

The Corporation of the Town of Aurora  
Consolidated Financial Statements  
For the year ended December 31, 2016

**The Corporation of the Town of Aurora**  
**Consolidated Financial Statements**  
**For the year ended December 31, 2016**

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**The Corporation of the Town of Aurora  
Consolidated Financial Statements  
For the year ended December 31, 2016**

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## Independent Auditor's Report

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To the Mayor and Councillors 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, 2016, the 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 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 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 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 controls relevant to the entity'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 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 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, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Aurora as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
June 27, 2017


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

<b>December 31</b>	<b>2016</b>	<b>2015</b>
(Dollar amounts presented in '000's)		
<b>Financial assets</b>		
Cash (note 2)	\$ 4,278	\$ 16,702
Taxes receivable	5,455	6,677
User fees receivable	5,348	3,666
Accounts receivable	7,421	6,638
Portfolio investments (note 4)	112,460	83,951
Land listed for sale (note 5)	2,952	3,654
	<u>137,914</u>	<u>121,288</u>
<b>Liabilities</b>		
Notes payable and bank indebtedness (note 6)	7,219	9,370
Accounts payable and accrued liabilities	10,395	14,350
Deposits (note 7)	3,207	4,478
Deferred revenue (note 8)	33,610	36,181
Employee benefits liabilities (note 9)	1,010	984
Net long-term liabilities (note 10)	5,485	2,577
	<u>60,926</u>	<u>67,940</u>
<b>Net financial assets</b>	<u>76,988</u>	<u>53,348</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 23)	452,604	434,742
Prepaid expenses	205	101
	<u>452,809</u>	<u>434,843</u>
<b>Accumulated surplus (note 11)</b>	<u>\$ 529,797</u>	<u>\$ 488,191</u>

Contingencies and contractual obligations (notes 17 and 18)

Approved by Council

 Mayor

 Chief Administrative Officer

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

For the year ended December 31	Budget 2016	2016	2015
(Dollar amounts presented in '000's)			
	(note 3)		
<b>Revenue</b>			
Taxation (note 12)	\$ 39,565	\$ 40,071	\$ 38,115
User fees	45,736	52,766	46,607
Grants (note 13)	1,883	2,796	2,680
Gain on disposal of land available for sale	-	5,726	3,385
Loss on disposal of tangible capital assets	-	(239)	(461)
Assumed infrastructure assets	-	10,632	15,796
Other (note 14)	7,383	10,841	13,250
	<u>94,567</u>	<u>122,593</u>	<u>119,372</u>
<b>Expenses</b>			
General government	13,403	13,329	12,006
Protection to person and property	13,322	12,749	12,654
Transportation services	9,439	9,107	8,399
Environmental services	23,774	24,638	21,478
Leisure and cultural services	19,495	19,058	19,056
Planning and development	3,003	2,106	1,944
	<u>82,436</u>	<u>80,987</u>	<u>75,537</u>
<b>Annual surplus</b>	<u>12,131</u>	<u>41,606</u>	<u>43,835</u>
<b>Accumulated surplus, beginning of year</b>	<u>488,191</u>	<u>488,191</u>	<u>444,356</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 500,322</u>	<u>\$ 529,797</u>	<u>\$ 488,191</u>

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

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>2016</b>	<b>2015</b>
<b>(Dollar amounts presented in '000's)</b>			
	(note 3)		
<b>Annual surplus</b>	\$ 12,131	\$ 41,606	\$ 43,835
Amortization of tangible capital assets	13,834	13,834	11,659
Net proceeds on disposal of tangible capital assets	-	37	47
Loss on disposal of tangible capital assets	-	239	461
Acquisition of tangible capital assets	(21,340)	(21,340)	(35,386)
Assumed infrastructure assets	-	(10,632)	(15,796)
Change in prepaid expenses	-	(104)	(15)
<b>Change in net financial assets</b>	<b>4,625</b>	<b>23,640</b>	<b>4,805</b>
<b>Net financial assets, beginning of year</b>	<b>53,348</b>	<b>53,348</b>	<b>48,543</b>
<b>Net financial assets, end of year</b>	<b>\$ 57,973</b>	<b>\$ 76,988</b>	<b>\$ 53,348</b>

