



DISTRICT OF
SUMMERLAND



2016 ANNUAL REPORT

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Message from the Mayor

This council has now completed two years of a four-year term. All of council has become seasoned and have taken leading roles on committees of council and special projects as well as strong meaningful participation at the council table.

Led by our CAO Linda Tynan, all of staff are working hard on the directions that this council is emphasizing. Council has stressed strong fiscal accountability, procedures that are efficient improved and collaborative in administration, planning and development, and public works and utilities. This also includes a strong focus on arts and culture as well as green initiatives particularly alternative energy technologies.

The cultural plan was a major initiative started in 2015 with the Cultural Plan Task Force that included key members of the community. This group spent long hours in many meetings coming up with a Cultural Plan. It is interesting, meaningful and comprehensive and will be a reference document for all facets of future community discussion and planning. Council adopted the Cultural Plan in the fall of 2016. Following adoption of the plan, a Community Development Coordinator was hired. Because of the Cultural Plan, arts groups were brought under one roof in the old library location which continues to be refurbished. A governance structure continues to be addressed.



The Garnett Valley water separation and road work got under way in earnest in October 2016 and will be completed in the fall of 2017. This project will bring high quality potable water to Garnett Valley residents, relieve the stress on the water treatment facility by separating agricultural water. In addition, much-needed road improvement and cycling lanes to link our cycling network with the Trans-Canada trail north to Peachland and beyond.

We also received funding of \$100,000 from the BC Rural Dividend Program for economic initiatives in the community. A coordinator will lead this effort in 2017 in addition to efforts by our Mayor's Economic Task Force.

The Integrated Asset Management and Infrastructure Investment Plan project got underway in 2016 after receiving \$372,000 in grant funding through the Gas Tax Strategic Priorities Fund.

In the fall of 2016 staff brought forward the need to move on the renewal of a set of major pressure regulators. This was a significant project as it required a shutdown of water service to the community for early 2017. A detailed communication plan proved very successful. This approach of consultation, detailed planning with ongoing follow-up has been key in each project. The result of this strong effort has been very successful relationships with affected residents.

Overall Council and staff have had a heavy council agenda due to strong growth. Housing starts are up dramatically over previous years, plus significant new large projects that if come to fruition will enhance employment in the community, drive more business success and build on our tax base. These are important if the community is to move forward on required major infrastructure renewal in the future.

I am very pleased with our Council's efforts. We would not see the progress and successes if it weren't for a strong dedicated CAO and staff.

A handwritten signature in black ink, appearing to read 'Peter Waterman', written in a cursive style.

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

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, Alternate
- Summerland Museum and Heritage Society, Liaison (non-voting)

Councillor Toni Boot

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

Councillor Erin Carlson

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

Councillor Doug Holmes

- Cultural Plan Task Force
- 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 Chamber of Commerce, Alternate
- Summerland Community Arts Council, Liaison (non-voting)

Councillor Erin Trainer

- Parks and Recreation Commission

Other legislated bodies include the *Advisory Planning Commission* and *Board of Variance*, both comprised of members of the public with 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:

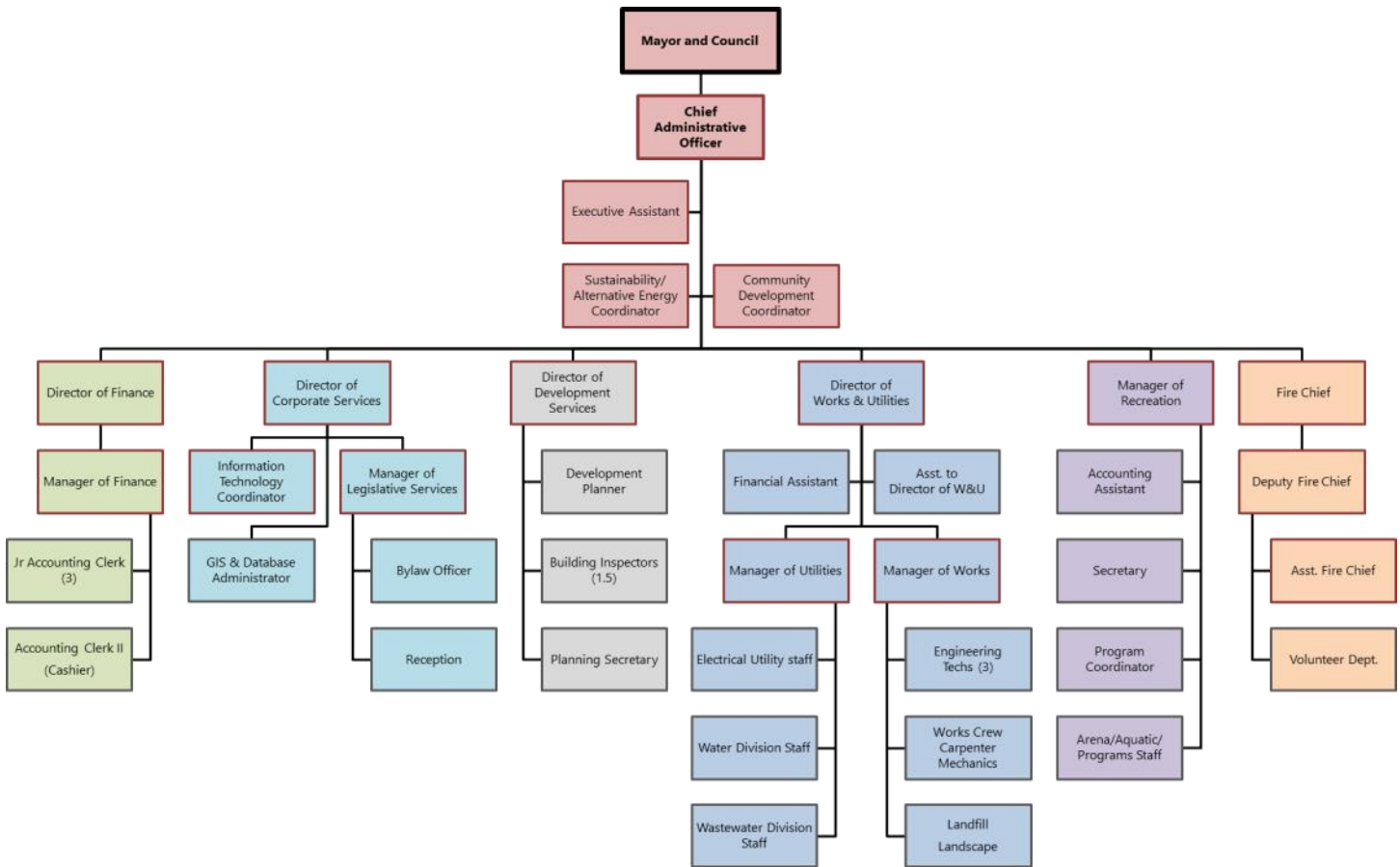
Honesty - We are trustworthy and tell the truth; we are accountable and follow through on commitments; and, as professionals, we accept no gift nor favour nor misuse of public time or property.

