



Consolidated Financial Statements

The Corporation of the Town of Aurora

December 31, 2011

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4
Consolidated Statement of Cash Flows	5
Consolidated Statement of Change in Net Financial Assets	6
Notes to the Consolidated Financial Statements	7 - 21
Segment Disclosures – Schedule 1	22 - 24

Independent Auditor's Report

Grant Thornton LLP
Suite 200
15 Allstate Parkway
Markham, ON
L3R 5B4
T (416) 366-0100
F (905) 475-8906
www.GrantThornton.ca

To the Members of Council, Inhabitants,
And Ratepayers of the **Corporation of
The Town of Aurora**

We have audited the accompanying consolidated financial statements of the **Corporation of the Town of Aurora**, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations and accumulated surplus, change 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 consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the **Corporation of the Town of Aurora** as at December 31, 2011, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Markham, Canada
October 1, 2012

Grant Thornton LLP

Chartered Accountants
Licensed Public Accountants

**The Corporation of the Town of Aurora
Consolidated Statement of Financial Position**

December 31, 2011

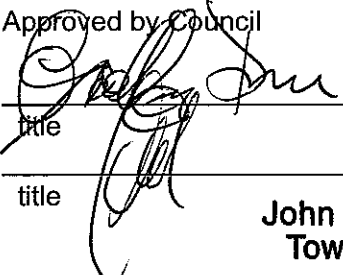
(Dollar amounts presented in '000's)

	<u>2011</u>	<u>2010</u> (Restated) note 3
Financial assets		
Cash and cash equivalents	\$ 2,145	\$ 4,058
Taxes receivable	7,095	6,520
User charges receivable	2,784	2,501
Accounts receivable (note 4)	5,688	4,022
Portfolio investments (note 5)	72,361	72,912
Land listed for sale (note 6)	5,192	5,583
	<u>95,265</u>	<u>95,596</u>
Liabilities		
Accounts payable and accrued liabilities	11,995	9,230
Deposits and deferred revenue (note 7)	4,013	3,775
Deferred revenue - obligatory reserve funds (note 8)	18,526	21,367
Employee future benefits obligations (note 9)	789	748
Long term debt (note 10)	9,000	10,454
	<u>44,323</u>	<u>45,574</u>
Net financial assets	<u>50,942</u>	<u>50,022</u>
Non-financial assets		
Tangible capital assets (note 23)	371,887	356,269
Prepaid expenses	385	28
	<u>372,272</u>	<u>356,297</u>
Accumulated surplus (note 11)	<u>\$ 423,214</u>	<u>\$ 406,319</u>

Contingencies and contractual obligations (notes 18 and 19)

See accompanying notes to the consolidated financial statements.

Approved by Council



title

title

**John D. Leach
Town Clerk**

The Corporation of the Town of Aurora
Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2011

(Dollar amounts presented in '000's)

	Budget (unaudited) note 2	2011	2010 (Restated) note 3
Revenue			
Taxation (note 12)	\$ 29,915	\$ 29,680	\$ 28,647
User charges	25,191	24,042	20,591
Grants (note 13)	3,993	4,328	3,942
Other (note 14)	5,692	7,278	6,974
	<u>64,791</u>	<u>65,328</u>	<u>60,154</u>
Expenditures			
General government	8,987	9,433	8,262
Protection to person and property	10,639	10,090	8,915
Transportation services	7,569	7,237	6,708
Environmental services	18,220	16,981	16,541
Leisure and cultural services	17,402	17,267	16,794
Planning and development	1,640	1,539	1,657
	<u>64,457</u>	<u>62,547</u>	<u>58,877</u>
Net revenue	<u>\$ 334</u>	<u>2,781</u>	<u>1,277</u>
Other revenue			
Gain on disposal of tangible capital assets		23	257
Infrastructure assets assumed from developer		14,091	4,683
		<u>14,114</u>	<u>4,940</u>
Annual surplus		<u>16,895</u>	<u>6,217</u>
Accumulated surplus, beginning of year			
As previously reported,		406,833	400,102
Prior period adjustments (note 3)		(514)	-
As restated		<u>406,319</u>	<u>400,102</u>
Accumulated surplus, end of year		<u>\$ 423,214</u>	<u>\$ 406,319</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora

