



DISTRICT OF SUMMERLAND



2018 ANNUAL REPORT

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Message from the Mayor



We begin this first year of a new term by reflecting on the District of Summerland's accomplishments, challenges, and other activities in 2018.

As in 2017, the community was challenged by a changing climate. The length of Eneas Creek—from the north end of Garnet Valley to its outflow into Okanagan Lake near Peach Orchard Beach—saw significant flooding that resulted in damage to both private property and public infrastructure. The flooding was the result of early season high temperatures that quickly melted a much higher snowpack than normal. Then, for much of August smoke from wildland fires impacted most of BC, and several Summerland households in north Garnet Valley were evacuated due to the Mount Eneas fire.

Public safety, and the protection of infrastructure that deliver required services, are of the utmost importance to Council and District staff. Fortunately, even with a sustained redirection of staff work plans, 2018 saw the commencement, continuation, or completion of several District initiatives.

Arts and cultural activities and events contribute to Summerland's overall vibrancy and liveability, and our economic strength. Thus, work on the Arts and Cultural Centre continued in 2018, including the creation of renovation plans for the former library. The District submitted a grant application for just over \$1 million to support completion of the required renovations to both this Centre and the adjacent Summerland Museum. The Arts and Cultural Centre will house the Summerland Community Arts Council (SCAC) administrative offices, ticket box office, gift shop, and art gallery, as well as multi-use spaces for a wide range of programs and activities offered by the District recreation department, SCAC, and other community groups.

The Parks and Recreation Master Plan was completed after a full year of public consultation. The Master Plan identifies several priorities for 2019, including developing options for the aquatic and fitness centre, a facility that is nearing the end of its lifecycle. The Giant's Head Trails Redevelopment project—a collaboration between the District and the Summerland Rotary Club—and the installation of the Summerland Skatepark, began in 2018. The Skatepark was made possible by contributions from the Penny Lane Charity Society, School District 67 (who donated the land), the District of Summerland, federal Community Works Gas Tax funding, and community members and groups.

Three significant initiatives undertaken by the 2014-2018 Council continued during 2018: developing an asset management system; locating an agriculture innovation centre in Summerland; and finding possible sites that meet the technical and other criteria for the solar and battery storage project. Each of these projects span multiple years, but they are expected to remain priorities of Council and staff. The District has been awarded many grant applications over this Council's term, (for these projects and others), and will continue to pursue funding opportunities as they arise.

Like many BC municipalities, Summerland is grappling with an attainable housing challenge. The 2017 Affordable Housing Framework report identified a number of issues including a lack of housing diversity and a lack of rental homes. In 2018 the District began to take steps to address this matter. District land at Wharton Street/Kelly Avenue was sold for development of 88 one-, two-, and three-bedroom rental units. Additionally, Council approved the construction of nine single-family homes, each with a built-in secondary suite; and approved a new zoning classification to accommodate an attainable housing development proposed by the Summerland Alliance Church. The District will be creating a Housing Strategy to ensure that the community's housing needs, especially attainable housing, are being addressed by residential development proposals.

In the fall of 2018, after the department was fully re-staffed, Development Services began reviewing and updating foundational building and development bylaws. This work is critical to improving customer service and will assist in the development of a Downtown Plan and other Official Community Plan work that will be addressed over the next four-year term.

This year will see the District reach milestones in each of three significant projects: the asset management system; the agriculture innovation centre; and the siting of the solar array and battery storage. Council has identified several other priorities as well including reviewing the Emergency Operations Centre; creating an Energy Strategy for the District-owned electric utility; reviewing and updating development bylaws and policies; and establishing the scope of both the Downtown Plan and the aquatics and fitness facility.

In addition to the Arts and Cultural Centre/Museum grant application, the District has submitted grant applications for a number of other initiatives, some of which have been awarded. These initiatives include a grit removal system at the wastewater treatment plant; an organics processing facility at the Summerland landfill (and an organics diversion program); and a voltage conversion project to upgrade our electrical utility.

Each of the priorities falls within at least one of six themes identified in the five-year strategic plan: infrastructure investment; community resilience; alternate energy; good governance; active lifestyles; and downtown vibrancy. Collaboration and communication throughout the organization and in the community are key to the District's success. Interdepartmental teamwork in a work environment that is respectful and values innovative ideas, combined with strengthened inter-jurisdictional and local partnerships, will ensure Summerland is well-positioned for future generations. An important piece to the District's success is building a mutually respectful relationship with our Indigenous neighbours as we work towards Reconciliation.

The District of Summerland Council and staff look forward with anticipation to the opportunities that lie ahead.

A handwritten signature in black ink that reads "Toni J. Boot". The signature is written in a cursive, flowing style.

Mayor Toni Boot



Council (left to right):

Councillor Doug Holmes, Councillor Doug Patan, Councillor Erin Trainer, Mayor Toni Boot (middle), Councillor Erin Carlson, Councillor Richard Barkwill, and Councillor Marty Van Alphen

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.

Mayor and Council appoint representatives to various internal and external Boards and Committees.

Mayor Toni Boot

- Regional District Okanagan-Similkameen, Director
- Southern Interior Municipal Employers' Association
- Cultural Development Committee
- Summerland Community Arts Council, Liaison (non-voting)

Councillor Richard Barkwill

- Community Climate Action Advisory Committee
- Regional District Okanagan-Similkameen, Alternate
- Summerland Museum and Archives Society, Liaison (non-voting)
- Municipal Insurance Association of BC, Alternate

Councillor Erin Carlson

- Okanagan Regional Library Board, Director
- Agricultural Advisory Committee
- Community Climate Action Advisory Committee, Alternate
- Summerland Museum and Archives Society, Alternate Liaison (non-voting)

Councillor Doug Holmes

- Regional District Okanagan-Similkameen, Director
- Summerland Chamber of Commerce
- Okanagan Regional Library Board, Alternate
- Agricultural Advisory Committee, Alternate
- Parks & Recreation Advisory Committee, Alternate
- Summerland Community Arts Council, Alternate Liaison (non-voting)

Councillor Doug Patan

- Municipal Insurance Association of BC
- Southern Interior Municipal Employers' Association, Alternate
- Water Advisory Committee, Alternate
- Kettle Valley Railway Society, Liaison (non-voting)

Councillor Erin Trainer

- Parks & Recreation Advisory Committee
- Regional District Okanagan-Similkameen, Alternate
- Cultural Development Committee, Alternate
- Summerland Chamber of Commerce, Alternate

Councillor Marty Van Alphen

- Water Advisory Committee
- Kettle Valley Railway Society, Alternate Liaison (non-voting)
- Municipal Insurance Association of BC, Alternate

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

Community Profile

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

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

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

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



Vision, Mission and Values

Vision

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

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

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

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

Mission

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

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

Values

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

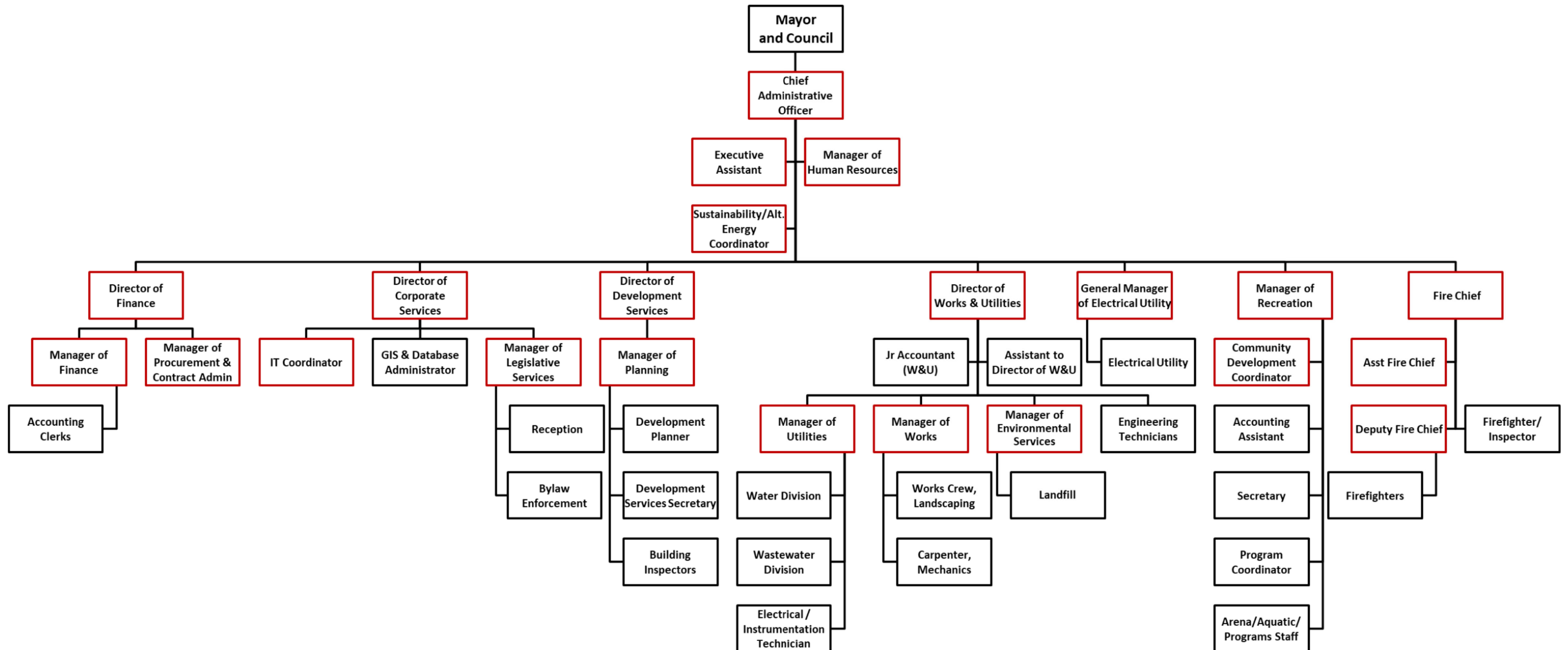
Honesty - We are trustworthy and tell the truth; we are accountable and follow through on commitments; and, as professionals, we accept no gift nor favour nor misuse of public time or property.