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
Chief Financial Officer	Lorrie Coates (retired 2016) David Svetlichny (started 2017)
Director of Corporate Services / Corporate Officer	Jeremy Denegar
Director of Development Services / Approving Officer	Ian McIntosh (retired 2016) Dean Strachan (started 2017)
Director of Works and Utilities	Kris Johnson
Recreation Manager	Brenda Ingram
Fire Chief	Glenn Noble

Chief Administrative Officer's Report

I am very pleased to present the 2016 Annual Report for the District of Summerland. This report offers the opportunity to summarize the operations of the District for the past year and set the stage as we continue into 2017. 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.

Mayor and Council recognize the positive impact that a strong arts and culture sector has on economic development in a community. The Cultural Task Force, made up of dedicated community volunteers and council representatives, completed Summerland's first Community Cultural Plan which was adopted by council in September. In August, Summerland hired a Community Development Coordinator whose priorities will include the coordination of the development of the Arts and Culture Centre at the former library and providing support to the many volunteer groups providing valued services in the community.



Renewal of municipal infrastructure continues to be a priority of council with significant investments being made in our water, sanitary sewer system and active transportation systems. The contract for the Garnet Valley Water Separation and Road Improvement project was awarded and construction started in late 2016. The Integrated Asset Management Plan Project is underway with all departments contributing information to the consultants. This plan will provide valuable decision making information to council when completed. Extensive planning has been done in 2016 for the Pressure Reducing Valve project which will occur in March 2017 and which will require an interruption of water service to all residents of Summerland.

2016 was another year of progress in the District of Summerland, and 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 many of the vital services—from drinking water and electricity to emergency services to parks, recreation and roads maintenance. These staff, along with the District's valued community partners are passionate about making Summerland the best possible place to live, work and play. With the District seeing an increase in building permit and development applications, successful grant applications for large infrastructure projects and a commitment to invest in alternative energy systems beginning with a solar farm—2017 is going to be another very busy and productive year!

Regards,

A handwritten signature in black ink, which appears to read "Linda Tynan". The signature is fluid and cursive, with a small flourish at the end.

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 2016 accomplishments against set goals and updating objectives for 2017 and 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 within the operations of Summerland Electrical Utility for alternative energy revenue generation	<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 Grant received (2017)
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 underway Project application made
Protect and Enhance Air, Water and Land Quality	<ul style="list-style-type: none"> Implement Climate Action initiatives Wastewater infrastructure infiltration bed and grit removal upgrade 	<ul style="list-style-type: none"> Climate Action Committee Re-established (2017) Grant application submitted
Sustain Community Infrastructure	<ul style="list-style-type: none"> Develop Asset Management Plan 	<ul style="list-style-type: none"> Asset Management Project contract awarded and underway
Implement Sustainability Principles	<ul style="list-style-type: none"> Develop debt, surplus and reserves policies 	<ul style="list-style-type: none"> 2017 project
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 (2017)
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

2017-2018 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	December 2017
Complete skatepark design & fundraising	Completion of design and adequate funds raised to construct	Summer 2018
Develop Giant's Head Mountain Trails Masterplan	Completion of masterplan	September 2017
Development of and investment in the Arts & Cultural Centre	Governance model completed and Arts & Cultural Centre operational	July 2018
Implementation of Cultural Development Committee	Committee established	August 2017
Participation in the Shared Services pilot program with School District 67, City of Penticton and Regional District of Okanagan-Similkameen	Completion of two pilot projects	December 2017
Rewrite Subdivision & Development Servicing Bylaw	New bylaw adopted	December 2017
Development of Bottleneck Drive wayfinding signage agreement	Agreement in place	September 2017
Develop Terms of Reference for Wharton Street municipal property	Terms of Reference adopted by Council	July 2017
Create communication material to assist potential developers	Materials available to developers	November 2017
Research options for affordable housing projects	Affordable Housing Framework report	September 2017

2017-2018 Municipal Objectives



COMMUNITY ENGAGEMENT

The District of Summerland engages and empowers the community.

Objectives	Performance Measures	Target
Implement PRV10 communication plan	Communication with public	March 2017
Social media and website improvements	Completion of social media and website improvement portions of Economic Development project	December 2017
Staff participation on PIB Referral Committee	Staff participating in committee	December 2017
Meetings between Summerland council and PIB council	Initial meeting occurs	Summer 2017
Investigate funding opportunities for joint Summerland/PIB projects	Determine sources of funding and potential joint projects	October 2018
Review Terms of Reference for: <ul style="list-style-type: none"> • Community Climate Action Advisory Committee • Cultural Development Committee • Recreation Commission • Water Advisory Committee 	Terms of Reference reviewed and updated as appropriate	November 2017
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	December 2017
Development of updated newsletter template	New newsletter layout	November 2017
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	December 2017
Increase support to non-profit community groups	Organize and host 3 workshops for community groups; and Funding and/or staff support where requested and resources allow	2017

2017-2018 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 2018
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	Fall 2017
Garnet Valley Water Separation Project	Completion of project	October 2017
PRV10 Water Project – water shutdown	Completion of PRV10 project	March 2017
Grant application (Clean Water/Wastewater Fund) for Flume Intake Upgrades	Grant application submitted	March 2017
Grit Removal and Effluent Filtration project	Completion of project	February 2018

2017-2018 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	2017
Develop a long term financing/tax strategy	New long term financing/tax strategy presented to Council	Summer 2018
Apply for grants as opportunities become available	Grants submitted	2017
Updating various bylaws: <ul style="list-style-type: none"> • Building Bylaw • BNEB Bylaw • MTI Bylaw • Delegation of Authority Bylaw • Dog Regulation Bylaw • Subdivision and Development Servicing Bylaw 	Bylaws updated	December 2017
Application tracking software – Development Services	New software in place	March 2018
Productive CUPE negotiations	New Collective Agreement	December 2017
Updated Safety Plan	New Safety Plan	March 2018
Bullying/Harassment training for all staff	Staff trained	October 2017
Records Management Standardization	Records Management System analysed, standardized and staff trained	December 2017
Development of an intranet	Intranet operational	December 2017