Consolidated Statement of Cash Flows

Year ended December 31, 2011

(Dollar amounts presented in '000's)

	<u>2011</u>	<u>2010</u> (Restated) note 3
Cash and cash equivalents provided by (used in)		
Operating activities		
Annual surplus	\$ 16,895	\$ 6,217
Non-cash charges to operations:		
Amortization	9,646	9,040
Gain on disposal of tangible capital assets	(23)	(257)
Infrastructure assets assumed from developer	(14,091)	(4,683)
Changes in non-cash operating working capital		
Prepaid expenses	(357)	(8)
Taxes receivable	(575)	338
User charges receivable	(283)	(350)
Accounts receivable	(1,666)	(2,425)
Accounts payable and accrued liabilities	2,765	189
Deposits and deferred revenue	(2,603)	(1,543)
Employee future benefits obligations	41	31
	<u>9,749</u>	<u>6,549</u>
Capital activities		
Acquisition of tangible capital assets	(11,215)	(9,391)
Net proceeds on disposal of tangible capital assets	456	1,096
	<u>(10,759)</u>	<u>(8,295)</u>
Financing activities		
Principal repayment on long term debt	(1,454)	(1,397)
Investing activities		
Decrease (increase) in portfolio investments (net)	551	(40,324)
Decrease in cash and cash equivalents	(1,913)	(43,467)
Cash and cash equivalents, beginning of year	4,058	47,525
Cash and cash equivalents, end of year	\$ 2,145	\$ 4,058
Supplementary information:		
Interest paid	\$ 409	\$ 474
Interest received	\$ 2,479	\$ 2,183

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora
Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2011

(Dollar amounts presented in '000's)

	Budget (unaudited) note 2	2011	2010 (Restated) note 3
Annual surplus	\$ 334	\$ 16,895	\$ 6,217
Amortization of tangible capital assets	9,646	9,646	9,040
Net proceeds on disposal of tangible capital assets	-	456	1,096
Gain on disposal of tangible capital assets	-	(23)	(257)
Acquisition of tangible capital assets	(11,215)	(11,215)	(9,391)
Infrastructure assets assumed from developer	-	(14,091)	(4,683)
Land listed for sale	-	(391)	-
Prepaid expenses	-	(357)	(8)
Change in net financial assets	(1,235)	920	2,014
Net financial assets, beginning of year	50,022	50,022	48,008
Net financial assets, end of year	\$ 48,787	\$ 50,942	\$ 50,022

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

The Corporation of the Town of Aurora (the "Town") is a municipality in the Province of Ontario. The Town conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Summary of significant accounting policies

The consolidated financial statements of the Town are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Town are as follows:

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the Town and comprise all of the organizations that are accountable for the administration of their financial affairs and resources to the Town and are owned or controlled by the Town.

The Aurora Public Library Board is fully consolidated in these consolidated financial statements. All inter-organizational and inter-fund transactions and balances are eliminated.

No taxation and other revenue, expenditures, and assets and liabilities with respect to the Boards of Education within the Regional Municipality of York are reflected in the Town's consolidated financial statements.

Basis of accounting

Revenue and expenditures are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenditures are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 90 days or less.

Portfolio investments

Portfolio investments are comprised of fixed income securities primarily federal, provincial and municipal government bonds / debentures and promissory notes / bearer deposits that mature after more than 90 days. Portfolio investments are valued at the lower of cost or market value.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

1. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized in the consolidated financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Tangible capital assets

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

Buildings	10 - 50 years
Vehicles	7 - 15 years
Other	
Machinery & Equipment	7 - 15 years
Library Collection	7 years
Computer Equipment	4 - 10 years
Parks Facilities (excluding Buildings)	5 - 80 years
Transportation Infrastructure	
Roads	20 - 36 years
Bridges & Other Structures	30 - 40 years
Environmental Infrastructure	
Sanitary Pumping Stations	20 - 50 years
Underground & Other Networks	15 - 100 years

One-half of the annual amortization is charged in the year of acquisition and in the anticipated year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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.

