



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2016***

North Island 9-1-1 Corporation

Incorporated 1995

2016

Board of Directors

J. McNabb	Alberni-Clayoquot Regional District
S. McCormick	Powell River Regional District
P. Wainwright	Regional District of Mount Waddington
J. Stanhope	Regional District of Nanaimo
L. Samson (President)	Strathcona Regional District
B. Wells	Comox Valley Regional District

North Island 9-1-1 Corporation
Financial Statements
Year ended December 31, 2016

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North Island 9-1-1 Corporation

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and are outlined under Significant Accounting Policies in the notes to the financial statements. Management is responsible for the integrity and objectivity of these statements as well as the supplementary schedules.

Management maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. Management also maintains a program of proper business compliance.

The board of directors is responsible for reviewing and approving the financial statements and for ensuring that management fulfils its responsibilities for financial reporting and internal control.

MNP LLP, Chartered Professional Accountants, the corporation's independent auditor, has conducted an examination of the financial statements in accordance with Canadian generally accepted auditing standards and have expressed their opinion in a report accompanying this statement.

A handwritten signature in black ink, appearing to read 'E. Dunlop', written over a light grey rectangular background.

E.J. Dunlop, CPA, CGA
Officer responsible for Financial Administration,
pursuant to Section 237 of the Local Government Act (RSBC 2015, C.1)

May 12, 2017

Independent Auditors' Report

To the Board of Directors of North Island 9-1-1 Corporation:

We have audited the accompanying financial statements of North Island 9-1-1 Corporation, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of North Island 9-1-1 Corporation as at December 31, 2016 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The prior year comparative figures were audited by another firm of chartered professional accountants, who issued an unmodified opinion on May 13, 2016.

Courtenay, British Columbia

May 12, 2017

MNP LLP
Chartered Professional Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2016

	2016	2015
Financial Assets		
Cash (Note 3)	\$ 656,844	\$ 688,231
Security deposits	1,000	1,000
Receivables -Federal government	18,603	16,836
-Local government	7,840	1,600
-Other	545	583
Total Financial Assets	684,832	708,250
Liabilities		
Payables -Federal government	4,085	4,584
-Provincial government	3,024	1,876
-Local government	37,571	28,925
Trade accounts and accrued liabilities	61,480	25,220
Deferred revenue	17,505	17,205
Total Liabilities	123,665	77,810
Net Financial Assets	561,167	630,440
Non-Financial Assets		
Prepaid expenses	78,998	75,336
Tangible capital assets (Schedule A)	1,070,324	1,135,869
Total Non-Financial Assets	1,149,322	1,211,205
Accumulated Surplus (Note 4)	\$ 1,710,489	\$ 1,841,645



E.J. Dunlop, CPA, CGA
 Corporate Financial Officer



Larry Samson
 President

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Operations
Year ended December 31, 2016

	2016	2016	2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Revenue			
Funding from local governments (Schedule B)	\$ 2,269,760	\$ 2,269,760	\$ 2,215,823
Sub-licence revenue	38,890	39,936	38,535
Interest	5,000	5,381	6,439
Other revenue	54,720	17,667	13,991
Total Revenue	<u>2,368,370</u>	<u>2,332,744</u>	<u>2,274,788</u>
Expenses			
General government services (Schedule C)	211,181	212,458	211,092
Protective services (Schedule D)	2,231,206	2,251,442	2,177,320
Total Expenses	<u>2,442,387</u>	<u>2,463,900</u>	<u>2,388,412</u>
Annual Deficit	(74,017)	(131,156)	(113,624)
Accumulated Surplus, beginning of year	<u>1,841,645</u>	<u>1,841,645</u>	<u>1,955,269</u>
Accumulated Surplus, end of year	<u>\$ 1,767,628</u>	<u>\$ 1,710,489</u>	<u>\$ 1,841,645</u>

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Change in Net Financial Assets
Year ended December 31, 2016

	2016 <u>Budget</u> (Note 7)	2016 <u>Actual</u>	2015 <u>Actual</u>
Annual Deficit	\$ (74,017)	\$ (131,156)	\$ (113,624)
Acquisition of tangible capital assets	(180,000)	(144,691)	(55,188)
Amortization of tangible capital assets	-	210,236	201,916
Change in prepaid expenses	-	(3,662)	(17,487)
Loss on disposal of tangible capital assets	-	-	13,653
Change in Net Financial Assets	<u>(254,017)</u>	<u>(69,273)</u>	<u>29,270</u>
Net Financial Assets, beginning of year	<u>630,440</u>	<u>630,440</u>	<u>601,170</u>
Net Financial Assets, end of year	<u>\$ 376,423</u>	<u>\$ 561,167</u>	<u>\$ 630,440</u>