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

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

Transparency - We communicate clearly and accurately and offer easy public access to information, and our collaborative, thoughtful and nonjudgmental decision-making involves all types of people.

Organizational Chart (as of December 2018)



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 2018 accomplishments and updating objectives for 2019.

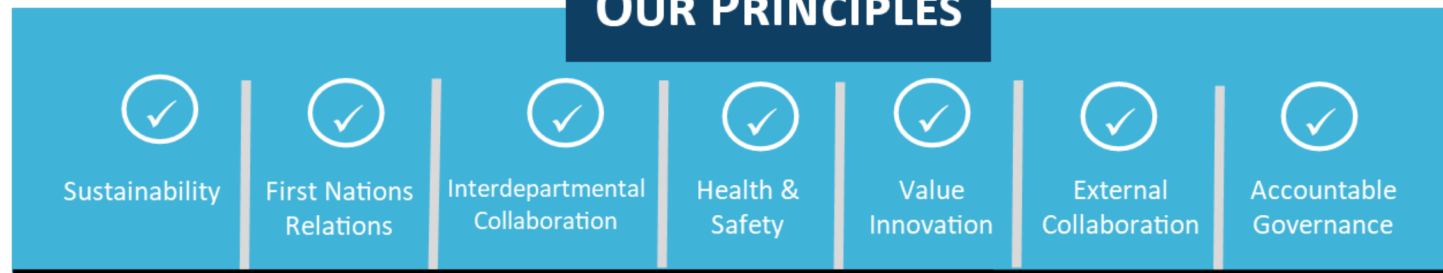
The 2015-2019 Strategic Plan was adopted by Council on March 23, 2015.

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 in 2016
Leverage Technology, Innovation and Best Practices	<ul style="list-style-type: none"> Develop a Community Engagement Policy 	<ul style="list-style-type: none"> Future year
Economic Vibrancy		
Facilitate Economic Development	<ul style="list-style-type: none"> 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"> Completed Future year Property to be developed in 2019 Downtown Plan in budget
Foster Corporate Excellence	<ul style="list-style-type: none"> Streamline the development approvals process 	<ul style="list-style-type: none"> In progress
Explore opportunities in the operations of Electrical Utility for alternative energy revenue	<ul style="list-style-type: none"> Hire Sustainability/Alternative Energy Coordinator 	<ul style="list-style-type: none"> Completed in 2016
Provide Best Value for Money	<ul style="list-style-type: none"> Review Funding Opportunities for Renewable Energy 	<ul style="list-style-type: none"> Conditionally awarded \$6M for engineering, procurement, and construction of 1MW solar array and 2 MW of battery storage Received \$25,000 in matching funds from North Growth Foundation for solar arrays on Arts Centre and Municipal Hall
Environmental Integrity		
Protect Water Supply	<ul style="list-style-type: none"> Garnet Valley / Jones Flat water system separation Flume and water intake upgrade 	<ul style="list-style-type: none"> Project completed 2nd Funding application submitted, awaiting approval decision
Protect and Enhance Air, Water and Land Quality	<ul style="list-style-type: none"> Implement Climate Action initiatives Wastewater grit removal and filter upgrades 	<ul style="list-style-type: none"> Awarded \$150,000 in grant funding to update Community & Corporate Climate Action Plans Project completed
Sustain Community Infrastructure	<ul style="list-style-type: none"> Develop Asset Management Plan 	<ul style="list-style-type: none"> Asset Management Project underway
Implement Sustainability Principles	<ul style="list-style-type: none"> Develop debt, surplus and reserves policies 	<ul style="list-style-type: none"> In progress Finalized Green Revolving Fund
Social Well-being		
Link Neighbourhoods	<ul style="list-style-type: none"> Develop Community Trails 	<ul style="list-style-type: none"> Multiple trails in progress, Trails Master Plan completed & adopted
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"> Master Plan completed & adopted
Leverage Technology, Innovation, and Best Practices	<ul style="list-style-type: none"> Implement recreation program registration website 	<ul style="list-style-type: none"> Launched in 2017
Enhance Public Safety	<ul style="list-style-type: none"> Build a Fire Department Training Facility 	<ul style="list-style-type: none"> Completed

2019 Municipal Objectives



OUR PRINCIPLES



2019 STRATEGIC PRIORITIES CHART	
CORPORATE PRIORITIES (Council/CAO)	
NOW <ul style="list-style-type: none"> 1. Recreation Centre: Scope - Dec ✓ 2. Solar & Battery: location report – March ✓ 3. Asset Management: Policy - April ✓ 4. Eneas Creek Strategy: Assessment Draft– Feb ✓ 5. Five Year Capital Plan: 2019 Priorities – April (not including Electrical) 6. Five Year Electrical Capital Plan - Sept 	Next <ul style="list-style-type: none"> • Downtown Plan: Scope • Active Transportation Plan: Adopt • OCP Guidelines: Project Charter • Electric Utility Energy Strategy: Scope • Utility Rate Review: Analysis • Parks & Recreation Master Plan: Priorities • Municipal Land Strategy: Inventory • Agricultural Tech: Next Steps • Long Term Financial Plan • Recreation Facility Conduct: Policy • Housing Strategy: Need Assessment
OPERATIONAL STRATEGIES (CAO/Staff)	
ORGANIZATION-WIDE <ul style="list-style-type: none"> 1. Recreation Centre: Options Analysis - Dec 2. Asset Management: System - Ongoing 3. Department Work Program Management: Council Orientation - Aug 4. Strategic Priority System: Chart, Staff Report & Follow-Up Action List - July 	
CHIEF ADMINISTRATIVE OFFICER <ul style="list-style-type: none"> 1. Housing Strategy: Need Assessment – Aug 2. Agricultural Tech. Centre.: Next Steps – New CAO ✓ 3. IBEW: Collective Agreement - Done <ul style="list-style-type: none"> • Recreation Centre Conduct: Policy - June • Eneas Creek Strategy: Advocacy - Oct 	FINANCE <ul style="list-style-type: none"> ✓ 1. Five Year Capital Plan: Priorities -Done ✓ 2. Long Term Financial Plan – 5Year Plan - Done 3. Purchasing Policy – Sept <ul style="list-style-type: none"> • Financial Software: Analysis – Oct • Utility Billing Timing - Nov
CORPORATE <ul style="list-style-type: none"> 1. Information Technology Strategy -June 2. Records Management System: Project Scope -July ✓ 3. Wharton Property: Sale Complete - Done <ul style="list-style-type: none"> • Municipal Hall Renovations: Project Scope-New CAO • Municipal Lands Strategy: Inventory Table - June 	RECREATION <ul style="list-style-type: none"> ✓ 1. Recreation Centre: Scope for Options Review – Done ✓ 2. Active Transportation Plan: Adopt Done ✓ 3. Parks & Rec Master Plan: Priorities -Done <ul style="list-style-type: none"> • Giant Head Mountain Trail: Phase I & II- Aug • Skateboard Park -June 22
DEVELOPMENT <ul style="list-style-type: none"> 1. Development Application Procedure Review-ongoing 2. Zoning Bylaw: Project Charter - June 3. OCP Guidelines: Project Charter - June <ul style="list-style-type: none"> • Downtown Plan: Scope • Building Bylaw 	WORKS & UTILITIES <ul style="list-style-type: none"> 1. Asset Management: Strategy & Road Map – June <ul style="list-style-type: none"> ✓ Policy - Done 2. Eneas Creek Strategy: Open House - June <ul style="list-style-type: none"> ✓ Assessment Draft Report - Done 3. Subdivision Standards Bylaw: Draft -July <ul style="list-style-type: none"> • 2017 Flood Repair Projects: Tender - Aug • Water Master Plan: Draft Report -June
FIRE <ul style="list-style-type: none"> ✓ 1. Emergency Management: District Training – Done ✓ 2. EOC Grant Submission – Done 3. Emergency Options Centre Review – New CAO ✓ Aerial Apparatus Purchase - Done ✓ Recruitment Class Certification - Done 	ELECTRICAL <ul style="list-style-type: none"> 1. Utility Rate Review: Analysis – June ✓ 2. Voltage Conversion: Grant - Done ✓ 3. Solar & Battery: Location Report – Done <ul style="list-style-type: none"> • Electric Utility Energy Strategy: Scope -Dec • 5 Year Electrical Capital Plan - Sept

Administration

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

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

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

This department consists of:

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

Community Development

Recognizing that Community, Economic, and Social Development are interdependent and rely on strong inter-relationships to flourish, staff have been working with organizations and projects using an Asset-Based Community Development perspective to enhance Summerland organizations' existing strengths.