Interest capitalization

Interest is capitalized during the period of construction whenever external debt is issued to finance construction of tangible capital assets.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

1. Summary of significant accounting policies (continued)

Employee future benefits

Employee future benefits include health and basic dental coverage that the Town pays on behalf of its current and retired employees. The Town records these future benefits as they are earned during the employee's tenure of service. The Town also estimates future benefits relating to accumulated sick credits and overtime as they are earned.

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements as earned.

Pension agreements

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund ("OMERS"), a multi-employer public sector pension fund, based on the principles of a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees on the basis of predefined retirement age, length of eligible service and rates of remuneration over a fixed period of time.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all participating Ontario municipalities and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. Accordingly, contributions made during the year are expensed.

Deferred revenue and obligatory reserve funds

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

The Town receives development charges under the authority of provincial legislation and Town by-laws. These funds, by their nature, are restricted in their use and, until applied to specific capital works, are recorded as deferred revenue - obligatory reserve funds.

Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles 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 consolidated financial statements, and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates.

Reserves and reserve funds

Certain amounts, as approved by the Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to or from reserves and reserve funds occur as an adjustment to the respective fund when approved.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

1. Summary of significant accounting policies (continued)

Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the municipality and recorded at fair value at the date of turnover. The municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

Investment income

Investment income earned is reported as revenue in the period earned. Investment income earned on development charges and other obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

2. Budget reconciliation

The authority of Council is required before moneys may be spent by the Municipality. Approvals are given in the form of an annually approved budget. The 2011 budget approved by Council differs from the budget shown on the Consolidated Statement of Operations as the approved budget was prepared on the traditional cash basis and then adjusted to account for the material changes due to the PSAB prescribed accrual based reporting requirements.

	(Unaudited)		
	<u>REVENUE</u>	<u>EXPENSE</u>	<u>NET</u>
Council approved budget:			
Operating - Town and Library	\$ 47,879	\$ 47,879	\$ -
Operating - water and sewer	14,865	14,865	-
Capital (for multiple years)	<u>12,567</u>	<u>12,567</u>	-
Total Council approved budget	75,311	75,311	-
Less: multiple years capital	(12,567)	(12,567)	
debt principal payments ¹	-	(1,453)	1,453
Plus: 2011 capital expenditures not considered TCA's	-	1,079	(1,079)
budget change	-	38	(38)
2011 outside source for capital projects	1,991		1,991
transfers to/from other funds ²	(7,919)	(7,597)	(322)
transfers from deferred revenue	7,975		7,975
amortization expense ³	-	9,646	(9,646)
Adjusted budget per the consolidated statement of operations	<u>\$ 64,791</u>	<u>\$ 64,457</u>	<u>\$ 334</u>

- "Debt principal payments" are considered a repayment of a long term liability and are not considered an expense under accrual accounting - only the related interest portion remains a valid expense
- "Transfers to/from other funds" represents transfers to/from reserves for expenditures and is not considered a revenue source under accrual accounting.
- Under accrual accounting, costs related to the acquisition of Tangible Capital Assets ("TCA's") are recorded on the balance sheet - only the amortization of existing TCA's is included as an expense.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

3. Prior period adjustment

Following detailed reviews of its Federal and Provincial Grants and Investment Income, the Town has restated certain financial assets for 2010. These reviews resulted in determining a) that federal and provincial grant revenue had been over accrued in 2010 which necessitated a decrease in 2010 of both Accounts Receivable and Grant Revenue in the amount of \$827; and b) that Investment Income had been under accrued in 2010 which necessitated an increase in 2010 to both Accounts Receivable and Other Revenue in the amount of \$313. The \$514 net effect of these changes is as follows:

