Permissive 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 2017 together with the estimated amount of municipal taxes that would have been imposed on each property if it were not considered exempt.

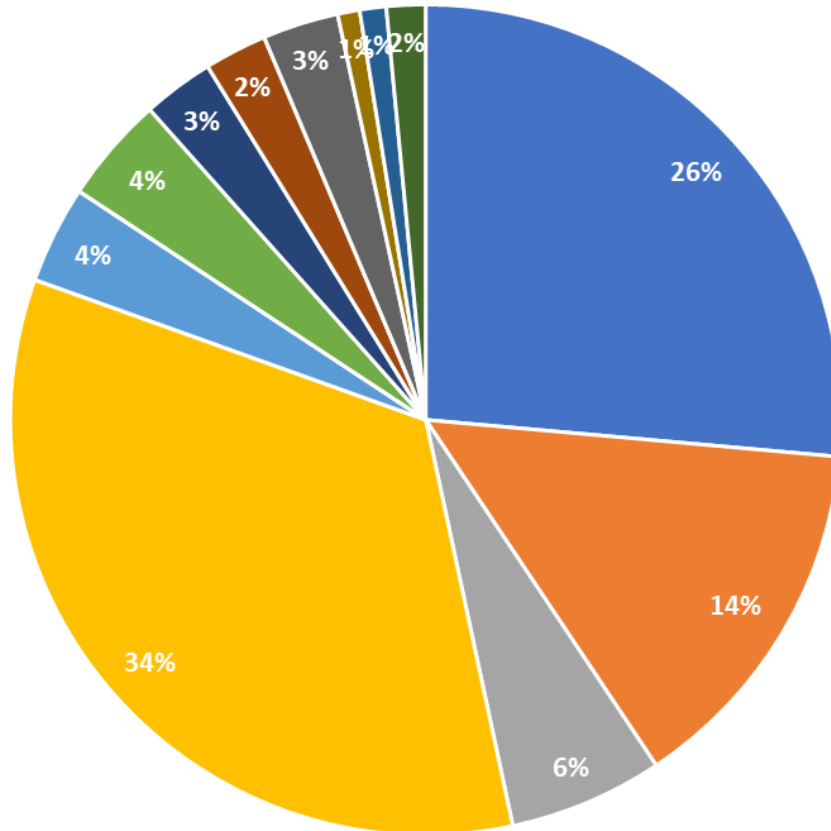
Organization	2017 Municipal Taxes
Christian and Missionary Alliance	\$5,148.72
Julia Street Community Church	\$2,408.01
Kettle Valley Railway Society	\$26,961.39
Okanagan Hindu Society	\$1,944.27
Roman Catholic Bishop of Nelson Church of the Holy Child	\$6,002.75
Royal Canadian Legion Branch 22	\$1,850.66
South Okanagan Sailing Association	\$9,773.22
St. John's Lutheran Church	\$3,082.03
St. Stephen Anglican Church	\$2,712.62
Summerland Athletic Club	\$2,040.16
Summerland Baptist Church	\$2,302.16
Summerland Chamber of Commerce	\$2,839.50
Summerland Golf Society	\$19,234.93
Summerland Recreation Society (Lakeshore Racquets Club)	\$14,087.53
Summerland Senior Citizens Drop-In Association	\$2,840.91
Summerland United Church	\$1,156.48
Summerland Yacht Club	\$3,801.24
Summerland Youth Centre Association	\$10,301.11
Trustees of the Summerland Congregation of Jehovah's Witnesses	\$2,930.81
Total	\$121,418.51



Statistical Information

2017 Consolidated Operating Revenues

(\$32.4 million)

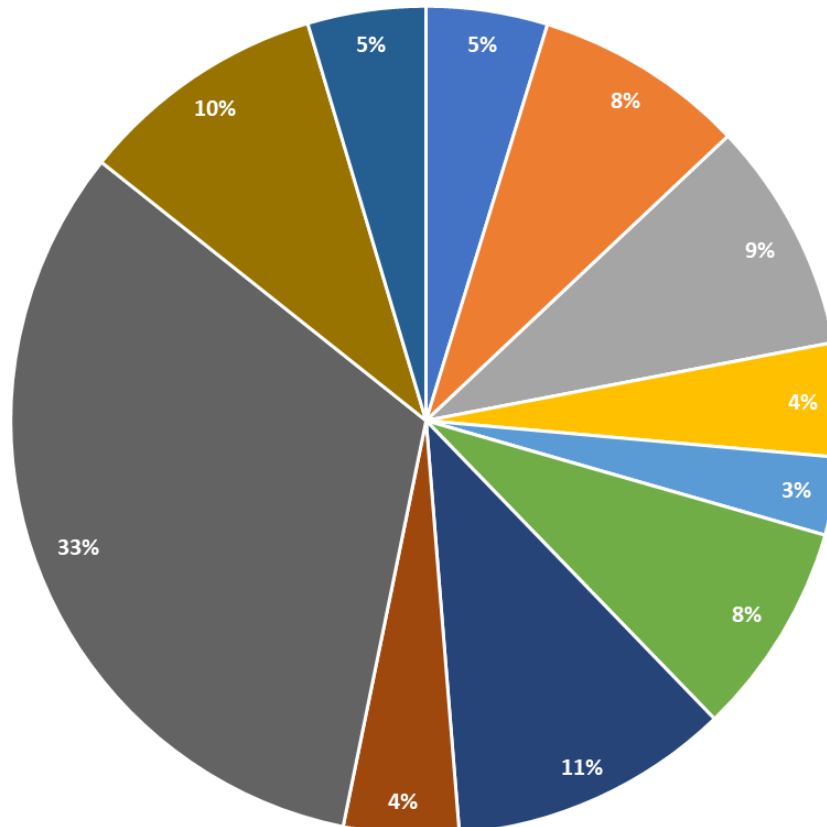


■ 26% Property taxes	\$8,571,900
■ 14% Water rates and parcel tax	\$4,614,900
■ 6% Sewer rates and parcel tax	\$1,947,500
■ 34% Electric rates	\$10,978,800
■ 4% Solid waste (curbside and landfill)	\$1,234,700
■ 4% Grants	\$1,347,700
■ 3% Sales of services and rentals	\$897,300
■ 3% Recreation services	\$791,600
■ 3% Interest and penalties	\$958,900
■ 1% Reserve	\$277,900
■ 1% Accumulated surplus	\$334,600
■ 1% Licenses, permits and fines	\$493,000

Statistical Information

2017 Consolidated Operating Expenses

(\$31.8 million)



5%	General Government	\$1,504,000
8%	Protective Services	\$2,618,300
9%	Works	\$2,868,500
4%	Solid waste	\$1,412,300
3%	Environmental development services	\$967,000
8%	Recreation and cultural services	\$2,647,700
11%	Debt servicing	\$3,480,700
4%	Reserves	\$1,426,500
33%	Electric Utility	\$10,342,000
10%	Water Utility	\$3,080,300
5%	Sewer Utility	\$1,463,900

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