Staff have assisted local groups by:

- Advising:
 - Grant funding opportunities
 - Educational training resources
 - Strategic Development/ Business Development tools
- Reviewing and providing feedback:
 - Writing
 - Branding
 - Design
- Coordinating Board Development in partnership with both Penticton & Summerland Chambers of Commerce
- Convening meetings and brokering introductions between groups with shared interests and priorities.

The Cultural Development Committee, a committee of Council, met throughout 2018 with an emphasis on evaluating the progress of the 2016 Cultural Plan. The committee is comprised of community members

representing a number of different sectors including health, business, the arts, music, and youth.

Several departments worked together to streamline procedures around running events at the District. It was recognized that due to the complex nature of large events, there are often a number of different staff and departments involved, which can lead to challenges when staff or organizers change. Staff have worked to identify issues before they happen, and work with community groups and promoters to ensure events in Summerland have the greatest likelihood of success, with high levels of public safety and increasing participation when possible. In this way, both Economic and Community Development can be fostered.

Staff submitted grant applications and received funding for inclusionary measures in Summerland:

- Rick Hansen foundation for accessibility initiatives at the Arts & Cultural Centre
- Union of BC Municipalities Age-Friendly community assessment and high-level action plan

Staff prepared a large funding application for joint Federal/Provincial funding under the Investing in Canada Infrastructure Program to increase the budget for the Arts & Cultural Centre and Museum Renovation project, recognizing the opportunity to create an important legacy by completing a Cultural Hub at 9521 and 9525 Wharton Street. The funding announcement is expected in late 2019.

Over the year, staff worked with the Summerland Community Arts Council to identify challenges with the Arts Council administering the traditional hand painted silk banner program and recommended the program be recognized as a vital part of downtown vitality, creating a 5-year pilot program to use a fee-for-service model in which local artists' designs will be reproduced on a sturdier, long-lasting material to enhance the streetscape for years to come. This management contract represents the first fee-for-service program administered by the Arts Council.

Staff represented the District as part of a Transit working group for the South Okanagan, hosting a public Transit forum which sought rider feedback on scheduling options and stops for the Kelowna expansion initiative slated for September 2019.



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.

As calculated in the 2018 CARIP Climate Action/Carbon Neutral Progress Survey, the District's total emissions from Corporate operations decreased a further 7% in 2018 (to 1,033 tCO₂e from 1,113 tCO₂e), and energy usage decreased in all fuel types across the organization. In 2018, the District utilized funding through the Federal Gas Tax Fund and FortisBC to convert over 900 streetlights to LEDs, reducing the District's electricity consumption by almost 600,000 kWh each year, while providing a better quality of light on the streets of Summerland. Additionally, climate action funds were utilized to convert equipment used by the Parks Department from gas powered to electrical, saving roughly 8,000L of fuel (~23 tonnes of CO₂) each year.

Work continued in 2018 on the Summerland Integrated Solar Project, which includes revamping the District's energy self-generation program, creating energy efficiency education opportunities and programs, and the development of a large-scale solar+storage project for our community. The District was very pleased to receive \$6M in conditional funding from the Federal Gas Tax Strategic Priorities Fund to support the engineering, procurement, and construction components of the solar+storage project, as well as \$25,000 in matching funds from the North Growth Foundation to support the installation of solar on the Arts Centre and Municipal Hall.

The District was very fortunate to receive a number of other grants supporting climate action in 2018, including \$125,000 from the Federation of Canadian Municipalities' Municipalities for Climate Innovation Program and \$25,000 from FortisBC to support the updating of both the Corporate and Community Climate Action Plans, including completing ASHRAE Level 2 energy audits of the 12 major District-owned buildings, and a Green Fleet Action Plan for vehicles and equipment used in the District's operations. This work will be completed in 2019, and will guide the next several years of action in our community on both climate change mitigation and adaptation. Additionally, \$67,000 in funding was received from FCM (\$52K) and UBCM (\$15K) to support the integration of climate action into the District's asset management program.

Staff and community volunteers met throughout the year to fulfill the mandates of the Community Climate Action Advisory Committee and the Corporate Climate Action Team - the groups tasked with overseeing the measurement and reduction of Summerland's Community and Corporate GHG emissions footprints, respectively. To empower individuals to take action on climate change, these groups supported the District hosting a number of workshops, including How to Use Rain Barrels, and a Solar Energy & Energy Efficiency Workshop that completely filled twice and was extremely well received. The District also participated in several national events including Earth Week and Earth Day, Bike to Work & School Week, and Waste Reduction Week.



Corporate Services

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

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

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

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

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

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

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

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

This department consists of:

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



Development Services

The Development Services department is responsible for all land use planning and building related processes. This includes long range planning as well as current planning. Long range planning includes policy work including Official Community Plan policies that guide development in our community. Current planning involves the processing of all land use related applications including the functions of the Subdivision Approving Officer and responding to property related inquiries relative to zoning bylaw regulations. Application review includes consideration and coordination of all planning, environmental, geotechnical, engineering and infrastructure aspects. Development applications typically include:

- OCP Amendments
- Rezoning
- Development Permits
- Development Variance Permits
- 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 2018, a total of 93 development applications were received for processing by Development Services. Development Services issued a total of 214 Building Permits with a total construction value of \$30,720,200.

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's parks and recreation system contributes to a high quality life for residents and visitors by providing accessible, inclusive and engaging indoor and outdoor recreation opportunities that reflect Summerland's distinctive natural setting, healthy and lifestyles, flourishing artistic and cultural communities, and close-knit, small-town character.

The Recreation department is responsible for: the operations of the Summerland Aquatic Centre and Arena; implementing recreation programs and services; conducting pool, arena, park and facility bookings; providing reception services and program marketing; and supporting community partnerships and initiatives.

The Parks/Landscaping department is responsible for the core maintenance, parks planning and implementation of capital projects of the District's parks, sports fields, trails and beaches as well as the associated infrastructure and amenities.

In 2018, 281 recreation programs were offered, 4000 recreation guides were distributed each season and there were over 2000 participants in swim lessons.

Project highlights in 2018 include: Council endorsing a new Parks & Recreation Master Plan which will provide strategic direction regarding park use, facilities and services over the next ten years; development of the Powell Beach Management Plan; start up of phases 1 and 2 of the Giant's Head Mountain trails redevelopment; construction of the Summerland Skatepark; and extensive community consultation on Cycling Network, Trails and Sidewalks Master Plans.

A Facility Condition Assessment and Accessibility Audit was completed at the Summerland Aquatic & Fitness Centre as well as upgrades to the entrance and interior building enhancements.

Summerland Parks & Recreation strives to achieve Council's strategic priority of supporting and fostering a vibrant and liveable community through parks and recreation opportunities.



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, 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 meet the current and future needs of the community.

Our waterworks system is managed and maintained to produce clean and safe potable water to satisfy all anticipated consumption and fire protection needs. This includes management of the District's watershed, dam and reservoir infrastructure which provides raw water storage and flood mitigation. It also includes an extensive water distribution network that services domestic customers as well as a significant area of agricultural lands throughout the District.

The department also operates an effective sanitary sewer collection system and wastewater treatment plant, mitigates risks to public health and safety, and reduces impacts to the environment while providing efficient and consistent service. Recent upgrades to the treatment plant will also ensure regulatory and environmental regulations are met now and into the future.

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.



Electrical Utility

Power History

Summerland is one of only five municipalities in BC that owns its electrical utility. For almost 110 years the District has proudly served the community with safe, reliable and economical energy. Summerland Electrical Utility's six employees all live within the community and are dedicated to keeping your lights on no matter the weather, temperature or time of day.

Power Generation

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

Power Distribution

Our electrical distribution network is the backbone of our power delivery system. The distribution system is meeting the needs of existing customer loads however 2018 brought new challenges for connecting new large customers. Summerland is currently planning a voltage conversion project which will significantly increase the distribution system capacity and provide lower connection costs for large customers, making Summerland more competitive to attract commercial interest. This is expected to encourage growth in the community and increase revenues for the Electrical Utility.

Our Future

The future is full of opportunities for our Electrical Utility. With the many developments occurring in the community (subdivisions and large commercial customers) its expected our loads will increase over the next 5 years by around 30% from 97MWh in 2018 to 130MWh in 2023. This coupled with expected energy savings from our solar plant of around 0.7MWh per year will result in an increase in Summerland's Electrical Utility revenue stream.

Continuous Improvement

As the Electrical Utility looks towards the future it is focusing on improving existing process and work practices. 2018 has seen the start of initiatives to streamline and modernize process around our customer solar installations, new customer connections, bylaw updates, developer guidelines and engineering standards. Our focus on prudent Asset Management will ensure the utility is positioned for another 110 years of successfully providing safe, reliable and economical energy to our customers.



Environmental Services

Environmental Services is a vital branch of the Works and Utilities Department, providing waste management services to the Summerland Community.

It is responsible for the current and long term management and operation of the municipality's residential curbside collection services, Summerland Sanitary Landfill and Recycling Depot, organic waste and compost program, and residential household hazardous waste program.

Environment Services is committed to providing financially sound waste disposal and reduction/recycling options for Summerland while decreasing our impact on the environment, providing excellent customer service, complying with regulatory requirements and ensuring the longevity of our landfill and waste related infrastructure and programs. We work with Council and the public to ensure the community's needs are met in a professional and efficient manner.