	<u>2010</u>
Accounts receivable:	
Previously reported	\$ 4,536
Prior period adjustment for Grants	(827)
Prior period adjustment for Investment Income	<u>313</u>
Restated	<u>\$ 4,022</u>
Grant revenue:	
Previously reported	\$ 4,769
Prior period adjustment	<u>(827)</u>
Restated	<u>\$ 3,942</u>
Other revenue:	
Previously reported	\$ 6,661
Prior period adjustment for Investment Income	<u>313</u>
Restated	<u>\$ 6,974</u>
Accumulated surplus:	
Previously reported	\$ 406,833
Prior period adjustment for Grants	(827)
Prior period adjustment for Investment Income	<u>313</u>
Restated	<u>\$ 406,319</u>

4. Accounts receivable	<u>2011</u>	<u>2010</u> (Restated Note 3)
Government entities	\$ 2,858	\$ 2,447
Other	<u>2,830</u>	<u>1,575</u>
	<u>\$ 5,688</u>	<u>\$ 4,022</u>

5. Portfolio investments

Portfolio investments of \$72,361 (2010 - \$72,912) have a market value of \$76,737 (2010 - 74,194).

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

6. Land listed for sale

The Town owns two pieces of land, the south portion of 95 Allaura Boulevard and 15059 Leslie Street, which are surplus to the Town's needs and hence were listed for sale in 2010.

During 2011, a portion of the land located at 95 Allaura Boulevard was sold for proceeds of \$417, resulting in no gain or loss on sale. Subsequent to the year end, a portion of the land located at 15059 Leslie Street was sold. The details of this transaction can be found in note 21.

7. Deposits and deferred revenue

	Beginning Balance <u>2011</u>	2011 Inflows	2011 Outflows	Ending Balance <u>2011</u>
Deferred revenue	\$ 637	\$1,440	\$ (888)	\$ 1,189
Deposit and others	<u>3,138</u>	<u>634</u>	<u>(948)</u>	<u>2,824</u>
	<u>\$ 3,775</u>	<u>\$2,074</u>	<u>\$ (1,836)</u>	<u>\$ 4,013</u>

8. Deferred revenue – obligatory reserve funds

	Beginning Balance <u>2011</u>	2011 Inflows	2011 Outflows	Ending Balance <u>2011</u>
Development charges	\$ 3,243	\$2,582	\$ (5,701)	\$ 124
Parkland purposes	11,645	509	(941)	11,213
Building Code Act, 1992	2,630	53	(780)	1,903
Federal Gas Tax	<u>682</u>	<u>1,472</u>	<u>(1,735)</u>	<u>419</u>
	18,200	4,616	(9,157)	13,659
Development charges transferred to capital but unexpensed at the end of the year	<u>3,167</u>	<u>2,827</u>	<u>(1,127)</u>	<u>4,867</u>
	<u>\$ 21,367</u>	<u>\$7,443</u>	<u>\$(10,284)</u>	<u>\$ 18,526</u>

During the year, an appeal was made to the Ontario Municipal Board regarding certain development charge rates. The appeal is currently outstanding, and accordingly, a provision for the return of the development charges has not been made. In the event the developers are successful in their appeal, the Town would have to repay these amounts out of obligatory reserves.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

9. Employee future benefit obligations	<u>2011</u>	<u>2010</u>
Employee future benefits	\$ 627	\$ 586
Accrued sick leave	131	131
Accrued overtime	<u>31</u>	<u>31</u>
	<u>\$ 789</u>	<u>\$ 748</u>

Employee future benefits are health and dental benefits that are provided to early retirees, future retirees, and employees currently on a long term disability. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service.

Information about the Town's post retirement benefits plan is as follows:

	<u>2011</u>	<u>2010</u>
Employee future benefits payable	<u>\$ 627</u>	<u>\$ 586</u>
Employee future benefits, beginning of year	\$ 586	\$ 555
Add: Benefit expense	63	27
Interest cost	29	28
Less: Benefits paid for the period	<u>(51)</u>	<u>(24)</u>
Employee future benefits, end of year	<u>\$ 627</u>	<u>\$ 586</u>

Actuarial evaluations for accounting purposes are performed every four years using the projected benefit method prorated on services. The last actuarial valuation carried out was December 31, 2010 and an actuarial update to December 31, 2011 was made.

