



***North Island 9-1-1 Corporation
Financial Statements
Year Ended December 31, 2017***

North Island 9-1-1 Corporation

Incorporated 1995

2017

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, 2017

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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.J. 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)

June 22, 2018

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, 2017, and the statements of operations, changes in net financial assets and cash flows and related schedules A to D 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, 2017 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.

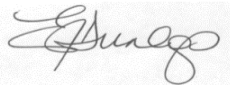

Courtenay, British Columbia

June 22, 2018

MNP LLP

Chartered Professional Accountants

North Island 9-1-1 Corporation
Statement of Financial Position
December 31, 2017

	2017	2016
Financial Assets		
Cash (Note 3)	\$ 488,120	\$ 656,844
Security deposits	1,000	1,000
Receivables -Federal government	68,822	18,603
-Local government	131,114	7,840
-Other	648	545
Total Financial Assets	689,704	684,832
Liabilities		
Payables -Federal government	7,203	4,085
-Provincial government	2,244	3,024
-Local government (Note 6)	16,281	37,571
Trade accounts and accrued liabilities	39,270	61,480
Deferred revenue	15,667	17,505
Total Liabilities	80,665	123,665
Net Financial Assets	609,039	561,167
Non-Financial Assets		
Prepaid expenses	89,381	78,998
Tangible capital assets (Schedule A)	963,200	1,070,324
Total Non-Financial Assets	1,052,581	1,149,322
Accumulated Surplus (Note 4)	\$ 1,661,620	\$ 1,710,489
Commitments (Note 8)		
		
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, 2017

	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Revenue			
Funding from local governments (Schedule B)	\$ 2,356,742	\$ 2,356,742	\$ 2,269,760
Sales of service - other local governments	-	119,750	-
Sub-licence revenue	39,840	39,287	39,936
Interest	5,000	6,046	5,381
Other revenue	<u>55,320</u>	<u>83,342</u>	<u>17,667</u>
Total Revenue	<u>2,456,902</u>	<u>2,605,167</u>	<u>2,332,744</u>
Expenses			
General government services (Schedule C)	215,659	217,468	212,458
Protective services (Schedule D)	<u>2,281,064</u>	<u>2,436,568</u>	<u>2,251,442</u>
Total Expenses	<u>2,496,723</u>	<u>2,654,036</u>	<u>2,463,900</u>
Annual Deficit	(39,821)	(48,869)	(131,156)
Accumulated Surplus, beginning of year	<u>1,710,489</u>	<u>1,710,489</u>	<u>1,841,645</u>
Accumulated Surplus, end of year	<u>\$ 1,670,668</u>	<u>\$ 1,661,620</u>	<u>\$ 1,710,489</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, 2017

	2017	2017	2016
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Note 7)		
Annual Deficit	\$ (39,821)	\$ (48,869)	\$ (131,156)
Acquisition of tangible capital assets	(138,000)	(64,222)	(144,691)
Amortization of tangible capital assets	-	171,346	210,236
Change in prepaid expenses	-	(10,383)	(3,662)
Change in Net Financial Assets	<u>(177,821)</u>	<u>47,872</u>	<u>(69,273)</u>
Net Financial Assets, beginning of year	<u>561,167</u>	<u>561,167</u>	<u>630,440</u>
Net Financial Assets, end of year	<u>\$ 383,346</u>	<u>\$ 609,039</u>	<u>\$ 561,167</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, 2017

	2017	2016
Operating Transactions		
Annual Deficit	\$ (48,869)	\$ (131,156)
Changes in non-cash operating balances		
Receivables	(173,596)	(7,969)
Payables and accrued liabilities	(41,162)	45,555
Prepaid expenses	(10,383)	(3,662)
Deferred revenue	(1,838)	300
Items not utilizing cash		
Amortization of tangible capital assets	171,346	210,236
Cash Provided by (Applied to) Operating Transactions	(104,502)	113,304
Capital Transactions		
Acquisition of tangible capital assets	(64,222)	(144,691)
Cash Applied to Capital Transactions	(64,222)	(144,691)
Net change in Cash	(168,724)	(31,387)
Cash, beginning of year	656,844	688,231
Cash, end of year	\$ 488,120	\$ 656,844

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, 2017

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. Sales of services and sub-licence revenue is recognized in the year that the service is provided or the amount is earned, and when collectability is reasonably assured. Deferred revenue consists of sub-license revenue received during the year that relates to future periods. Interest revenue is recorded when earned.

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2017

2. Significant Accounting Policies (continued)

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, 2017 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 \$1,276 Canadian at the December 31, 2017 exchange rate of 1.2545 (2016 - \$1,017 USD translated to \$1,365 CAD). Transactions in US foreign currency during the year resulted in a loss on foreign currency transactions of \$90 (2016 – loss of \$42).