2017-2018 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
Hire an Economic Development Project Coordinator (with grant from Rural Dividend Fund)	Economic Development Project Coordinator contracted	Summer 2017
Pursuit of Solar Farm Project	Feasibility studies completed	Early 2018
Incorporate strategies and actions into all District functions to mitigate and adapt to climate change	Policies and procedures amended as appropriate	2018
Development of Climate Action Committees (Corporate and Community)	Committees established	Spring 2017
Update Community and Corporate Climate Action Plans	Community and Corporate Climate Action Plans updated	December 2018
Explore feasibility of undertaking Streetlight Retrofit LED project	Feasibility of Streetlight Retrofit LED project determined	Summer 2017
Increased support for activities such as Bike to Work Week, Earth Week, etc.	Activities supported	2017-2018
Perpetual Slide monitoring; boreholes	Data collected and reviewed	2017-2018
Investigate funding opportunities for Perpetual Slide mitigation	Sources of funding identified	2017
Purchase a new aerial fire truck to adequately serve the community	New aerial fire truck in operation	RFP July 2017



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. Two key senior directors retired in 2016 and a new Director of Finance and Director of Development Services were recruited, hired and welcomed.

This department consists of:

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

Community Development

The Office of the CAO oversees work carried out by the Community Development Coordinator. The primary role of this position is to manage and coordinate community services and cultural development for the District. This position was established in 2016. The coordinator will establish and maintain effective working relationships with diverse interest groups; manage partnership agreements and assist in capacity building with community groups. In 2016, overseeing the establishment of an Arts and Cultural Centre was a primary focus of the Community Development Coordinator.

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 will begin in 2017. An Economic Development project manager will be hired as part of the project. The coordinator will work closely with the Mayor's Task Force on Economic Development 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.

In pursuit of these goals, a number of measures were taken in 2016 including converting the lights at the Curling Rink to LEDS, adding heat-reflective film to exterior windows at Municipal Hall, replacing the boilers at the Waste Water Treatment Plant with high-efficiency equipment, and retiring and consolidating IT equipment to reduce electronic waste and energy use. Registrations and receipts for the recreation department were converted to being paperless, and the District continued to promote the e-bill program for utility customers through which avoided postage costs are set aside for municipal tree planting projects.

In fall 2016, a full-time Sustainability / Alternative Energy Coordinator (SAEC) was hired to advance the District's progress towards meeting Summerland's climate action objectives. Specific tasks the SAEC will be responsible for include convening a Community Climate Action Advisory Committee, updating the corporate and community climate action plans, and working with department personnel to further integrate sustainability initiatives into District operations.

Because the SAEC identified a number of areas where GHG inventory reporting in previous years had been incomplete, the total emissions requiring reductions or balancing to achieve carbon neutrality in operations increased in 2016 (to 978 tCO₂e from 961 tCO₂e); however, as previous years' inventories are updated to reflect all fuel usage, it is expected that reporting will show a decrease over time. Simultaneously, as a result of the additional fuel sources found and claimed, the Climate Action Revenue Incentive Program (CARIP) grant received for 2016 increased to \$29,500 – about 120% of that in previous years. Through continued refining of Summerland's GHG emissions inventory, a more clear picture of our progress towards carbon neutrality is emerging and opportunities for our community to benefit are becoming more accessible.

Having a municipally-owned electric utility gives the District a unique opportunity to generate energy locally, which would provide extensive economic opportunities for the utility, as well as the residents and businesses of Summerland. As such, the SAEC has also been tasked with investigating the feasibility of Summerland developing a large-scale solar array, and applying for grant funding to support these efforts.

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 (GIS)
- 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 2016 a total of sixty-six development applications were received and processed by Development Services. A total of one hundred and seventy-nine Building Permits were issued with a total value of \$28,841,233.



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:

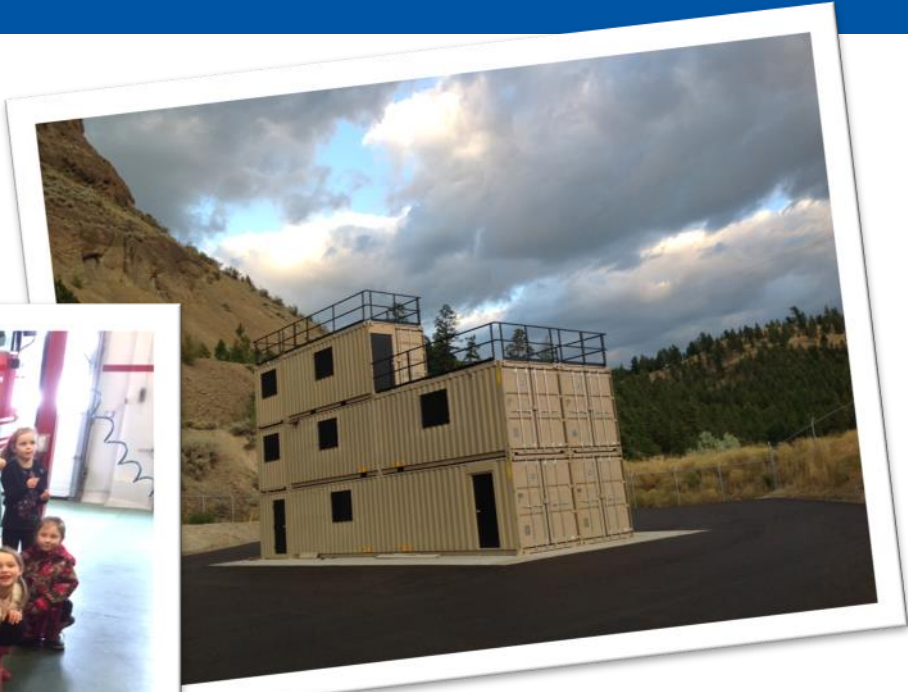
"To proudly protect lives and property by providing prompt, skillful, cost effective fire protection and life safety services."

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. 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.





Financial Section

I am pleased to present the District of Summerland audited financial statements for the year ended December 31, 2016.

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. This was the second year for the reporting of a liability for contaminated sites and the District has met the standard – Note 1 (l). There are several new standards outlined in Note 1 (o) that must be adopted by the District no later than the 2018 financial statements.

