

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Financial Statements**  
**Year Ended December 31, 2023**

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Index to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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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  
May 04, 2024

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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, 2023, 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, 2023, 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.

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CHARTERED PROFESSIONAL ACCOUNTANTS LLP

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.

Nanaimo, British Columbia  
May 4, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Financial Position**  
**December 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ 913,999	\$ 878,547
Accounts receivable	52,180	38,128
Interest receivable	9,678	3,481
Goods and services tax recoverable	7,177	7,036
	<b>983,034</b>	927,192
<b>LIABILITIES</b>		
Accounts payable	21,775	14,342
Deferred income	194,445	187,626
	<b>216,220</b>	201,968
<b>NET FINANCIAL ASSETS</b>	<b>766,814</b>	725,224
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	20,614	7,058
Tangible capital assets (Note 3)	1,334,881	1,331,917
	<b>1,355,495</b>	1,338,975
<b>ACCUMULATED SURPLUS</b>	<b>\$ 2,122,311</b>	\$ 2,064,200

**ON BEHALF OF THE BOARD OF TRUSTEES**

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

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

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Operations**  
**Year Ended December 31, 2023**

	Budget 2023	Total 2023	Total 2022
<b>REVENUES</b>			
Water tolls	\$ 196,000	\$ 190,661	\$ 179,002
Taxes	72,380	72,380	72,000
Investment income	1,500	19,893	7,498
Other income	4,000	4,795	4,509
	<u>273,880</u>	<u>287,729</u>	<u>263,009</u>
<b>EXPENSES</b>			
Audit fees	5,500	5,500	5,500
Amortization	-	32,969	30,836
Licenses and memberships	1,000	961	832
Honoraria	10,000	10,000	8,000
Laboratory fees	6,500	6,470	6,421
Insurance	18,679	18,679	14,631
Interest and bank charges	1,700	1,622	1,652
Legal fees	1,000	-	-
Admin contract	44,415	44,415	41,534
CEC expenditures	-	(2,069)	6,635
Office	6,586	5,146	5,292
Supplies, repairs and maintenance	32,500	12,843	6,921
Salaries and wages	75,000	73,831	61,394
Telephone	4,000	3,810	3,428
Training	1,000	452	1,968
Utilities	16,000	14,988	13,911
	<u>223,880</u>	<u>229,617</u>	<u>208,955</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 50,000</u>	<u>\$ 58,112</u>	<u>\$ 54,054</u>

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Accumulated Surplus**  
**Year Ended December 31, 2023**

	<b>2023</b>	2022
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>\$ 2,064,199</b>	\$ 2,010,146
ANNUAL SURPLUS	<u>58,112</u>	54,054
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b><u>\$ 2,122,311</u></b>	<b><u>\$ 2,064,200</u></b>

See notes to financial statements



**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended December 31, 2023**

	Budget 2023	2023	2022
<b>ANNUAL SURPLUS</b>	\$ 50,000	\$ 58,112	\$ 54,054
Amortization of tangible capital assets	-	32,969	30,836
Purchase of tangible capital assets	-	(35,934)	(49,394)
Decrease (increase) in prepaid expenses	-	(13,557)	(577)
	-	(16,522)	(19,135)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	50,000	41,590	34,919
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	725,224	725,224	690,305
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 775,224	\$ 766,814	\$ 725,224

See notes to financial statements

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 58,112	\$ 54,054
Item not affecting cash:		
Amortization of tangible capital assets	<u>32,969</u>	30,836
	<u>91,081</u>	84,890
Changes in non-cash working capital:		
Accounts receivable	(14,052)	(5,433)
Interest receivable	(6,197)	(171)
Accounts payable	7,433	(2,092)
Deferred income	6,819	184,260
Prepaid expenses	(13,556)	(575)
Goods and services tax payable	<u>(141)</u>	<u>(471)</u>
	<u>(19,694)</u>	175,518
Cash flow from operating activities	<u>71,387</u>	260,408
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(35,935)</u>	(49,394)
Cash flow used by investing activity	<u>(35,935)</u>	(49,394)
<b>INCREASE IN CASH FLOW</b>	<b>35,452</b>	211,014
Cash - beginning of year	<u>878,547</u>	667,533
<b>CASH - END OF YEAR</b>	<b><u>\$ 913,999</u></b>	<b><u>\$ 878,547</u></b>