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Statement of Cash Flows
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Operating Transactions		
Annual Deficit	\$ (131,156)	\$ (113,624)
Changes in non-cash operating balances		
Receivables	(7,969)	19,285
Payables and accrued liabilities	45,555	(224,392)
Prepaid expenses	(3,662)	(17,487)
Deferred revenue	300	(1,295)
Items not utilizing cash		
Amortization of tangible capital assets	210,236	201,916
Loss on disposal of tangible capital assets	-	13,653
Cash Provided by (Applied to) Operating Transactions	<u>113,304</u>	<u>(121,944)</u>
Capital Transactions		
Acquisition of tangible capital assets	<u>(144,691)</u>	<u>(55,188)</u>
Cash Applied to Capital Transactions	<u>(144,691)</u>	<u>(55,188)</u>
Net change in Cash	(31,387)	(177,132)
Cash, beginning of year	<u>688,231</u>	<u>865,363</u>
Cash, end of year	<u>\$ 656,844</u>	<u>\$ 688,231</u>

The accompanying notes and schedules are an integral part of these financial statements.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2016

1. Purpose

The North Island 9-1-1 Corporation (the corporation) was incorporated in 1995 for the purpose of providing emergency 9-1-1 telephone service to Vancouver Island and the surrounding coastal area from Nanaimo north. The corporation is exempt from taxation.

2. Significant Accounting Policies

a) General

As the North Island 9-1-1 Corporation shares are 100% owned by British Columbia regional districts (Note 5), the corporation follows recommendations and guidance with respect to matters of accounting and auditing in the public sector as issued by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

b) Financial Instruments

The corporation's financial instruments consist of cash in Canadian and United States dollars, receivables, payables and trade accounts and accrued liabilities. Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

c) Non-financial Assets

Non-financial assets include prepaid expenses and tangible capital assets and are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of business.

d) Tangible Capital Assets

Tangible capital assets are a special class of non-financial assets and are recorded at cost, net of disposals, write-downs and amortization and includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset. Assets under construction are not amortized until the asset is put into use. Estimated useful lives are as follows:

Office furniture and equipment	10 years
Vehicles	6 years
Information technology infrastructure	5 years
Communication infrastructure	
Radio and satellite systems and components	7-10 years
Communication towers and equipment shelters	30-40 years

e) Revenue Recognition

The corporation recognizes revenue based on assessments issued to the regional districts in its service area. These assessments are issued on an annual basis to meet the expenditures of the corporation. Interest revenue is recorded when earned. Deferred revenue consists of sub-license revenue received during the year that relates to future periods. Sub-licence revenue is recorded when earned.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2016

f) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Management reviews the sites annually for any potential liability under the standard which would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the corporation:
 - is directly responsible; or
 - accepts responsibility; and
- iv. it is expected that future economic benefits will be given up; and
- iv. a reasonable estimate of the amount can be made.

The Corporation has not recorded any liability for contaminated sites as at December 31, 2016 as no such sites exist.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 reporting period.

Significant areas requiring management estimates are the determination of amortization of tangible capital assets, the useful lives of these assets, liability for contaminated sites and provisions for contingencies. Actual results may vary from the estimates and any adjustments will be reported and reflected in operations as they become known.

3. Cash

Cash includes \$1,017 in US funds which has been translated to \$1,365 Canadian at the December 31, 2016 exchange rate (2015 - \$1,017 USD translated to \$1,407 CAD). Transactions in US foreign currency during the year resulted in a loss on foreign currency transactions of \$42 (2015 – gain of \$228).

4. Accumulated Surplus

	2016	2015
Equity in tangible capital assets	\$1,070,324	\$1,135,869
Operating surplus	138,097	126,055
General operating contingency reserve	45,397	18,359
Future expenditure reserve	406,283	510,974
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	\$1,710,489	\$1,841,645

The reserve for future expenditures was established to provide for expenditure for capital works, machinery and equipment and the replacement of equipment and communication infrastructure made inefficient through amortization and obsolescence.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2016

The insurance reserve represents self-insurance to assist with any deductible arising from insurance claims.

5. Share Capital

Authorized: 10,000 Class "A" common voting shares without par value

Issued: 21 Class "A" shares, as follows:	2016	2015
Comox Valley Regional District	\$ 6	\$ 6
Regional District of Nanaimo	5	5
Alberni-Clayoquot Regional District	3	3
Regional District of Mount Waddington	1	1
Powell River Regional District	2	2
Strathcona Regional District	4	4
	\$ 21	\$ 21

6. Related Party Transactions

During the year, one of the shareholders, the Comox Valley Regional District, provided administrative support services and the services of a mapping coordinator, in the amount of \$212,458 (2015 - \$211,092) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$33,959 (2015 - \$11,203) due to the Comox Valley Regional District.

7. Restatement of 2016 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 4, 2016.

The budget anticipated use of surpluses and reserves accumulated in previous years to balance against current year expenditures in excess of current year revenues. Another significant variance is that the budget anticipated capital expenditures rather than amortization expense.

