

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2021**

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2021**

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	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9 - 11
Operations ( <i>Schedule 1</i> )	12
Renewal Reserve Fund ( <i>Schedule 2</i> )	13
Capital Expenditure Charge Fund ( <i>Schedule 3</i> )	14
Equity in Tangible Capital Assets ( <i>Schedule 4</i> )	15

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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The consolidated financial statements of Cobble Hill Improvement District have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Cobble Hill Improvement District's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Trustees is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility by meeting periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Board approves the financial statements and considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Morine & Schindler CPAs LLP, in accordance with Canadian public sector accounting standards.

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Ms. Karen Bereczki, Administrator

Cobble Hill, BC  
April 14, 2022

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Cobble Hill Improvement District

*Report on the Consolidated Financial Statements*

*Opinion*

We have audited the consolidated financial statements of Cobble Hill Improvement District (the district), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, changes in accumulated surplus, changes in net financial assets 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, 2021, and the consolidated results of its operations and 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 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 PSAS, 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.

*(continues)*

Independent Auditor's Report to the Members of Cobble Hill Improvement District *(continued)*

*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 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.

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Financial Position**  
**December 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash	\$ 667,533	\$ 653,137
Accounts receivable	32,695	31,753
Interest receivable	3,310	6,584
Goods and services tax recoverable	6,565	6,174
	<b>710,103</b>	<b>697,648</b>
<b>LIABILITIES</b>		
Accounts payable	18,624	18,433
Wages payable	-	2,687
Deferred income	1,175	2,825
	<b>19,799</b>	<b>23,945</b>
<b>NET FINANCIAL ASSETS</b>	<b>690,304</b>	<b>673,703</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	6,483	5,182
Tangible capital assets <i>(Note 3)</i>	1,313,360	1,344,196
	<b>1,319,843</b>	<b>1,349,378</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,010,147</b>	<b>\$ 2,023,081</b>

**ON BEHALF OF THE BOARD OF TRUSTEES**

\_\_\_\_\_ *Trustee*

\_\_\_\_\_ *Trustee*

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2021**

	Budget 2021	Total 2021	Total 2020
<b>REVENUES</b>			
Water tolls	\$ 161,600	\$ 166,534	\$ 159,893
Taxes	63,000	63,000	62,650
Investment income	1,000	5,518	8,815
Other income	3,500	4,383	4,572
	<u>229,100</u>	<u>239,435</u>	<u>235,930</u>
<b>EXPENSES</b>			
Audit fees	5,500	5,500	5,500
Amortization	-	30,836	30,932
Licenses and memberships	800	650	500
Honoraria	8,000	8,000	8,000
Laboratory fees	6,000	5,625	5,289
Insurance	12,000	12,411	10,493
Interest and bank charges	2,500	1,364	1,325
Legal fees	2,500	-	-
Admin contract	33,550	33,541	30,423
CEC expenditures	-	1,970	37,645
Office	6,100	5,000	6,001
Supplies, repairs and maintenance	33,850	55,119	29,924
Salaries and wages	58,000	71,651	51,833
Telephone	4,800	4,751	4,383
Training	1,500	1,470	1,153
Utilities	18,000	14,482	13,289
	<u>193,100</u>	<u>252,370</u>	<u>236,690</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ 36,000</u>	<u>\$ (12,935)</u>	<u>\$ (760)</u>

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2021**

	2021	2020
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 2,023,082</b>	<b>\$ 2,023,841</b>
ANNUAL SURPLUS (DEFICIT)	<u>(12,935)</u>	<u>(760)</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b><u>\$ 2,010,147</u></b>	<b><u>\$ 2,023,081</u></b>

See notes to financial statements



**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2021**

	Budget 2021	<b>2021</b>	2020
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 36,000	\$ (12,935)	\$ (760)
Amortization of tangible capital assets	-	<b>30,836</b>	30,932
Decrease (increase) in prepaid expenses	-	<b>(1,300)</b>	(492)
	-	<b>29,536</b>	30,440
<b>INCREASE IN NET FINANCIAL ASSETS</b>	36,000	<b>16,601</b>	29,680
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	673,703	<b>673,703</b>	644,023
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 709,703	\$ <b>690,304</b>	\$ 673,703

See notes to financial statements

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual deficit	\$ (12,935)	\$ (760)
Item not affecting cash:		
Amortization of tangible capital assets	<u>30,836</u>	30,932
	<u>17,901</u>	<u>30,172</u>
Changes in non-cash working capital:		
Accounts receivable	(942)	43,692
Interest receivable	3,274	(4,011)
Accounts payable	192	(36,897)
Deferred income	(1,650)	-
Prepaid expenses	(1,301)	(491)
Goods and services tax payable	(391)	(1,977)
Wages payable	<u>(2,687)</u>	<u>1,344</u>
	<u>(3,505)</u>	<u>1,660</u>
<b>INCREASE IN CASH FLOW</b>	<b>14,396</b>	<b>31,832</b>
Cash - beginning of year	<u>653,137</u>	<u>621,305</u>
<b>CASH - END OF YEAR</b>	<b>\$ 667,533</b>	<b>\$ 653,137</b>

See notes to financial statements

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2021**

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1. PURPOSE OF THE DISTRICT

Cobble Hill Improvement District (the "district") was incorporated by letters patent issued on April 16, 1979 and operates under Part 17 of the Local Government Act (British Columbia).