See notes to financial statements

**COBBLE HILL IMPROVEMENT DISTRICT**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2023**

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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, 2022. 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, 2022 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, 2023**

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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, 2023**

3. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2022 Balance	Additions	Disposals	2023 Balance
Land	\$ 750	\$ -	\$ -	\$ 750
Distribution System	1,654,741	35,934	-	1,690,675
Equipment	8,626	-	-	8,626
Facilities	409,996	-	-	409,996
	<b>\$ 2,074,113</b>	<b>\$ 35,934</b>	<b>\$ -</b>	<b>\$ 2,110,047</b>

<u>Accumulated Amortization</u>	2022 Balance	Amortization	Accumulated Amortization on Disposals	2023 Balance
Land	\$ -	\$ -	\$ -	\$ -
Distribution System	555,187	23,955	-	579,142
Equipment	8,626	-	-	8,626
Facilities	178,383	9,015	-	187,398
	<b>\$ 742,196</b>	<b>\$ 32,970</b>	<b>\$ -</b>	<b>\$ 775,166</b>

<u>Net book value</u>	2023	2022
Land	\$ 750	\$ 750
Distribution System	1,111,533	1,099,554
Facilities	222,598	231,613
	<b>\$ 1,334,881</b>	<b>\$ 1,331,917</b>

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.

5. PRIOR PERIOD ADJUSTMENT

The prior period was adjusted to reflect the capitalization of certain assets amounting to \$49,394.

**COBBLE HILL IMPROVEMENT DISTRICT**

**Operations**

**(Schedule 1)**

**Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Water tolls	\$ 190,661	\$ 179,002
Taxes	72,380	72,000
Investment income	1,877	529
Other income	4,795	4,509
	<u>269,713</u>	<u>256,040</u>
<b>EXPENSES</b>		
Licenses and memberships	961	832
Insurance	18,679	14,631
Interest and bank charges	1,621	1,654
Office	5,146	5,292
Audit fees	5,500	5,500
Laboratory fees	6,470	6,421
Admin contract	44,415	41,534
Training	452	1,968
Supplies, repairs and maintenance	12,843	6,921
Salaries and wages	73,831	61,394
Honoraria	10,000	8,000
Utilities	14,988	13,911
Telephone	3,810	3,428
	<u>198,716</u>	<u>171,486</u>
<b>ANNUAL SURPLUS</b>	<u>70,997</u>	<u>84,554</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>274,269</u>	<u>240,622</u>
<b>TRANSFERS</b>		
Transfers	(50,000)	(36,000)
Transfer of capital expenditure	(17,742)	(14,907)
	<u>(67,742)</u>	<u>(50,907)</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 277,524</u>	<u>\$ 274,269</u>

**COBBLE HILL IMPROVEMENT DISTRICT****Renewal Reserve Fund****(Schedule 2)****Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>		
Investment income	\$ 10,596	\$ 4,254
<b>EXPENSES</b>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS</b>	<u>10,596</u>	<u>4,254</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>352,000</u>	<u>346,232</u>
<b>TRANSFERS</b>		
Transfers	50,000	36,000
Transfer of capital expenditure	<u>(18,192)</u>	<u>(34,486)</u>
	<u>31,808</u>	<u>1,514</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 394,404</u>	<u>\$ 352,000</u>

See notes to financial statements

**COBBLE HILL IMPROVEMENT DISTRICT****Capital Expenditure Charge Fund****(Schedule 3)****Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>	<b>\$ 7,420</b>	<b>\$ 2,714</b>
<b>EXPENSES</b>		
CEC expenditures	<u>(2,069)</u>	<u>6,635</u>
<b>ANNUAL SURPLUS</b>	<u><b>9,489</b></u>	<u><b>(3,921)</b></u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>106,013</b></u>	<u><b>109,934</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>\$ 115,502</b></u>	<u><b>\$ 106,013</b></u>



**COBBLE HILL IMPROVEMENT DISTRICT****Equity in Tangible Capital Assets****(Schedule 4)****Year Ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Amortization	<u><b>32,969</b></u>	<u>30,836</u>
<b>ANNUAL SURPLUS</b>	<u><b>(32,969)</b></u>	<u>(30,836)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>1,331,917</b></u>	<u>1,313,359</u>
<b>TRANSFERS</b>		
Transfer of capital expenditure	<u><b>35,933</b></u>	<u>49,394</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><b>\$ 1,334,881</b></u>	<u>\$ 1,331,917</u>