In 2018 Environmental Services:

- Completed the Summerland Sanitary Landfill Phase 4 Liner Expansion Project;
- Rolled out the new residential automated curbside collection program, updated and amended the related bylaws and policies, and provided cart change-out services and program education;
- Submitted an expression of interest for two-thirds grant funding of the design and construction of an Organics Processing Facility to improve our compost operations, meet regulatory requirements, remove residential food waste from the solid waste stream, extend landfill capacity and reduce GHG emissions;
- Completed the design of the landfill second scale and entrance upgrades;
- Renewed the Recycle BC contract;
- Hosted a one-day Household Hazardous Waste Roundup and one-day downtown Recycling Depot;
- Worked with the Ministry of Environment and Climate Change on regulatory requirements.



Curbside Collection

The District of Summerland provides automated curbside collection of weekly garbage and bi-weekly recycling and yard & garden waste to residential dwellings and bi-weekly recycling to multi-family dwellings, supplying a convenient method for residents to dispose of their solid waste while encouraging recycling and diversion of yard & garden waste.

Summerland Sanitary Landfill

The Summerland Sanitary Landfill services the District of Summerland and the Regional District of Okanagan-Similkameen Electoral Area 'F'. The landfill encompasses a Recycling Depot, a compost facility, waste disposal services, Household Hazardous Waste collection services, waste diversion and recycling options.



Environmental Services is continually working to better the waste management services provided to the Summerland Community by supplying additional programs, educational opportunities, operational improvements and increased diversion options when possible.

Emergency Management

The District of Summerland works in coordination with regional, provincial, and federal agencies to plan for and respond to emergency situations such as floods and wildfires. In 2018, there were two major emergency events that required significant action by the District to mitigate risk to life and property.

Eneas Creek Flooding

Beginning in May of 2018, the District began to experience higher than usual water levels in creeks and waterways throughout the municipality, resulting in Garnet Dam spilling for a prolonged period of time which caused localized flooding along Eneas Creek in the Garnet Valley area and resulted in extensive erosion along the creek's banks.

This included significant damage to Centennial Trail which parallels Peach Orchard Road on the east side of Highway 97, localized damage in the Peach Orchard Campground and debris being deposited at the creek outlet into Okanagan Lake.



District crews and equipment attempted to create a berm on the banks of Eneas Creek near the intersection of Garnet Avenue and Tingley Street as the elevated water levels caused the creek to breach its bank and pose danger to the surrounding community.



Ultimately, approximately 150m of Garnet Avenue, south of Blair Street, was used as an overflow channel as the flows from Garnet Dam continued to spill uncontrollably.

Mount Aeneas Wildfire

On July 17, 2018 at approximately 7:00 pm a lightning storm passed through the south and central Okanagan regions. This storm and associated lightning ignited numerous fires in the region. By the following morning on July 18th, one of the fires to the north of Summerland had grown significantly and was showing aggressive fire activity.

At 11:45 pm on July 18th, an evacuation alert was issued for 102 properties in the Garnet Valley area of Summerland. As the fire continued to grow, on July 19th at 4:00 pm, an evacuation order was issued for 19 properties in the Garnet Valley area.

With assistance from neighbouring fire departments and in conjunction with the BC Wildfire Service, the fire was held just to the north of the Wild Horse Rd / Garnet Valley Rd. intersection. The fire was mapped at 1,450 hectares, and no residential or out-buildings were lost during this fire, nor were there any significant injuries to either the public, their farm animals and pets, or firefighters.

On July 24th at 9:30 am, the evacuation order was rescinded and on July 26th the evacuation alert for the entire area was rescinded.

As well as the firefighting team dealing with the event, the Summerland Emergency Support Services team was activated and established an emergency reception centre for those evacuated. By doing so, they were able to provide Provincial support to those evacuated by arranging for temporary housing, and providing food and clothing vouchers to those in need.





Financial Section

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

The financial statements reflect a continued improvement in the financial position of the District of Summerland. 2018 Net Debt, which measures a municipalities ability to cover its financial liabilities with its financial assets, decreased by \$3.75 million. Overall revenues decreased by \$3.66 million, however, this decrease had been budgeted for and was due to two large capital grant payments totaling \$5.8 million being received in 2017. User fees increased approximately \$234,000 as the District continued to adjust fees in order to maintain services at appropriate levels.

2018 Expenses of \$31.22 million increased \$1.51 million over 2017. One of the most significant increases to the community, not just financially, was the impact of wildfires and floods. The District expended approximately \$368,150 in related response costs. The remainder of this increase was predominantly attributed to increased expenses in the water and electrical utilities as well as landfill operations and the parks and recreation department.

The District ended the year with a \$5.12 million increase to accumulated surplus, which has an overall balance of \$113.27 million. Accumulated surplus includes investment in tangible capital assets, funds held in reserve and unappropriated surplus. The General Fund ended the year with \$1.58 million unappropriated surplus, a decrease of \$154,800. The Water Fund ended the year with \$1.11 million unappropriated surplus, an increase of \$956,900 primarily due to budgeted capital items not being completed in 2018. The Sewer Fund ended the year with \$573,500 unappropriated surplus, a decrease of \$127,50. The Electric Fund ended the year with \$2.22 million unappropriated surplus, an increase of \$407,500.

Funds held in reserve increased \$1.5 million and total \$16.4 million. The primary reason for this increase was due to the District not moving forward with budgeted 2018 capital acquisitions funded through reserves. The 2018 capital budget was \$11.7 million with \$5.0 million being expended, thereby increasing the District's investment in tangible capital assets to a total of \$96.8 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

**The Corporation of the District of Summerland
Consolidated Financial Statements**
For the year ended December 31, 2018

**The Corporation of the District of Summerland
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For the year ended December 31, 2018

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Management's Responsibility

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

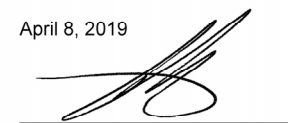
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual 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 8, 2019



Director of Finance

Independent Auditor's Report

To the Corporation of the District of Summerland:

Opinion

We have audited the consolidated financial statements of the Corporation of the District of Summerland (the "District"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the District in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the District's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit

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evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelowna, British Columbia

April 8, 2019

MNP LLP
Chartered Professional Accountants

MNP

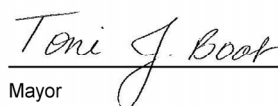
The Corporation of the District of Summerland Consolidated Statement of Financial Position

As at December 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	9,480,319	9,657,169
Accounts receivable (Note 3)	7,982,531	8,369,458
Portfolio investments (Note 4)	8,466,138	6,669,139
Deposit - Municipal Finance Authority (Note 5)	640,511	626,872
	26,569,499	25,322,638
Financial liabilities		
Accounts payable and accrued liabilities (Note 6)	3,986,488	5,342,525
Landfill closure and post closure liability (Note 7)	650,658	443,596
Deferred revenue (Note 8)	6,026,085	5,146,945
Deposits	734,963	744,076
Long-term debt (Note 9)	17,507,422	19,731,749
	28,905,616	31,408,891
Net debt	(2,336,117)	(6,086,253)
Non-financial assets		
Tangible capital assets (Note 10)	114,330,368	113,000,483
Prepays	235,158	290,357
Inventories of supplies	1,043,926	951,789
	115,609,452	114,242,629
Accumulated surplus (Note 11)	113,273,334	108,156,376

Contingent liabilities and commitments (Note 15)


Director of Finance


Mayor

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

**The Corporation of the District of Summerland
Consolidated Statement of Operations and Accumulated Surplus**
For the year ended December 31, 2018

	Budget (Note 17)	2018	2017
Revenue			
Taxation - net (Note 13)	11,059,386	11,045,167	10,732,701
Government transfers (Note 14)	3,557,719	3,254,546	7,786,595
User fees, sales and rentals	19,660,709	19,212,224	18,977,945
Permits, licenses and fines	568,290	559,679	557,515
Investment income	125,000	202,275	170,801
Actuarial earnings	815,175	815,174	733,947
Penalties and interest on taxes	100,000	97,533	106,320
Franchise	107,366	107,366	84,109
Contributions	1,033,000	754,011	588,791
Other	1,302,589	276,039	176,423
Gain on disposal of tangible capital assets	-	11,269	84,809
	38,329,234	36,335,283	39,999,956
Expenses			
General government services	1,839,546	1,577,112	1,307,969
Protection services	3,109,476	2,848,766	2,663,987
Transportation services	4,851,984	3,450,384	3,707,523
Environmental services	1,730,614	1,673,318	994,366
Health services	986,394	89,186	105,846
Planning and development	123,096	688,842	671,508
Parks and recreation	3,330,363	3,148,411	2,783,317
Water services	5,090,104	4,365,995	4,241,022
Sewer services	3,080,848	2,439,602	2,479,205
Electrical services	11,573,078	10,936,709	10,752,744
	35,715,503	31,218,325	29,707,487
Annual surplus	2,613,731	5,116,958	10,292,469
Accumulated surplus, beginning of year	108,156,376	108,156,376	97,863,907
Accumulated surplus, end of year	110,770,107	113,273,334	108,156,376

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

**The Corporation of the District of Summerland
Consolidated Statement of Changes in Net Debt**
For the year ended December 31, 2018