The main assumptions employed for the actuarial valuation prepared at December 31, 2010 and updated to December 31, 2011 are as follows:

General Inflation

Future general inflation levels were assumed to increase at 2.0% (2010 – 2.0%) per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 4.75% (2010 – 5.0%).

Health costs

Health costs were assumed to increase at an average increase of 6.3% (2010 – 7.7%) per year reducing to 4.0% (2010 – 4.0%) in 2019.

Dental costs

Dental costs were assumed to increase at an average increase of 4.0% (2010 – 4.0%) in future years.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

10. Long term debt	<u>2011</u>	<u>2010</u>
Debenture, bearing interest at rates varying from 3.1% to 4.1%, maturing in September 2015. Principal is repayable in annual instalments and interest is payable in half yearly instalments.	\$ 5,670	\$ 6,954
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in half yearly instalments of \$160.	<u>3,330</u>	<u>3,500</u>
	<u>\$ 9,000</u>	<u>\$ 10,454</u>

The debentures were issued by The Regional Municipality of York, on behalf of the Town, to fund the construction of the Town's new recreation complex.

Principal repayments for each of the next five years and thereafter are as follows:

2012	\$ 1,512
2013	1,574
2014	1,637
2015	1,703
2016	210
Thereafter	<u>2,364</u>
	<u>\$ 9,000</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

11. Accumulated surplus	<u>2011</u>	<u>2010</u> (Restated Note 3)
Accumulated surplus is comprised of the following:		
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability – Water Rate Funded	\$ 258	\$ (129)
Infrastructure Sustainability – Tax Rate Funded	<u>7,821</u>	<u>4,036</u>
	8,079	3,907
Reserve funds, set aside for specific purposes by Council	6,184	7,196
Proceeds of sale of Aurora Hydro	<u>33,714</u>	<u>33,531</u>
Total reserves and reserve funds	<u>47,977</u>	<u>44,634</u>
Surpluses		
General revenue	7,158	10,287
Land listed for sale	5,192	5,583
Invested in tangible capital assets	371,887	356,269
Less: financed by long term debt	<u>(9,000)</u>	<u>(10,454)</u>
Total surpluses	<u>375,237</u>	<u>361,685</u>
Accumulated surplus	<u>\$ 423,214</u>	<u>\$ 406,319</u>

12. Net taxation	<u>2011</u>	<u>2010</u>
Total taxes levied by the Town	\$ 99,123	\$ 95,869
Less:		
Taxes levied on behalf of the Boards of Education	29,999	29,438
Taxes levied on behalf of the Region of York	<u>39,444</u>	<u>37,784</u>
	<u>\$ 29,680</u>	<u>\$ 28,647</u>

13. Grants	<u>2011</u>	<u>2010</u> (Restated Note 3)
Federal	\$ 2,639	\$ 2,238
Provincial	1,146	1,538
Other	<u>543</u>	<u>166</u>
	<u>\$ 4,328</u>	<u>\$ 3,942</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

14. Other revenue	<u>2011</u>	<u>2010</u> (Restated Note 3)
Penalties and interest on taxes	\$ 987	\$ 927
Fines	270	354
Licenses, permits and fees	2,272	2,133
Interest income	2,479	2,173
Other	<u>1,270</u>	<u>1,387</u>
	<u>\$ 7,278</u>	<u>\$ 6,974</u>

15. Pension agreements

The Town makes contributions to OMERS, which is a multi-employer plan, on behalf of all full-time members of its staff. OMERS is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay.

Contributions in 2011 ranged from 7.4% to 10.7% depending on the level of earnings. As a result \$1,249 (2010 - \$980) was contributed to OMERS for current year services.