4. Accumulated Surplus

	2017	2016
Equity in tangible capital assets	\$ 963,200	\$1,070,324
Operating surplus	173,398	138,097
General operating contingency reserve	82,573	45,397
Future expenditure reserve	392,061	406,283
Insurance reserve	50,367	50,367
Share capital (Note 5)	21	21
	<u>\$1,661,620</u>	<u>\$1,710,489</u>

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2017

4. Accumulated Surplus (continued)

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.

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:	2017	2016
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 \$217,468 (2016 - \$212,458) to the corporation as detailed on Schedule C.

Payables to local governments at year end include \$11,014 (2016 - \$33,959) due to the Comox Valley Regional District.

7. Restatement of 2017 Budget

The budget amounts presented throughout these financial statements represent the budget approved by the corporation's board on March 10, 2017.

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 2017 approved budget to the Statement of Operations.

Budgeted surplus, as approved on March 10, 2017	\$	-
Add:		
Capital acquisitions		138,000
Budgeted transfers to reserves		87,176
Less:		
Transfers from reserves		(153,000)
Transfers from previous years' surplus		(111,997)
Budgeted Annual Deficit, as restated	\$	(39,821)

North Island 9-1-1 Corporation
Notes to the Financial Statements
Year ended December 31, 2017

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 remaining commitment of \$5,091,000.

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 \$758,250.

North Island 9-1-1 Corporation
Schedule of Tangible Capital Assets
Year Ended December 31, 2017

Schedule A

	Office Furniture & Equipment	Vehicles	IT Infrastructure	Communication Infrastructure	Work in Progress	December 31, 2017	December 31, 2016
Cost							
Balance, beginning of year	\$ 58,252	\$ 53,533	\$ 584,154	\$ 2,086,371	\$ 15,746	\$ 2,798,056	\$ 2,653,365
Add: Additions	-	7,506	6,125	47,468	3,123	64,222	144,691
Less: Disposals	-	-	-	(291,561)	-	(291,561)	-
Balance, end of year	58,252	61,039	590,279	1,842,278	18,869	2,570,717	2,798,056
Accumulated Amortization							
Balance, beginning of year	32,448	49,072	471,836	1,174,376	-	1,727,732	1,517,496
Add: Amortization	3,036	5,087	67,917	95,306	-	171,346	210,236
Less: Accumulated amortization on disposals	-	-	-	(291,561)	-	(291,561)	-
Balance, end of year	35,484	54,159	539,753	978,121	-	1,607,517	1,727,732
Net Book Value of Tangible Capital Assets	\$ 22,768	\$ 6,880	\$ 50,526	\$ 864,157	\$ 18,869	\$ 963,200	\$ 1,070,324

North Island 9-1-1 Corporation
Schedule of Funding from Local Governments
Year ended December 31, 2017

Schedule B

	2017		2016	
Regional District Participants				
Comox Valley	31.23%	\$ 735,931	31.22%	\$ 711,735
Nanaimo	27.17%	640,241	27.07%	604,638
Strathcona	17.59%	414,434	17.12%	401,375
Alberni-Clayoquot	12.62%	297,515	12.92%	290,151
Powell River	8.07%	190,247	8.42%	184,025
Mount Waddington	3.33%	78,374	3.25%	77,836
	<u>100.00%</u>	<u>\$ 2,356,742</u>	<u>100.00%</u>	<u>\$ 2,269,760</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, 2017

Schedule C

	2017 Budget (Note 7)	2017 Actual	2016 Actual
Comox Valley Regional District Support Services			
Administrative support services	\$ 132,600	\$ 132,600	\$ 130,000
Mapping co-ordinator support services	83,059	84,868	82,458
	<u>\$ 215,659</u>	<u>\$ 217,468</u>	<u>\$ 212,458</u>

Schedule of Protective Services Expenses
Year ended December 31, 2017

Schedule D

	2017 Budget (Note 7)	2017 Actual	2016 Actual
Advertising	\$ 10,000	\$ 7,375	\$ -
Amortization of tangible capital assets (Schedule A)	-	171,346	210,236
Bank charges and interest	1,500	1,056	1,644
Contract services - City of Campbell River fire dispatch	1,196,000	1,196,000	1,166,423
Contract services - E-Comm PSAP call answer services	414,170	413,450	367,170
Insurance	19,122	21,190	16,359
Licences and permits	154,937	104,026	94,727
Loss on disposal of tangible capital asset (Schedule A)	-	-	-
Minor capital	66,500	110,509	42,804
Office supplies and other	4,400	5,678	4,838
Professional fees	39,000	40,407	11,713
Rental/lease - land/machine and equipment	39,921	38,674	30,715
Repairs and maintenance	78,000	61,322	60,438
Telephone	120,824	119,614	118,653
Training and development	3,500	10,570	1,563
Travel	7,000	15,111	9,716
Vehicle insurance	2,500	2,536	2,193
Wages and employee benefits	123,690	117,704	112,250
	<u>\$ 2,281,064</u>	<u>\$ 2,436,568</u>	<u>\$ 2,251,442</u>