	Budget (Note 17)	2018	2017
Annual surplus	2,613,731	5,116,958	10,292,469
Acquisition of tangible capital assets	(11,723,269)	(5,018,300)	(11,287,804)
Amortization of tangible capital assets	4,738,000	3,685,092	3,653,007
Gain on disposal of tangible capital assets	-	(11,269)	(84,809)
Proceeds on sale of tangible capital assets	-	14,592	93,478
	(4,371,538)	3,787,073	2,666,341
Change in prepaids	-	55,199	31,573
Change in inventory of supplies	-	(92,136)	140,528
Decrease in net debt	(4,371,538)	3,750,136	2,838,442
Net debt, beginning of year	(6,086,253)	(6,086,253)	(8,924,695)
Net debt, end of year	(10,457,791)	(2,336,117)	(6,086,253)

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

**The Corporation of the District of Summerland
Consolidated Statement of Cash Flows**
For the year ended December 31, 2018

	2018	2017
Operating transactions		
Annual surplus	5,116,958	10,292,469
Items not involving cash		
Amortization	3,685,092	3,653,007
Gain on disposal of tangible capital assets	(11,269)	(84,809)
Landfill closure and post closure costs	207,062	(177,637)
Contributed assets	(12,500)	(17,220)
	3,868,385	3,373,341
Changes in non-cash operating balances		
Accounts receivable	386,927	(5,018,022)
Prepays	55,199	31,573
Inventories of supplies	(92,136)	140,528
Accounts payable and accrued liabilities	(1,356,037)	1,651,487
Deferred revenue	879,140	230,145
Actuarial reduction of long-term debt	(815,174)	(733,947)
Deposit - Municipal Finance Authority	(13,639)	(11,991)
Deposits refunded	(9,113)	(84,142)
	(964,833)	(3,794,369)
	8,020,510	9,871,441
Capital transactions		
Acquisition of tangible capital assets	(5,018,300)	(11,287,804)
Contributed capital assets	12,500	17,220
Proceeds on disposal of tangible capital assets	14,592	93,478
	(4,991,208)	(11,177,106)
Investing transactions		
Acquisition of portfolio investments	(1,796,999)	(191,631)
Financing transactions		
Repayment of long-term debt	(1,409,153)	(1,421,311)
Proceeds of long-term debt	-	35,102
Repayment of obligations under capital lease	-	(50,912)
	(1,409,153)	(1,437,121)
Net change in cash and cash equivalents	(176,850)	(2,934,417)
Cash and cash equivalents, beginning of year	9,657,169	12,591,586
Cash and cash equivalents, end of year	9,480,319	9,657,169

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

**The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements**
For the year ended December 31, 2018

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

1. Significant accounting policies

The consolidated financial statements of the District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant accounting policies adopted by the District are as follows:

(a) Basis of consolidation

i) Consolidated entities

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

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

ii) Accounting for other government organizations and School Board transactions

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

(b) Basis of accounting

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

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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, 2018

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, 2018.

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.

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

1. Significant accounting policies (continued)

(i) Tangible capital assets

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

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

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

(ii) Contributions of tangible capital assets

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

(iii) Works of art and cultural and historic assets

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

(iv) Interest capitalization

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

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

1. Significant accounting policies (continued)

(n) Use of estimates

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

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

2. Change in accounting policies

(a) Related Party Disclosures and Inter-Entity Transactions

Effective January 1, 2018, the District adopted the recommendations relating to PS 2200 *Related Party Disclosures* and PS 3420 *Inter-Entity Transactions*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value 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* 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. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements of adopting the new Sections.

(b) Assets, Contingent Assets and Contractual Rights

Effective January 1, 2018, the District adopted the recommendations relating to PS 3210 *Assets*, PS 3320 *Contingent Assets*, and PS 3380 *Contractual Rights*, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 *Assets* provides additional guidance to clarify the definition of assets set out in PS 1000 *Financial Statement Concepts*.

PS 3320 *Contingent Assets* establishes disclosure standards on contingent assets.

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

2. Change in accounting policies (continued)

PS 3380 *Contractual Rights* 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 Section are as follows:

- 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.

There was no material impact on the financial statements of adopting the new Sections.

3. Accounts receivable

	2018	2017
Property taxes	563,960	532,166
Utilities	1,637,716	1,724,749
Other governments	5,122,198	5,887,444
Trade and other	713,200	279,642
Allowance for doubtful accounts	(54,543)	(54,543)
	7,982,531	8,369,458

4. Portfolio investments

	2018	2017
Bond funds	9,365	9,111
Money Market funds	67,410	66,316
Guaranteed Investment Certificates	8,389,363	6,593,712
	8,466,138	6,669,139

The income from portfolio investments for the year was \$285,031 (2017 - \$208,004), where \$64,314 (2017 - \$48,034) has been deferred. The market value of the District's portfolio investments was \$8,465,848 (2017 - \$6,668,761).

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

5. Municipal Finance Authority debt reserve

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

	Demand Notes	Cash Deposits	2018	2017
General fund	179,202	83,920	263,122	261,335
Water fund	567,605	288,165	855,770	849,633
Sewer fund	384,107	268,426	652,533	646,818
	1,130,914	640,511	1,771,425	1,757,786

6. Accounts payable and accrued liabilities

	2018	2017
Trade and other	2,937,371	4,251,555
Wages and benefits	661,546	685,336
Due to funds held in trust	387,571	405,634
	3,986,488	5,342,525

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

7. Landfill closure and post closure liability

	2018	2017
Landfill closure costs	413,112	287,389
Landfill post closure costs	237,546	156,207
	650,658	443,596

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

Landfill closure costs are estimated based on the unused capacity of the landfill site. Management, with the assistance of an engineering firm, has projected the remaining life of the 950,000 m³ of airspace in the landfill to be 49 years, closing in the year 2067. Landfill closure costs are estimated at \$413,112 (2017 - \$287,389). As at December 31, 2018, 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 \$237,546 for 2018 (2017 - \$156,207) based on 15.9% (2017 - 14.4%) of the landfill capacity used to this date and a 49-year lifespan to 2067 and a discount rate of 1.46% (2017 - 1.97%). Post closure costs are expected to be funded by annual budget appropriations in the years in which they are incurred.

8. Deferred revenue

	Opening balance	Deferred transactions	Externally restricted investment income	Revenue recognized	2018 Ending balance
Development cost charges	3,916,503	284,644	64,314	(1,180)	4,264,281
Property taxes and business licenses	1,230,442	1,794,689	-	(1,263,327)	1,761,804
	5,146,945	2,079,333	64,314	(1,264,507)	6,026,085

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

9. Long-term debt

	2018	2017
Outstanding debt, beginning of year	19,731,749	21,851,905
Repayment of debt	(1,409,153)	(1,421,311)
Actuarial reduction of principal	(815,174)	(733,947)
New Borrowing	-	35,102
Outstanding debt, end of year	17,507,422	19,731,749

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

	General Fund	Water Fund	Sewer Fund	Total
2019	299,332	1,046,212	752,012	2,097,556
2020	311,999	1,008,358	708,715	2,029,072
2021	325,206	1,046,941	741,935	2,114,082
2022	258,736	1,087,007	776,734	2,122,477
2023	269,086	1,128,611	813,187	2,210,884
2024 and thereafter	2,431,431	3,645,693	856,227	6,933,351
	3,895,790	8,962,822	4,648,810	17,507,422

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

9. Long-term debt (continued)

Bylaw Number	Purpose	Year Maturing	% Rate	2018 Cash Payments		Balance Outstanding	
				Interest	Principal	2018	2017
General fund							
00-083	Road Improvements	2026	1.750	17,500	30,242	218,520	284,536
00-083	Road Improvements	2030	4.500	90,000	67,163	1,381,140	1,469,523
00-399	RCMP Building	2030	4.200	131,250	104,943	2,296,130	2,428,916
Oct 15/13	Prairie Valley Road	2018	variable	3,753	200,000	-	200,000
EF0001-0	Caterpillar Wheel Loader	2018	1.35	16	6,556	-	6,556
EF0001-0	Bomford Motor	2018	1.35	33	4,916	-	4,916
				242,552	413,820	3,895,790	4,394,447
Water fund							
99-039	Water works upgrade	2019	2.100	21,000	33,150	75,009	146,771
00-161	Water works upgrade	2025	4.170	108,000	220,570	2,632,741	2,959,721
00-213	Thirsk Dam Expansion	2026	1.750	105,000	201,490	2,972,443	3,282,628
00-195	Water works upgrade	2027	2.25	135,000	201,491	3,282,629	3,580,884
				369,000	656,701	8,962,822	9,970,004
Sewer fund							
98-034	Sewer System construction	2023	2.650	418,500	188,572	2,764,683	3,241,195
99-040	Sewer System construction	2019	2.100	21,000	33,149	75,009	146,771
00-192	Sewer System construction	2025	4.170	14,400	29,409	351,032	394,630
00-207	Sewer System construction	2026	1.750	35,000	67,164	990,814	1,094,209
00-192	Sewer System construction	2029	4.130	8,260	6,717	128,922	138,114
16-023	Sewer System construction	2036	2.100	7,686	13,621	338,350	352,379
				504,846	338,632	4,648,810	5,367,298
				1,116,398	1,409,153	17,507,422	19,731,749