The financial statements reflect a continued improvement in the financial position of the District of Summerland. 2016 revenues of \$31.96 million increased approximately \$898,000 over 2015 revenue totals. This increase was predominantly due to two factors: 1) In 2016 the District sold the old RCMP building and realized a gain of \$598,500. 2) Grant revenues were approximately \$400,000 higher in 2016 as the District received \$327,000 in grant payments for the Jones Flat and Garnet Valley Water System Separation project. A further grant of \$68,000 was received through Bike BC in relation to a pathway installed at Dale Meadows. 2016 Expenses of \$27.76 million increased slightly at 2.01% over 2015. The majority of this increase was attributed to expenses in the water, sewer and electrical utilities.

The District ended the year with a \$4.203 million increase to accumulated surplus, which has a balance of \$97.864 million. Accumulated surplus includes investment in tangible capital assets, funds held in reserve and unappropriated surplus. The General Fund ended the year with \$1,036,000 unappropriated surplus, a decrease of \$100,000 due to the construction of assets in 2016. The Water Fund ended the year with \$1,350,000 unappropriated surplus, an increase of \$496,000. The Sewer Fund ended the year with \$495,000 unappropriated surplus, an increase of \$416,000. The Electric Fund ended the year with \$1,214,000 unappropriated surplus, an increase of \$399,500.

Funds held in reserve increased \$3.2 million and total \$14.1 million. The primary reason for this increase was due to the District not moving forward with budgeted 2016 capital acquisitions. The 2016 capital budget was \$7.8 million with only \$1.5 million being expended, thereby increasing the District's investment in tangible capital assets to a total of \$83.5 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
Year ended December 31, 2016

Financial Section

The Corporation of the District of Summerland

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For the year ended December 31, 2016

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Financial Section

Management's Responsibility

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

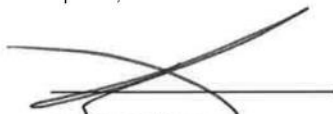
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual 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 24, 2017



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, 2016, and the consolidated statements of operations and accumulated surplus, 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, 2016 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, British Columbia

April 24, 2017


MNP LLP
Chartered Professional Accountants

Financial Section

The Corporation of the District of Summerland
Consolidated Statement of Financial Position
As at December 31, 2016

	2016	2015
		(Restated - Note 19)
Financial assets		
Cash and cash equivalents	12,591,586	3,886,513
Accounts receivable (Note 2)	3,351,436	2,977,854
Portfolio investments (Note 3)	6,477,508	10,923,303
Deposit - Municipal Finance Authority (Note 4)	614,881	620,060
	23,035,411	18,407,730
Financial liabilities		
Accounts payable and accrued liabilities (Note 5)	3,691,038	3,956,393
Landfill closure and post closure liability (Note 6)	621,233	419,011
Deferred revenue (Note 7)	4,916,800	4,597,698
Deposits	828,218	697,572
Long-term debt (Note 8)	21,851,905	23,602,832
Obligations under capital lease (Note 9)	50,912	127,217
	31,960,106	33,400,723
Net debt	(8,924,695)	(14,992,993)
Non-financial assets		
Tangible capital assets (Note 10)	105,374,355	107,160,336
Prepays	321,930	305,809
Inventories of supplies	1,092,317	1,188,133
	106,788,602	108,654,278
Accumulated surplus (Note 11)	97,863,907	93,661,285

Contingent liabilities and commitments (Note 15)



 Director of Finance



 Mayor

Financial Section

The Corporation of the District of Summerland
Consolidated Statement of Operations and Accumulated Surplus
For the year ended December 31, 2016

	Budget (Note 17)	2016	2015 (Restated - Note 19)
Revenue			
Taxation, net (Note 13)	10,286,795	10,280,410	9,777,877
Government transfers - Provincial (Note 14)	3,352,565	1,378,274	978,814
Government transfers - Regional (Note 14)	392,281	387,043	395,236
User fees, sales and rentals	17,565,488	17,390,174	16,477,520
Permits, licenses and fines	375,260	505,240	459,443
Investment income	87,000	198,657	149,521
Actuarial earnings	702,623	702,624	637,068
Penalties and interest on taxes	120,000	110,884	132,857
Franchise	90,500	90,496	117,138
Contributions	553,500	151,673	1,830,539
Other	1,751,951	174,841	115,251
Gain (loss) on disposal of tangible capital assets	-	587,889	(10,702)
	35,277,963	31,958,205	31,060,562
Expenses			
General government services	1,575,291	1,173,119	1,625,813
Protection services	2,793,376	2,614,711	2,166,816
Transportation services	4,286,486	3,029,040	3,266,466
Environmental services	1,301,254	1,292,074	1,178,450
Health services	131,905	114,543	100,864
Planning and development	794,268	616,720	565,235
Parks and recreation	2,571,849	2,479,364	2,330,432
Water services	4,668,572	4,110,689	4,186,147
Sewer services	2,677,715	2,388,536	2,339,436
Electrical services	10,362,981	9,936,787	9,450,736
	31,163,697	27,755,583	27,210,395
Annual surplus	4,114,266	4,202,622	3,850,167
Accumulated surplus, beginning of year	93,661,285	93,661,285	89,811,118
Accumulated surplus, end of year	97,775,551	97,863,907	93,661,285

Financial Section

The Corporation of the District of Summerland
Consolidated Statement of Changes in Net Debt
For the year ended December 31, 2016

	Budget	2016	2015
	(Note 17)	(Restated - Note 19)	
Annual surplus	4,114,266	4,202,622	3,850,167
Acquisition of tangible capital assets	(7,794,731)	(1,928,750)	(3,071,042)
Reclassification of land	-	-	(1,220,098)
Amortization of tangible capital assets	3,773,000	3,604,124	3,660,948
Loss (gain) on disposal of tangible capital assets	-	(587,889)	10,702
Proceeds on sale of tangible capital assets	-	698,496	-
	92,535	5,988,603	3,230,677
Change in prepaids	-	(16,121)	(33,700)
Change in inventory of supplies	-	95,816	(118,213)
Decrease in net debt	92,535	6,068,298	3,078,764
Net debt, beginning of year	(14,992,993)	(14,992,993)	(18,071,757)
Net debt, end of year	(14,900,458)	(8,924,695)	(14,992,993)