**The Corporation of the Town of Aurora**  
**Consolidated Statement of Cash Flows**

For the year ended December 31	2016	2015
(dollar amounts presented in '000's)		
<b>Operating transactions</b>		
Annual surplus	\$ 41,606	\$ 43,835
Non-cash charges to operations:		
Amortization of tangible capital assets	13,834	11,659
Gain on disposal of land listed for sale	(5,726)	(3,385)
Loss on disposal of tangible capital assets	239	461
Assumed infrastructure assets	(10,632)	(15,796)
Changes in non-cash operating working capital:		
Taxes receivable	1,222	(514)
User fees receivable	(1,682)	(322)
Accounts receivable	(783)	(357)
Land listed for sale	(530)	5,295
Accounts payable and accrued liabilities	(3,955)	60
Deposits	(1,271)	454
Deferred revenue	(2,571)	6,449
Employee benefits liabilities	26	21
Prepaid expenses	(104)	(15)
<b>Total Operating Transactions</b>	<b>29,673</b>	<b>47,845</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(21,340)	(35,386)
Net proceeds on disposal of land listed for sale	6,958	3,936
Net proceeds on disposal of tangible capital assets	37	47
<b>Total Capital Transactions</b>	<b>(14,345)</b>	<b>(31,403)</b>
<b>Investing transactions</b>		
Increase in portfolio investments	(28,509)	(15,507)
<b>Financing transactions</b>		
Advances / (principal repayments) on long-term liabilities	2,908	(1,709)
Advances / (principal repayments) of notes payable and bank indebtedness	(2,151)	9,370
<b>Total Financing Transactions</b>	<b>757</b>	<b>7,661</b>
<b>Increase / (Decrease) in cash</b>	<b>(12,424)</b>	<b>8,596</b>
<b>Cash, beginning of year</b>	<b>16,702</b>	<b>8,106</b>
<b>Cash, end of year</b>	<b>\$ 4,278</b>	<b>\$ 16,702</b>

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## The Corporation of the Town of Aurora Notes to the Consolidated Financial Statements

**December 31, 2016**

(Dollar amounts presented in '000's)

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### 1. Summary of Significant Accounting Policies

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.

#### Management's Responsibility

The consolidated financial statements of the Town are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of The Chartered Professional Accountants of Canada.

#### 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. These boards include:

The Aurora Public Library Board

All inter-organizational and inter-fund transactions and balances are eliminated.

#### Basis of Accounting

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

#### Cash

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.

#### Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except to the extent possible that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates.



**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**1. Summary of Significant Accounting Policies (continued)**

**Tangible Capital Assets (continued)**

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

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

**Non-pension Post-employment Benefits, Compensated Absences & Termination Benefits**

The Town accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Town has adopted the following valuation methods and assumptions:

- a) Actuarial cost method:  
 Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.
- b) Accounting policies:  
 Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.
- c) Workplace Safety and Insurance Board (WSIB):  
 The costs of WSIB obligations are actuarially determined and are expensed in the period they occur. Any actuarial gains and losses that are related to WSIB benefits are recognized immediately in the period they arise.

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**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**1. Summary of Significant Accounting Policies (continued)**

**Pension agreements**

The Town makes contributions to the Ontario Municipal Employees' Retirement System ("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.

**Deposits**

The Town receives deposits on building permits and site plan applications that ensure restitution of any potential damage caused by the developer. These deposits are held in trust until the work has been completed, at which point in time, the deposit is returned.

**Deferred Revenue**

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 (formerly obligatory reserve funds).

**Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the post-employment benefits liabilities, the estimated useful lives of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Assumed Infrastructure Assets**

Subdivision streets, lighting, sidewalks, drainage, and other infrastructure and in some instances park fixtures and trail networks are required to be provided by subdivision developers. Upon completion they are assumed by the Town and recorded at fair value at the date of assumption. The Town is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

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**The Corporation of the Town of Aurora  
Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

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**1. Summary of Significant Accounting Policies (continued)**

**Revenue Recognition**

Revenues are recognized as follows:

- a) Taxation revenue is recognized as revenue when it is authorized and the taxable event occurs. Related penalties and interest are recognized as revenue in the year that they are earned.
- b) User fees are reported on an accrual basis.
- c) Grants
  - Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.
  - Unconditional grant revenue is recognized when monies are receivable.
- d) Investment income earned on surplus funds is reported as revenue in the period earned.

Investment income earned on deferred revenue amounts such as development charges and parkland allowances, is added to the associated funds and forms part of the respective deferred revenue balance.

Investment income earned on the Town's reserve fund balances is added to the associated funds and forms part of the respective period ending reserve fund balance. Reserve fund balances in a credit position are similarly charged interest.
- e) Development related fees and charges are recognized over the period of services or when required expenses occur if applicable.

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**2. Cash**

The Town's bank accounts are held at one chartered bank. The bank accounts earn interest at composite prime rate minus 1.75%. As at December 31, 2016, the rate is 1.00% (2015 - 0.95%).

The Town has an overdraft credit facility agreement with TD Bank, to be used for day to day operations. The maximum credit limit is \$1,000 with interest calculated using the composite prime rate minus 0.25%. As at December 31, 2016, the rate is 2.45% (2015 - 2.45%) and the outstanding balance is \$Nil (2015 - \$Nil).

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**3. Budget Reconciliation**

The Budget for 2016 adopted by Council on December 8, 2015 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2016 budget adopted by Council with adjustments as follows:

**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**3. Budget Reconciliation (continued)**

	Revenue	Expense	Net
<b>Council approved budget:</b>			
Operating - Town & Library	\$ 58,170	\$ 58,170	\$ -
Operating - water/sewer	20,070	20,070	-
Capital (for multiple years)	12,375	12,375	-
<b>Total Council approved budget</b>	<b>90,615</b>	<b>90,615</b>	<b>-</b>
<b>Less:</b> Multiple years capital debt principal payments <sup>1</sup>	(12,375)	(12,375)	-
	-	(357)	357
<b>Plus:</b> 2016 Non-TCA capital budget change	715	1,532	(1,532)
transfers to/from other funds <sup>2</sup>	(2,098)	715	-
transfers from deferred revenue	17,710	(11,528)	9,430
amortization expense <sup>3</sup>	-	-	17,710
	-	13,834	(13,834)
<b>Adjusted budget per the consolidated statement of operations</b>	<b>\$ 94,567</b>	<b>\$ 82,436</b>	<b>\$ 12,131</b>

<sup>1</sup> "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 under accrual accounting.

<sup>2</sup> "Transfers to/from other funds" represents transfer to/from reserves for expenditures and is not considered a revenue source under accrual accounting.

<sup>3</sup> Under accrual accounting, costs related to the acquisition of "Tangible Capital Assets" are recorded on the balance sheet - only the amortization of existing Tangible Capital Assets is included as an expense.

**4. Portfolio Investments**

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

Portfolio investments of \$112,460 (2015 - \$83,951) have a market value of \$118,154 (2015 - \$85,093).

**The Corporation of the Town of Aurora  
Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**5. Land Listed for Sale**

As of December 31, 2016 the Town has listed a total of five properties that it owns which have been deemed surplus to the Town's needs. Of these five properties, two relate to the Town's Leslie Lands parcel.

Subsequent to the year end, the Town sold three of these noted properties. The details of these transactions can be found in note 19.