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

10. Tangible capital assets

	Land	Land Improvements	Buildings	Machinery and Equipment	Roads and Sidewalks	Water Utility	Sewer Utility	Electric Utility	Work in Progress	2018 Total	2017 Total
Cost, beg. of year	15,730,029	3,730,848	12,069,239	10,572,094	29,740,154	48,791,919	34,501,866	9,699,208	10,273,422	175,108,779	163,843,229
Additions	-	604,150	46,047	937,077	3,503,310	4,318,976	3,369,431	299,167	2,554,255	15,632,413	11,926,552
Disposals	-	-	-	(80,000)	-	-	-	(11,005)	(10,614,113)	(10,705,118)	(661,002)
Cost, end of year	15,730,029	4,334,998	12,115,286	11,429,171	33,243,464	53,110,895	37,871,297	9,987,370	2,213,564	180,036,074	175,108,779
Accumulated amortization, beg. of year	-	-	5,907,987	7,259,679	19,556,078	13,531,272	12,999,315	2,853,965	-	62,108,296	58,468,874
Amortization	-	-	253,301	485,407	927,314	1,128,319	711,148	179,603	-	3,685,092	3,653,007
Disposals	-	-	-	(80,000)	-	-	-	(7,682)	-	(87,682)	(13,585)
Accumulated amortization, end of year	-	-	6,161,288	7,665,086	20,483,392	14,659,591	13,710,463	3,025,886	-	65,705,706	62,108,296
Net carrying amount, end of year	15,730,029	4,334,998	5,953,998	3,764,085	12,760,072	38,451,304	24,160,834	6,961,484	2,213,564	114,330,368	113,000,483

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 \$2,213,564 (2017 - \$10,273,422). Contributed infrastructure tangible capital assets with a value of \$12,500 were recognized in the consolidated financial statements during the year (2017 - \$17,220). Asset additions include \$10,614,113 of work in progress transfers from 2017 (2017 - \$637,357). Net cash additions for 2018 are \$5,005,800 (2017 - \$11,270,584).

**The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements**
For the year ended December 31, 2018

11. Accumulated surplus

The District segregates its accumulated surplus in the following categories:

	2018	2017
Current funds	11,375,167	9,725,936
Community Works	1,968,693	2,124,927
Net current funds	13,343,860	11,850,863
Investment in tangible capital assets	96,822,935	93,268,724
Statutory reserve funds (Note 12)	3,106,539	3,036,789
	113,273,334	108,156,376

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

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

	Opening balance	Transfer receipts	Interest earned	Expenditure	Ending balance
Community Works	2,124,927	553,542	32,182	(741,958)	1,968,693

12. Statutory reserve funds

	Opening balance	Contributions received	Investment income	Expenditure	Ending balance
Tax sale	7,207	-	-	(7,207)	-
Land sale	1,063,247	-	15,184	(210,237)	868,194
Capital works	1,144,479	310,345	19,416	(74,514)	1,399,726
Parking	77,236	3,000	1,248	-	81,484
Asset management	744,620	326,509	11,806	(325,800)	757,135
	3,036,789	639,854	47,654	(617,758)	3,106,539

**The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements**
For the year ended December 31, 2018

13. Taxation, net

	2018	2017
Property taxes and payments-in-lieu	11,045,167	10,732,701
Collections for other governments		
Province of British Columbia - school tax	5,223,389	5,115,183
Regional District	767,406	741,237
Regional Hospital District	860,377	823,038
Municipal Finance Authority	616	543
British Columbia Assessment Authority	130,670	124,428
Okanagan Regional Library	491,613	469,414
	18,519,238	18,006,544
Transfers		
Province of British Columbia - school tax	5,223,389	5,115,183
Regional District	767,406	741,237
Regional Hospital District	860,377	823,038
Municipal Finance Authority	616	543
British Columbia Assessment Authority	130,670	124,428
Okanagan Regional Library	491,613	469,414
	7,474,071	7,273,843
Available for general municipal purposes	11,045,167	10,732,701

14. Government transfers

	2018	2017
Provincial Transfers		
Small community grants	366,070	364,770
Traffic fine revenue sharing	67,476	59,511
Community Works	585,724	556,997
Capital grants	1,231,236	5,768,137
Other contributions	633,901	667,041
	2,884,407	7,416,456
Regional transfers		
Okanagan basin water board	370,139	370,139
Total government transfer revenues	3,254,546	7,786,595

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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 (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Corporation of the District of Summerland paid \$614,818 (2017 - \$578,269) for employer contributions while employees contributed \$543,152 (2017 - \$507,818) to the plan in fiscal 2018.

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

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

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

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

16. Funds held in trust

At the year end, the District held \$1,025,701 (2017 - \$1,030,801) 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:

	2018	2017
Summerland scholarship	25,763	26,452
Cemetery perpetual care	376,197	373,577
Abernethy memorial	80,018	78,770
Summerland education funding	543,723	552,002
	1,025,701	1,030,801

17. Annual budget

The financial statements have included the Annual Budget as approved by Council on April 9, 2018. 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:

	2018	2017
Annual surplus	2,613,731	9,200,841
Capital expenditures	(11,723,269)	(19,476,915)
Principal repayment of debt	(1,834,037)	(1,470,866)
Transfers from accumulated surplus	10,943,575	9,690,940
Borrowing proceeds	-	2,056,000
Net annual budget	-	-

18. Subsequent Event

On February 15, 2019 the District entered into a Contract of Purchase and Sale relating to the disposition of two parcels of District owned land located at 12801 and 12871 Kelly Avenue at a sale price of \$1,989,000.

19. Comparative figures

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

The Corporation of the District of Summerland
Notes to the Consolidated Financial Statements
For the year ended December 31, 2018

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.

The Corporation of the District of Summerland
Notes to Consolidated Financial Statements
For the year ended December 31, 2018

20. Segmented information (continued)

	General Government Services	Protective Services	Transportation Services	Environmental Services	Health Services	Planning & Development Services	Parks & Recreation Services	Water Services	Sewer Services	Electrical Services	Actual 2018
Revenue											
Property tax	8,784,702	-	-	-	-	-	-	-	-	-	8,784,702
Parcel tax	-	-	-	-	-	-	-	1,530,165	730,300	-	2,260,465
Government transfers	1,198,915	-	425,425	-	-	-	71,426	357,737	1,117,398	83,645	3,254,546
User fees, sales and rentals	184,013	6,493	28,921	1,531,374	40,064	-	819,913	3,634,135	1,329,235	11,638,076	19,212,224
Permits, licenses and fines	153,576	24,012	-	-	-	382,091	-	-	-	-	559,679
Investment income	202,275	-	-	-	-	-	-	-	-	-	202,275
Actuarial earnings	84,836	-	-	-	-	-	-	350,482	379,856	-	815,174
Penalties and interest on taxes	97,533	-	-	-	-	-	-	-	-	-	97,533
Franchise	107,366	-	-	-	-	-	-	-	-	-	107,366
Contributions from developers	12,500	-	89,188	-	-	-	310,279	61,534	18,126	262,384	754,011
Other	73,996	-	58,329	-	-	-	-	25,700	8,353	109,661	276,039
Gain (loss) on disposal	-	-	14,193	-	-	399	-	-	-	(3,323)	11,269
	10,899,712	30,505	616,056	1,531,374	40,064	382,490	1,201,618	5,959,753	3,583,268	12,090,443	36,335,283
Expenses											
Labour and benefits	853,735	949,464	1,349,577	298,821	52,885	367,439	1,549,689	1,050,129	560,903	818,450	7,951,092
Contracted services	338,240	1,532,388	1,207,205	1,095,582	19,835	318,811	628,261	459,165	245,944	377,193	6,222,624
Materials and supplies	191,971	125,300	(166,089)	34,850	14,484	1,931	487,566	1,342,214	434,506	9,561,463	12,028,206
Interest	-	132,052	108,043	-	-	-	-	368,147	487,050	-	1,095,292
Amortization	85,217	108,338	949,936	36,993	1,982	661	482,895	1,128,319	711,149	179,603	3,685,093
Other	7,949	1,224	1,712	207,062	-	-	-	18,021	50	-	236,018
	1,577,112	2,848,766	3,450,384	1,673,318	89,186	688,842	3,148,411	4,365,995	2,439,602	10,936,709	31,218,325
SURPLUS (DEFICIT) for the year	9,322,600	(2,818,261)	(2,834,328)	(141,944)	(49,122)	(306,352)	(1,946,793)	1,593,758	1,143,666	1,153,734	5,116,958

The Corporation of the District of Summerland
Notes to Consolidated Financial Statements
 For the year ended December 31, 2018