16. Central York Fire Services

Effective January 1, 2002, the Town entered into an agreement with the Town of Newmarket with respect to the provision of Fire and Emergency services. Under the Agreement, the Town of Newmarket assumed responsibility for the combined Central York Fire Services. The cost of these services is shared between the two municipalities on the basis of a pre-defined cost sharing formula. The Town's share of costs for the year was \$7,265 (2010 - \$6,497).

17. Insurance coverage

The Town is self insured for insurance claims up to \$10 for any individual claim and for any number of claims arising out of a single occurrence.

Claim costs during the year amounted to \$72 (2010 - \$34).

The Town has made provisions for reserves for self insurance claims under \$10 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. As at December 31, 2011, these reserves amounted to \$25 (2010 - \$274).

The Town was previously a member of the Ontario Municipal Insurance Exchange ("OMEX") which became a licensed group for liability insurance coverage on October 1, 1996. Under terms of the contract with OMEX, during 2011, the Town paid a retroactive assessment to OMEX for losses incurred during the period that the Town was a member of the exchange. This payment was funded from the self insurance reserve.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

18. Contingencies

The Town is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time; therefore, no amounts have been recorded in these financial statements. The Town's management believe that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

19. Contractual obligations

The Town has outstanding contractual obligations on major capital projects of approximately \$1,065 as at December 31, 2011.

20. Segmented information

In Schedule 1, the Town's services and programs are grouped and reported based on functional classification. Revenue is reported by source such as user charges, government grants and other revenue and they are allocated to the functional area they related to. Expenditures are reported by object. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

Taxation Revenue

The Town's primary source of funding for its operations is achieved through property taxes levied against property owners.

Governance & Corporate Support

This functional segment includes The Mayor's office and Council, CAO Office, Corporate Services, Legal, Communication, Information Technology and Financial Services Department and all other support services.

Fire & Emergency Services

Central York Fire Services provides fire and emergency services to the residents of Aurora and Newmarket. The cost the Town paid for these services is described in Note 16.

Bylaw & licensing Services

The Town issues a variety of licenses and permits. This segment ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of zoning by-laws and the processing of building permit applications.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

20. Segmented information (continued)

Roads & Related Services

This segment represents the reconstruction, repair, maintenance works and winter control services provided to the Town's roads, sidewalks, walkway and bridges.

Environmental Services

This segment represents the water/sewer services and waste management services provided by the Public Works Department.

Community Programs & Events

This segment represents the services the Leisure Department provided through the community programs and special events.

Parks & Facilities

This segment maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintain parks and playgrounds, open spaces and a vast trail system.

Public Library Services

The segment of library services covers the Library Board and The Town's library expenses. The funding from the Town to the Library Board is eliminated before the segment amount is determined.

Planning & Development

This functional segment manages the Town's urban development for business interest, environmental concerns, heritage matters and local neighbourhoods through the Town's Official Plan.

21. Subsequent event

Subsequent to year end, the Town closed a sales transaction on land which at year end had been listed for sale. 23.21 acres of land with a book value of \$1,904 was sold for \$5,227, net of land transfer tax, registration fees and upgrades.

22. Comparative amount

Certain comparative figures in these consolidated financial statements have been reclassified to conform to the presentation adopted for the current year.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2011

(Dollar amounts presented in '000's)

23. Tangible capital assets

Assets under construction

Assets under construction and other capital work in progress having a value of \$5,951 (2010 - \$9,707) have not been amortized. Amortization of these assets will commence when the assets are put into service.

Infrastructure assets assumed from developers

Infrastructure assets assumed from developers has been recognized at fair market value at the date of contribution. The value of the contributed assets received during the year is \$14,091 (2010 - \$4,683) comprised of land in the amount of \$113 (2010 - \$35) transportation infrastructure in the amount of \$2,991 (2010 - \$618) and environmental infrastructure in the amount of \$10,987 (2010 - \$4,030).

The value of these assumed assets is included as 'other revenue' on the consolidated statement of operations.