Financial Section

The Corporation of the District of Summerland

Consolidated Statement of Cash Flows

For the year ended December 31, 2016

	2016	2015
		(Restated - Note 19)
Operating transactions		
Annual surplus	4,202,622	3,850,167
Items not involving cash		
Amortization	3,604,124	3,660,948
Loss (gain) on disposal of tangible capital assets	(587,889)	10,702
Landfill closure and post closure costs	202,222	138,844
Developer contributions (Restated - Note 19)	-	(1,475,000)
	3,218,457	2,335,494
Changes in non-cash operating balances		
Accounts receivable	(373,582)	(129,730)
Prepays	(16,121)	(33,700)
Inventories of supplies	95,816	(118,213)
Accounts payable and accrued liabilities	(265,355)	622,297
Deferred revenue	319,102	803,928
Actuarial reduction of long-term debt	(702,624)	(637,068)
Deposit - Municipal Finance Authority	5,179	(15,480)
Deposits received	130,646	58,870
	(806,939)	550,904
	6,614,140	6,736,565
Capital transactions		
Acquisition of tangible capital assets	(1,928,750)	(1,596,042)
Proceeds on disposal of tangible capital assets	698,496	-
	(1,230,254)	(1,596,042)
Investing transactions		
Disposal (acquisition) of portfolio investments	4,445,795	(5,051,367)
Financing transactions		
Repayment of long-term debt	(1,414,303)	(1,392,679)
Proceeds of long-term debt	366,000	-
Repayment of obligations under capital lease	(76,305)	(202,128)
	(1,124,608)	(1,594,807)
Net change in cash and cash equivalents	8,705,073	(1,505,651)
Cash and cash equivalents, beginning of year	3,886,513	5,392,164
Cash and cash equivalents, end of year	12,591,586	3,886,513

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

For the year ended December 31, 2016

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 13. Funds received by the District as transfers from other government entities are summarized in Note 14.

(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.

Financial Section

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

For the year ended December 31, 2016

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, 2016

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, 2016.

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, 2016

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.

(v) Leased tangible capital assets

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

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

For the year ended December 31, 2016

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, and valuation of accounts receivable.

Significant estimates include assumptions used in estimating provisions for accrued liabilities, estimated useful lives of tangible capital assets, valuation of accounts receivable and liability for contaminated sites.

Liabilities for contaminated sites are estimated based on the best information available regarding potential contamination where the District is responsible.

(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, 2016

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, 2016

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

	2016	2015
Property taxes	699,743	746,217
Utilities	1,762,822	1,625,980
Other governments	537,133	108,561
Development cost charges	68,749	137,499
Trade and other	283,009	359,597
	3,351,436	2,977,854

3. Portfolio investments

	2016	2015
Cash and bond funds	8,930	10,949
Money Market funds	6,677	65,159
Guaranteed Investment Certificates	6,403,901	6,845,668
Term Deposits	-	4,001,527
	6,477,508	10,923,303

The income from portfolio investments for the year was \$215,797 (2015 - \$168,749), where \$17,140 (2015 - \$19,228) has been deferred. The market value of the District's portfolio investments was \$6,477,508 (2015 - \$10,923,303).

Financial Section

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

For the year ended December 31, 2016

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 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	2016	2015
General fund	179,202	80,562	259,764	257,574
Water fund	567,605	276,634	844,239	836,716
Sewer fund	384,107	257,685	641,792	691,917
	1,130,914	614,881	1,745,795	1,786,207

5. Accounts payable and accrued liabilities

	2016	2015
Trade and other	2,644,070	2,908,049
Wages and benefits	655,518	640,111
Due to funds held in trust	391,450	408,233
	3,691,038	3,956,393

Financial Section

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

For the year ended December 31, 2016

6. Landfill closure and post closure liability

	2016	2015
Landfill closure costs	383,708	264,024
Landfill post closure costs	237,525	154,987
	621,233	419,011

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 m² of airspace in the landfill to be 50 years, closing in the year 2067. Landfill closure costs are estimated at \$383,708 (2015 - \$264,024). As at December 31, 2016, 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 \$237,525 for 2016 (2015 - \$154,987) based on 12.9% (2015 - 11.7%) of the landfill capacity used to this date and a 50-year lifespan to 2067 and a discount rate of 1.12% (2015 - 1.65%). 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	2016 Ending balance
Development cost charges	3,579,679	188,236	41,013	-	3,808,928
Property taxes and business licenses	1,018,019	1,036,839	-	(946,986)	1,107,872
	4,597,698	1,225,075	41,013	(946,986)	4,916,800

Financial Section

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

For the year ended December 31, 2016

8. Long-term debt

	2016	2015
Outstanding debt, beginning of year	23,602,832	25,632,579
Repayment of debt	(1,414,303)	(1,392,679)
Actuarial reduction of principal	(702,624)	(637,068)
New Borrowing	366,000	-
Outstanding debt, end of year	21,851,905	23,602,832

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

	General Fund	Water Fund	Sewer Fund	Total
2017	475,535	969,617	686,477	2,131,629
2018	487,185	1,007,182	718,488	2,212,856
2019	299,332	1,046,212	752,012	2,097,556
2020	311,999	1,008,359	708,715	2,029,072
2021	325,206	1,046,941	741,935	2,114,082
2022 and thereafter	2,959,253	5,861,310	2,446,147	11,266,710
	4,858,510	10,939,621	6,053,774	21,851,905

Financial Section

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

For the year ended December 31, 2016

8. Long-term debt (continued)

Bylaw Number	Purpose	Year Maturing	% Rate	2016 Cash Payments		Balance Outstanding	
				Interest	Principal	2016	2015
General fund							
00-083	Road Improvements	2026	1.750	30,500	30,243	347,408	407,287
00-083	Road Improvements	2030	4.500	90,000	67,164	1,554,506	1,636,221
00-399	RCMP Building	2030	4.200	131,250	104,943	2,556,595	2,679,363
Oct 15/13	Prairie Valley Road	2018	variable	8,175	200,000	400,000	600,000
				<u>259,925</u>	<u>402,350</u>	4,858,509	<u>5,322,871</u>
Water fund							
99-039	Water works upgrade	2019	2.100	21,000	33,150	215,426	281,109
00-161	Water works upgrade	2025	4.170	108,00	220,570	3,275,644	3,580,883
00-213	Thirsk Dam Expansion	2026	1.750	192,300	201,491	3,580,883	3,867,667
00-195	Water works upgrade	2027	4.820	289,200	201,490	3,867,667	4,143,421
				<u>610,500</u>	<u>656,700</u>	10,939,620	<u>11,873,080</u>
Sewer fund							
96-043	Sewer Treatment plant land	2016	4.430	44,300	30,243	-	76,421
98-034	Sewer System construction	2023	4.650	418,500	188,572	3,695,017	4,127,227
99-040	Sewer System construction	2019	2.100	21,000	33,149	215,426	281,109
00-192	Sewer System construction	2025	4.170	14,400	29,409	436,753	477,451
00-207	Sewer System construction	2026	1.750	64,100	67,164	1,193,628	1,289,222
00-192	Sewer System construction	2029	4.130	8,260	6,717	146,952	155,451
16-023	Sewer System construction	2036	2.100	-	-	366,000	-
				<u>618,620</u>	<u>355,254</u>	6,053,776	<u>6,406,881</u>
				<u>1,440,985</u>	<u>1,414,303</u>	21,851,905	<u>23,602,832</u>