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 2017
Revenue											
Property tax	8,474,661	-	-	-	-	-	-	-	-	-	8,474,661
Parcel tax	-	-	-	-	-	-	1,528,740	729,300	-	-	2,258,040
Government transfers	1,143,944	-	415,291	-	-	-	3,841,865	2,369,140	16,355	-	7,786,595
User fees, sales and rentals	196,714	4,572	30,602	1,397,295	47,340	-	817,882	3,470,820	1,241,407	11,771,313	18,977,945
Permits, licenses and fines	147,414	22,849	-	-	-	387,252	-	-	-	-	557,515
Investment income	160,361	-	-	-	-	-	-	5,395	5,025	-	170,801
Actuarial earnings	73,198	-	-	-	-	-	-	312,916	347,845	-	733,947
Penalties and interest on taxes	108,320	-	-	-	-	-	-	-	-	-	106,320
Franchise	84,109	-	-	-	-	-	-	-	-	-	84,109
Contributions from developers	139,720	-	-	-	-	-	5,394	190,527	22,643	230,507	588,791
Other	34,595	-	36,170	-	-	-	-	21,856	15,264	68,538	176,423
Gain (loss) on disposal	-	-	-	-	-	93,478	-	-	-	(8,669)	84,809
	10,561,044	27,421	482,063	1,397,295	47,340	480,730	823,276	9,372,119	4,730,624	12,078,044	39,999,956
Expenses											
Labour and benefits	800,464	845,996	1,258,864	176,146	61,470	375,476	1,455,404	1,003,998	528,701	780,131	7,286,650
Contracted services	295,010	1,436,535	1,258,015	942,069	23,485	286,881	596,595	392,702	272,204	299,493	5,802,999
Materials and supplies	129,661	113,480	(92,741)	31,664	17,434	7,768	490,724	1,208,613	432,163	9,497,692	11,836,748
Interest	-	120,875	120,875	-	-	-	-	492,103	535,241	-	1,269,094
Amortization	76,050	145,878	1,160,798	22,124	3,457	1,383	240,594	1,116,789	710,696	175,238	3,653,007
Other	6,584	1,223	1,712	(177,637)	-	-	-	26,917	200	-	(141,001)
	1,307,969	2,663,987	3,707,523	994,366	105,846	671,508	2,783,317	4,241,022	2,479,205	10,752,744	29,707,487
SURPLUS (DEFICIT) for the year	9,253,075	(2,636,566)	(3,225,460)	402,929	(58,506)	(190,778)	(1,960,041)	5,131,097	2,251,419	1,325,300	10,292,469





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.

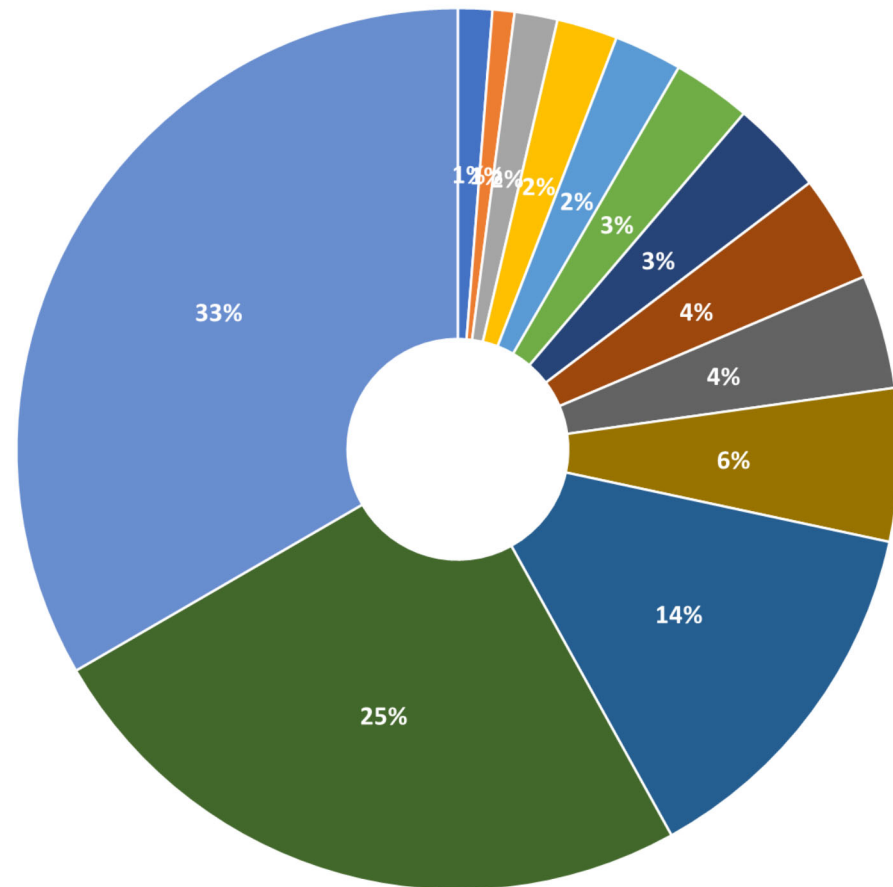
The legal capacity to provide these permissive tax exemptions is through powers granted to Council in the *Community Charter*, and qualification guidelines for an exemption are described in the District of Summerland's Permissive Tax Exemption Policy 200.2, available in person at the Municipal Hall or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

Below is a listing of organizations granted a Permissive Tax Exemption in 2018 together with the estimated amount of municipal taxes that would have been imposed on each property if it were not considered exempt.

Organization	2018 Municipal Taxes	
Christian and Missionary Alliance	\$	4,870.17
Julia Street Community Church	\$	63.20
Okanagan Hindu Society	\$	2,408.98
Roman Catholic Bishop of Nelson Church of the Holy Child	\$	6,060.58
St. John's Lutheran Church	\$	3,233.27
St. Stephen Anglican Church	\$	3,069.79
Summerland Baptist Church	\$	2,332.74
Summerland United Church	\$	27.48
Trustees of the Summerland Congregation of Jehovah's Witnesses	\$	1,140.27
Kettle Valley Railway Society	\$	28,120.14
Royal Canadian Legion Branch 22	\$	982.28
South Okanagan Sailing Association	\$	1,071.57
Summerland Athletic Club	\$	2,387.52
Summerland Chamber of Commerce	\$	416.66
Summerland Golf Society	\$	243.17
Summerland Recreation Society (Lakeshore Racquets Club)	\$	2,592.54
Summerland Senior Citizens Drop-In Association	\$	345.23
Summerland Yacht Club	\$	2,387.52
Summerland Youth Centre Association	\$	546.29
Unisus International School Society	\$	37,353.78
Total	\$	99,653.16

Statistical Information

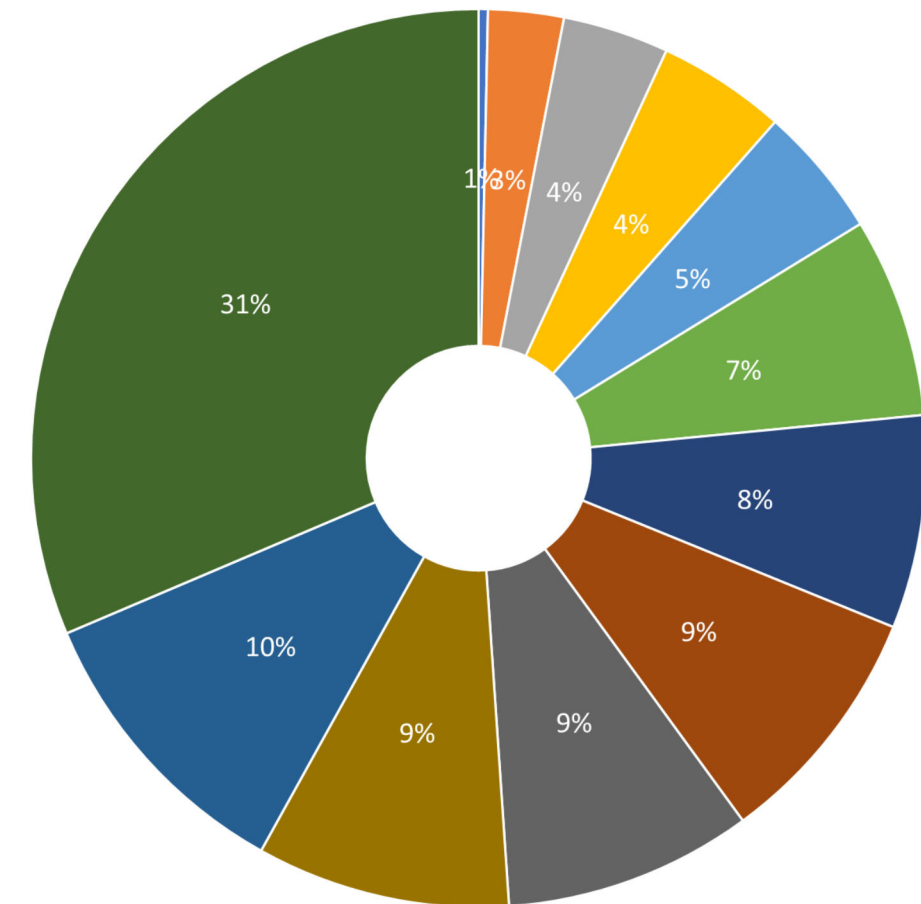
2018 Consolidated Operating Revenues
(\$36.1 million)



■ 1% Reserve	\$277,900
■ 1% Accumulated surplus	\$290,300
■ 2% Licenses, permits and fines	\$568,300
■ 2% Recreation services	\$804,300
■ 2% Sales of services and rentals	\$898,700
■ 3% Interest and penalties	\$1,040,200
■ 3% Fleet/internal recoveries	\$1,247,000
■ 4% Grants	\$1,417,400
■ 4% Solid waste (curbside and landfill)	\$1,507,400
■ 6% Sewer rates and parcel tax	\$2,022,000
■ 14% Water rates and parcel tax	\$4,908,700
■ 25% Property taxes	\$8,913,800
■ 33% Electric rates	\$12,051,700