The Corporation of the Town of Aurora
Consolidated Schedule of Tangible Capital Assets
December 31, 2011
(Dollar amounts presented in '000s)

23. Tangible Capital Assets (continued)

	2 0 1 1									
	General				Infrastructure				Total	
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and other networks	Bridges and Other Structures	Assets Under Construction	
Cost										
Balance, beginning of year	\$ 95,430	\$ 69,430	\$ 7,582	\$ 5,103	\$ 16,120	\$ 64,738	\$ 184,527	\$ 16,804	\$ 9,707	\$ 469,441
Add: Additions during the year	776	1,830	516	595	98	-	-	-	7,400	11,215
Add: Donations and transfers	-	66	-	-	2,360	7,775	14,425	621	(11,156)	14,091
Less: Disposals during the year	-	-	(840)	(364)	-	(389)	-	-	-	(1,593)
Balance, end of year	<u>96,206</u>	<u>71,326</u>	<u>7,258</u>	<u>5,334</u>	<u>18,578</u>	<u>72,124</u>	<u>198,952</u>	<u>17,425</u>	<u>5,951</u>	<u>493,154</u>
Accumulated amortization										
Balance, beginning of year	-	23,086	4,231	2,934	5,578	21,940	44,892	10,511	-	113,172
Add: Amortization during the year	-	2,120	569	601	534	2,183	3,151	488	-	9,646
Less: Amortization on disposals	-	-	(832)	(364)	-	(355)	-	-	-	(1,551)
Balance, end of year	<u>-</u>	<u>25,206</u>	<u>3,968</u>	<u>3,171</u>	<u>6,112</u>	<u>23,768</u>	<u>48,043</u>	<u>10,999</u>	<u>-</u>	<u>121,267</u>
Net book value of tangible capital assets	<u>\$ 96,206</u>	<u>\$ 46,120</u>	<u>\$ 3,290</u>	<u>\$ 2,163</u>	<u>\$ 12,466</u>	<u>\$ 48,356</u>	<u>\$ 150,909</u>	<u>\$ 6,426</u>	<u>\$ 5,951</u>	<u>\$ 371,887</u>

The Corporation of the Town of Aurora
Consolidated Schedule of Tangible Capital Assets
December 31, 2011
(Dollar amounts presented in '000s)

23. Tangible Capital Assets (continued)

	2 0 1 0									
	General				Infrastructure					Total
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and other networks	Bridges and Other Structures	Assets Under Construction	
Cost										
Balance, beginning of year	\$ 95,889	\$ 68,615	\$ 6,909	\$ 5,000	\$ 14,115	\$ 60,907	\$ 179,583	\$ 15,537	\$ 11,190	\$ 457,745
Add: Additions during the year	-	757	994	679	1,089	77	1,095	-	4,700	9,391
Add: Donations and transfers	-	333	-	7	916	4,448	3,895	1,267	(6,183)	4,683
Less: Disposals during the year	(459)	(275)	(321)	(583)	-	(694)	(46)	-	-	(2,378)
Balance, end of year	<u>95,430</u>	<u>69,430</u>	<u>7,582</u>	<u>5,103</u>	<u>16,120</u>	<u>64,738</u>	<u>184,527</u>	<u>16,804</u>	<u>9,707</u>	<u>469,441</u>
Accumulated amortization										
Balance, beginning of year	-	21,327	4,013	2,972	5,129	20,300	41,906	10,024	-	105,671
Add: Amortization during the year	-	2,027	527	545	449	2,014	2,991	487	-	9,040
Less: Amortization on disposals	-	(268)	(309)	(583)	-	(374)	(5)	-	-	(1,539)
Balance, end of year	<u>-</u>	<u>23,086</u>	<u>4,231</u>	<u>2,934</u>	<u>5,578</u>	<u>21,940</u>	<u>44,892</u>	<u>10,511</u>	<u>-</u>	<u>113,172</u>
Net book value of tangible capital assets	<u>\$ 95,430</u>	<u>\$ 46,344</u>	<u>\$ 3,351</u>	<u>\$ 2,169</u>	<u>\$ 10,542</u>	<u>\$ 42,798</u>	<u>\$ 139,635</u>	<u>\$ 6,293</u>	<u>\$ 9,707</u>	<u>\$ 356,269</u>