Financial Section

The Corporation of the District of Summerland Notes to the Consolidated Financial Statements *For the year ended December 31, 2016*

9. Obligations under capital leases

	<u>2016</u>	2015
Obligation under capital lease, prime less 1%, blended monthly payments of \$713, due May 2018	11,866	20,139
Obligation under capital lease, prime minus 1%, blended monthly payments of \$3,304, due December 2017	39,046	77,672
Obligation under capital lease, fully repaid during the year	-	29,406
	<u>50,912</u>	<u>127,217</u>

The prime rate at year end was 2.70% (2015 – 2.70%).

Obligations under capital leases are secured by a Caterpillar loader, and a mower. Interest paid relating to the above obligations on capital leases was \$1,386 (2015 - \$4,452).

The future minimum lease payments for the next three years are:

2017	48,201
2018	<u>3,563</u>
	51,764
less: imputed interest	<u>(852)</u>
	<u>50,912</u>

Financial Section

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

For the year ended December 31, 2016

10. Tangible capital assets

	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Sidewalks	Water Utility	Sewer Utility	Electric Utility	Work in Progress	2016 Total	2015 Total (Restated - Note 19)
Cost, beg. of year (Restated - Note 19)	15,830,029	3,320,184	12,184,669	9,637,406	29,740,154	47,753,084	34,363,611	8,900,366	549,078	162,278,848	158,079,808
Additions	-	392,661	87,134	1,143,948	-	149,323	115,612	217,469	1,041,158	3,147,305	4,484,759
Disposals	(100,000)	-	(225,072)	(763,345)	-	-	-	(31,297)	(463,210)	(1,582,924)	(285,719)
Cost, end 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
Accumulated amortization, beg. of year	-	-	5,630,863	6,347,561	17,700,044	11,319,898	11,589,484	2,530,662	-	55,118,512	51,538,962
Amortization	-	-	249,646	450,401	928,017	1,094,585	699,135	182,340	-	3,604,124	3,660,948
Disposals	-	-	(225,072)	(8,000)	-	-	-	(20,690)	-	(253,762)	(81,398)
Accumulated amortization, end 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
Net carrying amount, end of year	15,730,029	3,712,845	6,391,294	3,228,047	11,112,093	35,487,924	22,190,604	6,394,493	1,127,026	105,374,355	107,160,336

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 \$1,127,026 (2015 - \$549,078). Assets held under capital leases of \$229,165 (2015 - \$784,980) with related accumulated amortization of \$64,466 (2015 - \$184,787) are included in Machinery and Equipment. No contributed infrastructure tangible capital assets were recognized in the consolidated financial statements during the year (2015 - \$1,475,000). Asset additions include \$463,210 of work in progress transfers from 2015. Net cash additions for 2016 are \$1,928,750 (2015 - \$1,596,042).

Financial Section

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

For the year ended December 31, 2016

11. Accumulated surplus

The District segregates its accumulated surplus in the following categories:

	2016	2015
Current funds	10,144,196	8,599,117
Community Works	1,567,930	1,518,784
Net current funds	11,712,126	10,117,901
Investment in tangible capital assets	83,471,538	81,955,287
Statutory reserve funds	2,680,243	1,588,097
	97,863,907	93,661,285

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	1,518,784	528,342	17,134	(496,330)	1,567,930

12. Statutory reserve funds

	Opening balance	Contributions received	Investment income	Expenditure	Ending balance
Tax sale	7,039	-	79	-	7,118
Land sale	518,492	698,496	9,679	(1,553)	1,225,114
Capital works	866,291	91,232	10,180	-	967,703
Parking	75,439	-	842	-	76,281
Asset management	120,836	280,278	2,913	-	404,027
	1,588,097	1,070,006	23,693	(1,553)	2,680,243

Financial Section

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

For the year ended December 31, 2016

13. Taxation, net

	<u>2016</u>	<u>2015</u>
Property taxes and payments-in-lieu	10,280,410	9,777,877
Collections for other governments		
Province of British Columbia - school tax	5,160,811	5,258,200
Regional District	632,292	740,085
Regional Hospital District	757,345	721,820
Municipal Finance Authority	487	467
British Columbia Assessment Authority	137,044	143,362
Okanagan Regional Library	464,488	457,216
	<u>17,432,877</u>	<u>17,099,027</u>
Transfers		
Province of British Columbia - school tax	5,160,811	5,258,200
Regional District	632,292	740,085
Regional Hospital District	757,345	721,820
Municipal Finance Authority	487	467
British Columbia Assessment Authority	137,044	143,362
Okanagan Regional Library	464,488	457,216
	<u>7,152,467</u>	<u>7,321,150</u>
Available for general municipal purposes	<u>10,280,410</u>	<u>9,777,877</u>

14. Government transfers

	<u>2016</u>	<u>2015</u>
Provincial transfers		
Small community grants	360,638	378,028
Traffic fine revenue sharing	61,858	63,002
Community Works	532,707	512,784
Other contributions	423,071	25,000
	<u>1,387,274</u>	<u>978,814</u>
Regional transfers		
Okanagan basin water board	387,043	395,236
	<u>387,043</u>	<u>395,236</u>
Total government transfer revenues	<u>1,765,317</u>	<u>1,374,050</u>

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

For the year ended December 31, 2016

15. 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 (the "Plan"), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2016, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 81 contributors from The Corporation of the District of Summerland.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the 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 is then adjusted to the extent there is amortization of any funding deficit

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis.

The Corporation of the District of Summerland paid \$524,533 (2015 - \$515,978) for employer contributions while employees contributed \$406,744 (2015 - \$451,669) to the Plan.