**6. Notes Payable and Bank Indebtedness**

For the purposes of constructing a new Joint Operations Centre, the Town arranged for a construction line of credit through Infrastructure Ontario. The line of credit is fully open, bears a monthly variable interest rate, interest is paid monthly, and the line of credit is to be refinanced within 120 days of completion of the project. It is the Town's intent to pay down the line of credit to the extent possible as planned project funding sources materialize prior to refinancing. During 2016, subsequent to the completion of the facility, the 120 day refinancing period was extended by Infrastructure Ontario to allow more time for the Town to receive anticipated revenues in the short term. Refinancing of any balance then remaining is now to occur prior to January 31, 2018.

As of December 31, 2016 the Town has received a total of \$11,678 of advances from Infrastructure Ontario and subsequently paid back a total of \$4,459 resulting in an outstanding balance of \$7,219 related to this line of credit.

**7. Deposits**

	Beginning Balance 2016	2016 Inflows	2016 Outflows	Ending Balance 2016
Refundable Damage Deposits	\$ 4,478	848	(2,119)	\$ 3,207

**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**8. Deferred Revenue**

	<b>Beginning Balance 2016</b>	<b>2016 Inflows</b>	<b>2016 Outflows</b>	<b>Ending Balance 2016</b>
Development charges	\$ 15,595	21,656	(18,331)	\$ 18,920
Parkland purposes	8,596	927	(5,078)	4,445
Federal Gas Tax	2,541	1,630	(1,925)	2,246
Revenue Deferral - General	4,487	3,421	(4,295)	3,613
	<u>31,219</u>	<u>27,634</u>	<u>(29,629)</u>	<u>29,224</u>
Deferred Revenue transferred to capital but unexpensed at the end of the year	4,962	15,168	(15,744)	4,386
	<u>\$ 36,181</u>	<u>42,802</u>	<u>(45,373)</u>	<u>\$ 33,610</u>

**9. Employee Benefits Liabilities**

	<b>2016</b>	<b>2015</b>
Post-employment benefits	\$ 694	\$ 663
Accrued sick leave	148	166
	<u>842</u>	<u>829</u>
WSIB benefits	168	155
	<u>\$ 1,010</u>	<u>\$ 984</u>

**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**9. Employee Benefits Liabilities (Continued)**

**Post-employment benefits**

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on a long term disability. The Town recognizes these post-employment costs as they are earned during the employee's tenure of service. The accrued benefit obligations for the Town's post-employment benefits and accrued sick leave liabilities as at December 31, 2016 are as follows:

	2016	2015
Accrued benefit obligation, beginning of year	\$ 1,257	\$ 1,285
Add: Benefit expense	71	67
Interest cost	58	57
Less: Benefits paid for the period	(152)	(152)
Accrued benefit obligation, end of year	1,234	1,257
Unamortized actuarial losses	(392)	(428)
Accrued benefit liability	\$ 842	\$ 829

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2016 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2016	2015
Expected future inflation rates	2.0%	2.0%
Discount on accrued benefit obligations	4.75%	4.75%
Health care costs escalation	5.00%	5.33%
Dental costs escalation	4.0%	4.0%

The amount of benefits paid by the Town during the year was \$13 (2015 - \$25).

**Workplace Safety and Insurance Board (WSIB) benefits**

The Town is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety and insurance costs. The accrued WSIB benefit obligations for the Town's WSIB benefits liability as at December 31, 2016 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events.

**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**10. Net Long-term Liabilities**

	2016	2015
Debenture, bearing interest at 2.29%, maturing in March 2026. Principal and interest is repayable in semi-annual installments of \$184.	\$ 3,121	\$ -
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	2,364	2,574
Capital leases, bearing interest at 3.80%, maturing in July 2016. Principal and interest is repayable in quarterly installments.	-	3
	\$ 5,485	\$ 2,577

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

2017	\$	517
2018		534
2019		551
2020		569
2021		587
Thereafter		2,727
	\$	5,485

The interest expense related to the above long-term debt was \$145 (2015 - \$163).