The Corporation of the Town of Aurora

Segment Disclosures

Schedule 1

Year ended December 31, 2011

(Dollar amounts presented in '000s)

	<u>CONSOLIDATED</u>		<u>Taxation Revenue</u>		<u>Govenance & Corporate Support</u>		<u>Fire & Emergency Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue								
Taxation	\$ 29,680	\$ 28,647	\$ 29,680	\$ 28,647	\$ -	\$ -	\$ -	\$ -
User charges	24,042	20,591	-	-	1,736	1,334	597	351
Grant	4,328	3,942	-	-	96	-	-	-
Others	7,278	6,974	-	-	3,777	3,096	50	-
Total Revenue	65,328	60,154	29,680	28,647	5,609	4,430	647	351
Expenditures								
Salaries, wages and benefits	21,592	20,328	-	-	5,245	4,892	-	-
Non-capital expenditures and amortization	10,724	11,227	-	-	737	639	277	153
Materials and supplies	4,139	4,065	-	-	(49)	81	3	-
Contracted services	25,523	22,555	-	-	3,340	2,460	7,275	6,251
Interest on long term debt	409	474	-	-	-	-	-	-
Others	160	228	-	-	160	190	-	-
Total Expenditures	62,547	58,877	-	-	9,433	8,262	7,555	6,404
Net Revenue (Expenditures)	\$ 2,781	\$ 1,277	\$ 29,680	\$ 28,647	\$ (3,824)	\$ (3,832)	\$ (6,908)	\$ (6,053)

The Corporation of the Town of Aurora

Segment Disclosures

Schedule 1

Year ended December 31, 2011

(Dollar amounts presented in '000s)

	<u>Bylaw & Licensing Services</u>		<u>Roads & Related Services</u>		<u>Environmental Services</u>		<u>Community Programs & Events</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User charges	900	499	(1,053)	70	13,050	10,750	2,257	2,145
Grant	-	-	1,735	1,172	568	2,349	57	53
Others	1,248	1,839	96	514	149	368	307	240
Total Revenue	2,148	2,338	778	1,756	13,767	13,467	2,621	2,438
Expenditures								
Salaries, wages and benefits	1,812	1,779	2,056	2,047	1,709	1,568	2,332	2,656
Non-capital expenditures and amortization	3	-	3,097	2,776	3,739	4,346	13	-
Materials and supplies	478	490	852	750	681	606	125	160
Contracted services	242	242	1,232	1,135	10,852	10,021	739	752
Interest on long term debt	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	50
Total Expenditures	2,535	2,511	7,237	6,708	16,981	16,541	3,209	3,618
Net Revenue (Expenditures)	\$ (387)	\$ (173)	\$ (6,459)	\$ (4,952)	\$ (3,214)	\$ (3,074)	\$ (588)	\$ (1,180)

The Corporation of the Town of Aurora

Segment Disclosures

Schedule 1

Year ended December 31, 2011

(Dollar amounts presented in '000s)

	<u>Parks & Facilities</u>		<u>Public Library Services</u>		<u>Planning & Development</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User charges	6,084	4,820	108	136	364	486
Grant	1,823	304	49	64	-	-
Others	535	859	66	57	1,049	1
Total Revenue	8,442	5,983	223	257	1,413	487
Expenditures						
Salaries, wages and benefits	4,691	3,937	2,336	2,214	1,411	1,235
Non-capital expenditures and amortization	2,347	2,531	429	436	83	346
Materials and supplies	1,946	1,850	94	125	9	3
Contracted services	1,520	1,461	286	160	36	73
Interest on long term debt	409	474	-	-	-	-
Others	-	(12)	-	-	-	-
Total Expenditures	10,913	10,241	3,145	2,935	1,539	1,657
Net Revenue (Expenditures)	\$ (2,471)	\$ (4,258)	\$ (2,922)	\$ (2,678)	\$ (126)	\$ (1,170)