- (c) A claim has been filed against the District in relation to claims for loss and compensation arising from a highway widening 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.
- (d) A claim has been filed against the District in relation to claims for loss and compensation arising from a property development undertaken within the District. The District and its lawyers have reviewed the claim and believe that the District is potentially exposed to a loss. At the date of the financial statements, a provision for the settlement of the claim has been made. The extent of the contingent liability has not been disclosed as negotiations with the claimant are ongoing.

Financial Section

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

For the year ended December 31, 2016

16. Funds held in trust

At the year end, the District held \$1,018,305 (2015 - \$1,023,915) 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:

	<u>2016</u>	2015
Summerland scholarship	27,605	28,394
Cemetery perpetual care	365,293	360,313
Abernethy memorial	77,796	76,938
Summerland education funding	547,611	558,270
	1,018,305	1,023,915

17. Annual Budget

The financial statements have included the Annual Budget as approved by Council on April 28, 2016. 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:

	<u>2016</u>	2015
Annual surplus	4,114,266	4,416,085
Capital expenditures	(7,794,731)	(8,835,609)
Principal repayment of debt	(2,116,927)	(2,029,748)
Transfers from accumulated surplus	5,074,501	5,153,022
Borrowing proceeds	722,891	1,296,250
Net annual budget	-	-

18. Comparative figures

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

19. Correction of an error

During the year, the District determined that revenue from land contributions in the prior year were understated for the contribution of two parcels of land by a developer. For the 2015 year, the impact of this correction has resulted in an increase in revenue of \$1,475,000, an increase to tangible capital assets of \$1,475,000 and an increase to accumulated surplus of \$1,475,000.

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

For the year ended December 31, 2016

20. 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, 2016

Note 20. 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 - provincial	950,839	4,364	28,000	-	-	-	-	395,071	-	-	1,378,274
Government transfers - regional	-	-	-	-	-	-	-	-	387,043	-	387,043
User fees, sales, and rentals	179,821	10,429	31,850	1,222,871	55,325	-	812,108	3,191,094	1,178,758	10,707,919	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	-	-	-	-	20,937	58,932	60,119	174,841
Gain (loss) on disposal	598,496	-	-	-	-	-	-	-	-	(10,607)	587,889
	10,395,948	38,102	62,197	1,222,871	55,325	337,310	812,108	5,427,760	2,731,031	10,875,550	31,958,205
EXPENSES											
Labour and benefits	769,641	732,398	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	5,176,328
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	10,625,576
Interest	-	129,429	129,429	-	-	-	-	584,535	557,854	-	1,401,247
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
	1,173,119	2,614,711	3,029,040	1,292,074	114,543	616,720	2,479,364	4,110,689	2,388,536	9,936,787	27,755,583
SURPLUS (DEFICIT) for the year	9,222,830	(2,576,608)	(2,966,843)	(69,203)	(59,218)	(279,410)	(1,667,256)	1,317,071	342,495	938,763	4,202,622

Financial Section

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

For the year ended December 31, 2016

Note 20. 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 2015
(Restated - Note 19)											
REVENUE											
Property tax	7,579,042	-	-	-	-	-	-	-	-	-	7,579,042
Parcel tax	-	-	-	-	-	-	-	1,507,935	690,900	-	2,198,835
Government transfers - provincial	952,160	1,654	25,000	-	-	-	-	-	-	-	978,814
Government transfers - regional	-	-	-	-	-	-	-	-	395,236	-	395,236
User fees, sales, and rentals	159,400	7,141	33,301	1,286,882	50,178	-	814,350	2,865,204	1,017,253	10,243,811	16,477,520
Permits, licenses and fines	144,510	21,290	-	-	-	293,643	-	-	-	-	459,443
Investment income	135,998	-	-	-	-	-	-	6,719	6,804	-	149,521
Actuarial earnings	51,296	-	-	-	-	-	-	252,903	332,869	-	637,068
Penalties and interest on taxes	132,857	-	-	-	-	-	-	-	-	-	132,857
Franchise	117,138	-	-	-	-	-	-	-	-	-	117,138
Contributions from developers	1,499,908	-	-	-	-	-	-	43,006	5,833	281,793	1,830,539
Other	40,551	-	2,248	-	-	-	-	25,490	210	46,752	115,251
Loss on disposal	(1,735)	-	-	-	-	-	-	(2,625)	-	(6,342)	(10,702)
	10,811,124	30,085	60,549	1,286,882	50,178	293,643	814,350	4,698,632	2,449,105	10,566,014	31,060,562
EXPENSES											
Labour and benefits	839,444	673,270	876,749	217,169	75,943	298,745	1,293,514	992,515	532,870	625,427	6,425,646
Contracted services	567,444	1,109,368	574,895	794,318	10,628	256,485	444,919	286,833	113,129	346,601	4,504,620
Materials and supplies	155,970	106,834	379,811	13,753	13,680	4,341	396,594	986,653	394,315	8,312,049	10,764,000
Interest	-	121,863	143,056	-	-	-	-	815,557	609,034	-	1,689,510
Amortization	56,621	154,173	1,290,243	14,365	613	5,664	195,405	1,087,875	689,330	166,659	3,660,948
Other	6,334	1,308	1,712	138,844	-	-	-	16,714	759	-	165,671
	1,625,813	2,166,816	3,266,466	1,178,450	100,864	565,235	2,330,432	4,186,147	2,339,436	9,450,736	27,210,395
SURPLUS (DEFICIT) for the year	9,185,311	(2,136,732)	(3,205,917)	108,432	(50,686)	(271,592)	(1,516,082)	512,485	109,669	1,115,278	3,850,167

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.