The district operates to provide potable water for domestic use within its boundaries.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2021. At each financial reporting date, the District reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at December 31, 2021 the District has not recorded any liability for contaminated sites as no sites exist.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives (ranging from 5 to 80 years) on a straight-line basis.

The district regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

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**COBBLE HILL IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2021**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The district recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured
- amounts received but not earned are recorded as deferred revenue.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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**COBBLE HILL IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2021**

3. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2020 Balance	Additions	Disposals	2021 Balance
Land	\$ 750	\$ -	\$ -	\$ 750
Distribution System	1,605,348	-	-	1,605,348
Equipment	8,626	-	-	8,626
Facilities	409,996	-	-	409,996
	<u>\$ 2,024,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,024,720</u>

<u>Accumulated Amortization</u>	2020 Balance	Amortization	Accumulated Amortization on Disposals	2021 Balance
Land	\$ -	\$ -	\$ -	\$ -
Distribution System	511,544	21,821	-	533,365
Equipment	8,626	-	-	8,626
Facilities	160,354	9,015	-	169,369
	<u>\$ 680,524</u>	<u>\$ 30,836</u>	<u>\$ -</u>	<u>\$ 711,360</u>

<u>Net book value</u>	2021	2020
Land	\$ 750	\$ 750
Distribution System	1,071,983	1,093,804
Facilities	240,627	249,642
	<u>\$ 1,313,360</u>	<u>\$ 1,344,196</u>

4. FINANCIAL INSTRUMENTS

The District, as part of its operations, carries a number of financial instruments. The District's financial instruments consist of cash and term deposits, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the District is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**COBBLE HILL IMPROVEMENT DISTRICT**

**Operations**

**(Schedule 1)**

**Year Ended December 31, 2021**

	2021	2020
<b>REVENUES</b>		
Water tolls	\$ 166,534	\$ 159,893
Taxes	63,000	62,650
Investment income	936	2,113
Other income	4,383	4,572
	<u>234,853</u>	<u>229,228</u>
<b>EXPENSES</b>		
Licenses and memberships	650	500
Insurance	12,411	10,493
Interest and bank charges	1,363	1,325
Office	5,000	6,001
Audit fees	5,500	5,500
Laboratory fees	5,625	5,289
Admin contract	33,541	30,423
Training	1,470	1,153
Supplies, repairs and maintenance	22,470	29,942
Salaries and wages	71,651	51,833
Honoraria	8,000	8,000
Utilities	14,482	13,289
Telephone	4,751	4,383
	<u>186,914</u>	<u>168,131</u>
<b>ANNUAL SURPLUS</b>	<u>47,939</u>	<u>61,097</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>228,684</u>	<u>203,587</u>
<b>TRANSFERS</b>		
Transfers	<u>(36,000)</u>	<u>(36,000)</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 240,623</u>	<u>\$ 228,684</u>

**COBBLE HILL IMPROVEMENT DISTRICT****Renewal Reserve Fund****(Schedule 2)****Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Investment income	\$ 3,703	\$ 4,846
<b>EXPENSES</b>		
Supplies, repairs and maintenance	<u>32,649</u>	<u>(17)</u>
<b>ANNUAL SURPLUS</b>	<u>(28,946)</u>	<u>4,863</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>339,177</u>	<u>298,314</u>
<b>TRANSFERS</b>		
Transfers	<u>36,000</u>	<u>36,000</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 346,231</u>	<u>\$ 339,177</u>

**COBBLE HILL IMPROVEMENT DISTRICT****Capital Expenditure Charge Fund****(Schedule 3)****Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>	<b>\$ 879</b>	<b>\$ 1,857</b>
<b>EXPENSES</b>		
CEC expenditures	<u>1,970</u>	<u>37,645</u>
<b>ANNUAL SURPLUS</b>	<u><b>(1,091)</b></u>	<u><b>(35,788)</b></u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>111,025</u>	<u>146,813</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>\$ 109,934</b></u>	<u><b>\$ 111,025</b></u>



**COBBLE HILL IMPROVEMENT DISTRICT****Equity in Tangible Capital Assets****(Schedule 4)****Year Ended December 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization	<u>30,836</u>	<u>30,932</u>
<b>ANNUAL SURPLUS</b>	<u><b>(30,836)</b></u>	<u><b>(30,932)</b></u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>1,344,195</u>	<u>1,375,127</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>\$ 1,313,359</b></u>	<u><b>\$ 1,344,195</b></u>