Statistical Information

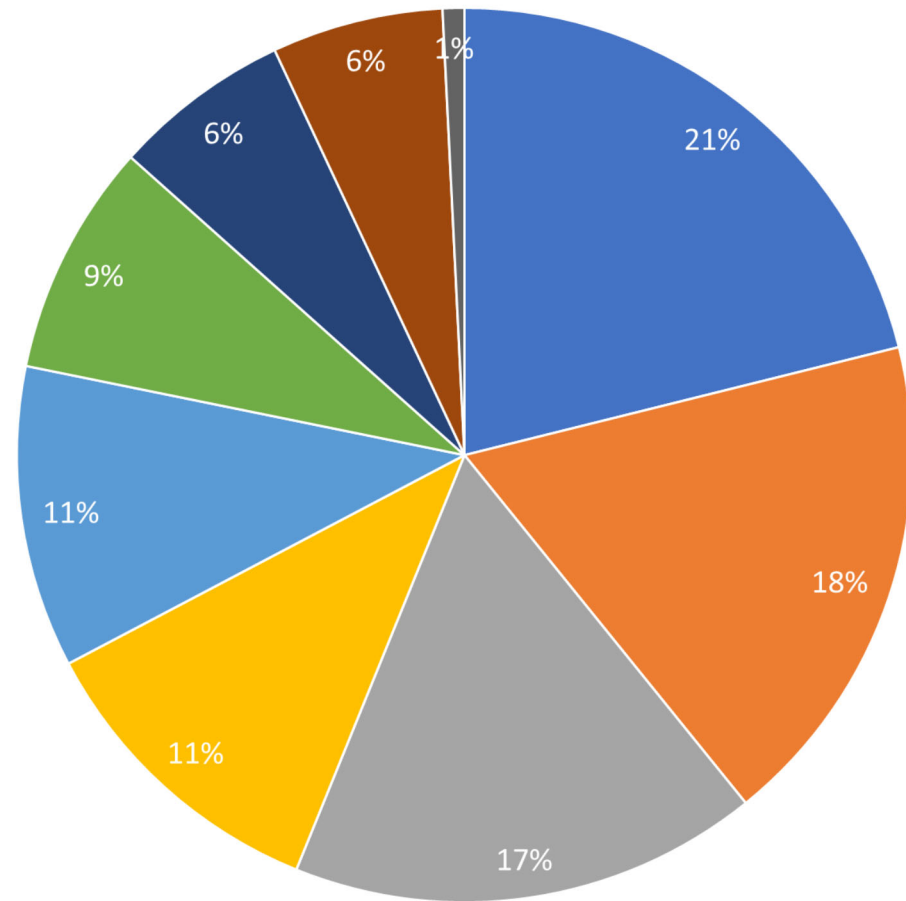
2018 Consolidated Operating Expenses
(\$36.1 million)



■ 1% Cemetery	\$120,100
■ 3% Development services	\$985,400
■ 4% Sewer Utility	\$1,385,100
■ 4% Solid waste	\$1,674,600
■ 5% General Government	\$1,710,500
■ 7% Recreation and cultural services	\$2,599,400
■ 8% Protective Services	\$2,771,100
■ 9% Water Utility	\$3,183,600
■ 9% Works	\$3,239,700
■ 9% Reserves	\$3,310,000
■ 10% Debt servicing	\$3,808,900
■ 31% Electric Utility	\$11,333,100

Statistical Information

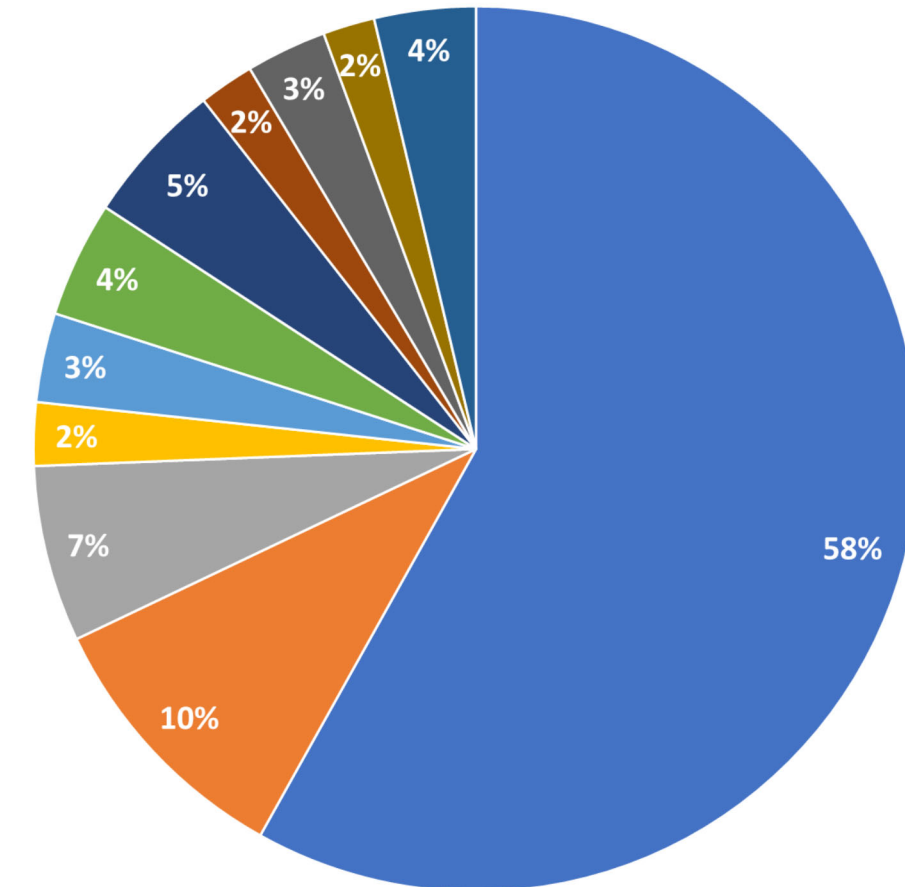
2018 General Operating Expenses
(\$15.3 million)



21% Works	\$3,239,700
18% Protective Services	\$2,771,100
17% Recreation and cultural services	\$2,599,400
11% General Government	\$1,710,500
11% Solid waste	\$1,674,600
9% Reserves	\$1,289,600
6% Development services	\$985,400
6% Debt servicing	\$949,200
1% Cemetery	\$120,100

Statistical Information

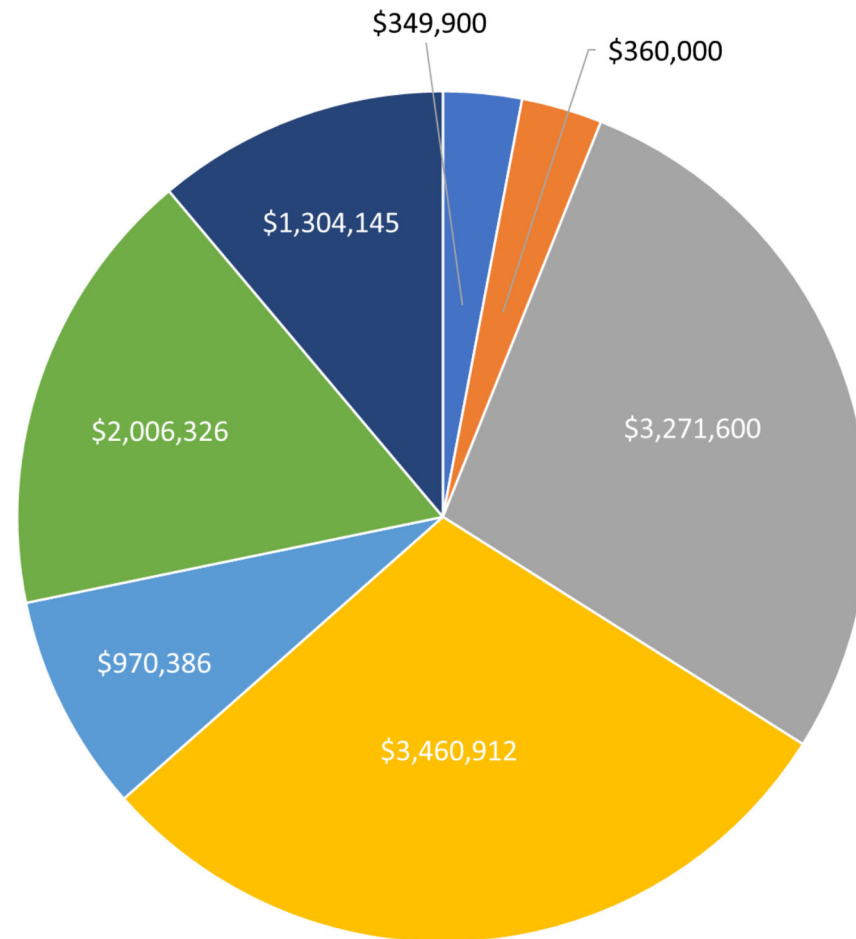
2018 General Operating Revenues
(\$15.3 million)



58% Property taxes	\$8,913,800
10% Solid waste (curbside and landfill)	\$1,507,300
7% Grants	\$989,400
2% Sales of services and rentals	\$354,500
3% Electric fund dividend	\$500,000
4% Fleet recoveries	\$650,000
5% Recreation services	\$804,300
2% Interest and penalties	\$309,800
3% Reserve	\$451,900
2% Accumulated surplus	\$290,300
4% Licenses, permits and fines	\$568,300

Statistical Information

**2018
Consolidated Capital Budget
(\$11.7 million investment)**



- 3% | General Government
- 3% | Protective Services
- 28% | Recreation and cultural services
- 30% | Works
- 8% | Water Utility
- 17% | Sewer Utility
- 11% | Electric Utility



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