The summary below reconciles the 2016 approved budget to the Statement of Operations.

Budgeted surplus, as approved on March 4, 2016	\$ -
Add:	
Capital acquisitions	180,000
Budgeted transfers to reserves	67,038
Less:	
Transfers from reserves	(195,000)
Transfers from previous years' surplus	(126,055)
Budgeted Annual Deficit, as restated	\$ (74,017)

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2016

8. Commitments

On December 20, 2016, the corporation entered into a five year agreement with the City of Campbell River for the provision of fire dispatch services. The agreement, which expires December 31, 2021, has a commitment of \$6,287,000.

In October 2014, the corporation entered into a five year agreement with E-Comm Emergency Communications for Southwest British Columbia Incorporated for 9-1-1 public safety answer point (PSAP) services. The remaining commitment under this agreement, which expires October 20, 2019, is approximately \$1,160,900.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year Ended December 31, 2016

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2016	December 31, 2015
Cost							
Balance, beginning of year	\$ 58,252	\$ 53,533	\$ 562,470	\$ 1,979,110	\$ -	\$ 2,653,365	\$ 2,628,516
Add: Additions	-	-	21,684	107,261	15,746	144,691	55,188
Less: Disposals	-	-	-	-	-	-	(30,339)
Balance, end of year	58,252	53,533	584,154	2,086,371	15,746	2,798,056	2,653,365
Accumulated Amortization							
Balance, beginning of year	29,412	40,150	373,024	1,074,910	-	1,517,496	1,332,266
Add: Amortization	3,036	8,922	98,812	99,466	-	210,236	201,916
Less: Accumulated amortization on disposals	-	-	-	-	-	-	(16,686)
Balance, end of year	32,448	49,072	471,836	1,174,376	-	1,727,732	1,517,496
Net Book Value of Tangible Capital Assets	\$ 25,804	\$ 4,461	\$ 112,318	\$ 911,995	\$ 15,746	\$ 1,070,324	\$ 1,135,869

North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2016

Schedule B

	2016		2015	
Regional District Participants				
Comox Valley	31.36%	\$ 711,735	31.22%	\$ 700,214
Nanaimo	26.64%	604,638	27.07%	586,077
Strathcona	17.68%	401,375	17.12%	386,251
Alberni-Clayoquot	12.78%	290,151	12.92%	285,094
Powell River	8.11%	184,025	8.42%	180,201
Mount Waddington	3.43%	77,836	3.25%	77,986
	<u>100.00%</u>	<u>\$ 2,269,760</u>	<u>100.00%</u>	<u>\$ 2,215,823</u>

Shareholders' Contribution Percentage

Section 4.4 of Schedule A, Bylaw 1711, cited as "Comox-Strathcona North Island 9-1-1 Corporation By-law, 1994" reads as follows:

"Each Shareholders' respective contribution percentage of funds required from time to time by the Company shall be reassessed by the Company annually, on the basis of net taxable value of land and improvements assessed for hospital purposes, within the Shareholders' jurisdiction, commencing from the date of this Agreement, and upon the withdrawal or addition of a Shareholder, any such change to be determined as if a Major Decision of the Board."

North Island 9-1-1 Corporation
Schedule of General Government Services Expenses
Year ended December 31, 2016

Schedule C

	2016 Budget (Note 7)	2016 Actual	2015 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 130,000	\$ 130,000	\$ 130,000
Mapping co-ordinator support services	81,181	82,458	81,092
	<u>\$ 211,181</u>	<u>\$ 212,458</u>	<u>\$ 211,092</u>

Schedule of Protective Services Expenses
Year ended December 31, 2016

Schedule D

	2016 Budget (Note 7)	2016 Actual	2015 Actual
Advertising	\$ 5,000	\$ -	\$ -
Amortization of tangible capital assets (Schedule A)	-	210,236	201,916
Bank charges and interest	1,200	1,644	1,082
Contract services - City of Campbell River fire dispatch	1,166,423	1,166,423	1,110,323
Contract services - E-Comm PSAP call answer services	403,420	367,170	358,840
Insurance	26,455	16,359	28,856
Licences and permits	144,914	94,727	74,893
Loss on disposal of tangible capital asset (Schedule A)	-	-	13,653
Minor capital	61,500	42,804	26,846
Office supplies and other	5,700	4,838	6,557
Professional fees	46,000	11,713	15,226
Rental/lease - land/machine and equipment	40,472	30,715	29,070
Repairs and maintenance	80,000	60,438	73,852
Telephone	120,824	118,653	121,530
Training and development	3,500	1,563	-
Travel	7,000	9,716	5,403
Vehicle insurance	2,500	2,193	2,027
Wages and employee benefits	116,298	112,250	107,246
	<u>\$ 2,231,206</u>	<u>\$ 2,251,442</u>	<u>\$ 2,177,320</u>