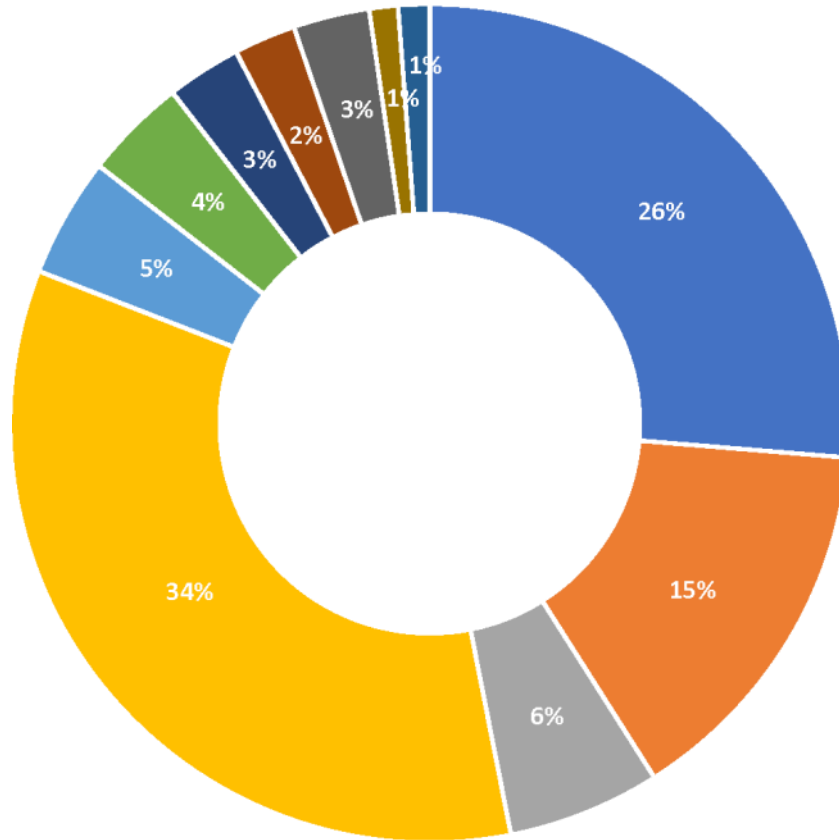
Below is a listing of organizations granted a Permissive Tax Exemption in 2016 together with the estimated amount of municipal taxes that would have been imposed on each property if it were not considered exempt.

Organization	2016 Municipal Taxes
Christian and Missionary Alliance	\$4,411.20
Kettle Valley Railway Society	\$21,368.95
Okanagan Hindu Society	\$1,449.67
Roman Catholic Bishop of Nelson Church of the Holy Child	\$4,453.81
Royal Canadian Legion Branch 22	\$1,521.40
South Okanagan Montessori School Society	\$1,049.04
South Okanagan Sailing Association	\$8,058.63
St. John's Lutheran Church	\$2,407.37
St. Stephen Anglican Church	\$663.48
Summerland Athletic Club	\$8,827.49
Summerland Baptist Church	\$1,711.93
Summerland Chamber of Commerce	\$3,210.22
Summerland Golf Society	\$17,593.78
Summerland Pentecostal Church	\$1,912.27
Summerland Recreation Society (Lakeshore Racquets Club)	\$5,246.54
Summerland Senior Citizens Drop-In Association	\$3,364.81
Summerland United Church	\$858.49
Summerland Yacht Club	\$12,152.97
Summerland Youth Centre Association	\$10,639.61
Trustees of the Summerland Congregation of Jehovah's Witnesses	\$2,451.95
Total	\$113,353.63



Statistical Information

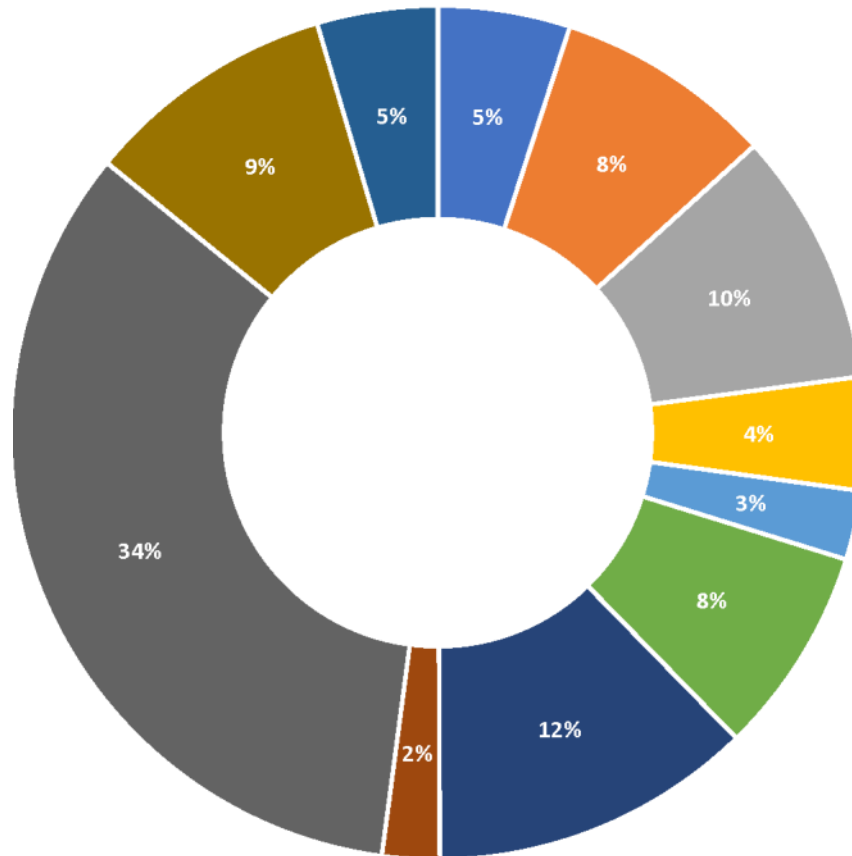
2016 Operating Revenues (\$30.9 million)



■ 26% Property taxes	\$8,149,900
■ 15% Water rates and parcel tax	\$4,559,000
■ 6% Sewer rates and parcel tax	\$1,825,000
■ 34% Electric rates	\$10,542,800
■ 5% Solid waste (curbside and landfill)	\$1,432,000
■ 4% Grants	\$1,224,000
■ 3% Sales of services and rentals	\$888,700
■ 2% Recreation services	\$740,400
■ 3% Interest and penalties	\$909,600
■ 1% Reserve	\$342,800
■ 1% Licenses, permits and fines	\$375,300

Statistical Information

2016 Operating Expenses (\$30.1 million)



■ 5% General Government	\$1,503,900
■ 8% Protective Services	\$2,490,300
■ 10% Works	\$2,898,900
■ 4% Solid waste	\$1,290,700
■ 3% Environmental development services	\$788,400
■ 8% Recreation and cultural services	\$2,377,400
■ 12% Debt servicing	\$3,684,100
■ 2% Reserves	\$653,400
■ 34% Electric Utility	\$10,175,000
■ 9% Water Utility	\$2,871,800
■ 5% Sewer Utility	\$1,375,600

District of Summerland

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