One debenture was issued by The Regional Municipality of York in the name of the Town to fund the construction of a recreation complex. A second debenture was issued by Infrastructure Ontario in the name of the Town of Aurora to fund the Town's conversion of all streetlights to LED. These long-term liabilities have been approved by municipal and regional by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.



**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**11. Accumulated Surplus**

Accumulated surplus is comprised of the following:

	<u>2016</u>	<u>2015</u>
<b>Non Financial Surpluses</b>		
General revenue	\$ 8,489	\$ (13,346)
Land listed for sale	2,952	3,654
Invested in tangible capital assets	452,604	434,742
Less: financed by long-term liabilities	<u>(5,485)</u>	<u>(2,577)</u>
<b>Total non-financial surpluses</b>	<u>458,560</u>	<u>422,473</u>
<b>Reserves set aside by Council for Infrastructure</b>		
Infrastructure Sustainability - Water Rate Funded	8,888	4,958
Infrastructure Sustainability - Tax Rate Funded	<u>9,237</u>	<u>9,341</u>
	18,125	14,299
<b>Reserve funds, set aside for specific purposes by Council</b>	15,756	14,790
<b>Proceeds of sale of Aurora Hydro</b>	<u>37,356</u>	<u>36,629</u>
<b>Total reserves and reserve funds</b>	<u>71,237</u>	<u>65,718</u>
<b>Accumulated surplus</b>	<u>\$ 529,797</u>	<u>\$ 488,191</u>

**12. Net Taxation**

	<u>2016</u>	<u>2015</u>
Total taxes levied by the Town	\$ 120,696	\$ 115,465
Less:		
Taxes levied on behalf of the Boards of Education	33,299	32,331
Taxes levied on behalf of the Region of York	<u>47,326</u>	<u>45,019</u>
	<u>\$ 40,071</u>	<u>\$ 38,115</u>

**13. Grants Revenue**

	<u>2016</u>	<u>2015</u>
Federal	\$ 1,985	\$ 1,498
Provincial	496	836
Other	<u>315</u>	<u>346</u>
	<u>\$ 2,796</u>	<u>\$ 2,680</u>

**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**14. Other Revenue**

	2016	2015
Penalties and interest on taxes	\$ 878	\$ 891
Fines	183	220
Licenses, permits and fees	6,272	6,268
Interest income	2,888	3,855
Other	620	2,016
	\$ 10,841	\$ 13,250

**15. Pension Agreements**

OMERS provides pension services to more than 470,000 active and retired members and their approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2016 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$1,949 (2015 - \$1,889) was contributed to OMERS for current year services.

**16. 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 \$60 (2015 - \$46).

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. In 2013, the Insurance stand alone reserve was collapsed into the Town's general Tax Rate Stabilization Reserve; this reserve will be similarly accessible for this purpose. The balance of the Tax Rate Stabilization Reserve as of December 31, 2016 was \$4,324.

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**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

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**17. 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.

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**18. Contractual Obligations**

The Town committed contractual obligations on major capital projects of approximately \$12,914 during 2016, which have various contract completion dates.

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 \$9,631 (2015 - \$9,281).

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**19. Subsequent Events**

Subsequent to year end, the Town sold three of its properties that it had listed for sale as of December 31, 2016 and disclosed in note 5. The first noted property was sold on February 23, 2017 for a sale price of \$1,350. The other two properties were sold on March 1, 2017 for sale prices of \$681 and \$570, respectively.

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**20. Segment Information**

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the Consolidated Schedule of Segment Disclosure. The nature of the segments and the activities they encompass are as follows:

*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, Legislative Services, Legal, Communication, Information Technology and Financial Services, 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 18.

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**The Corporation of the Town of Aurora**  
**Notes to the Consolidated Financial Statements**

**December 31, 2016**

(Dollar amounts presented in '000's)

**20. Segment Information (continued)**

*Building, 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-laws for the protection of occupants. It enforces all zoning by-laws and the processing of building permit applications.

*Roads & Related Services*

This segment represents the reconstruction, repair, maintenance works and winter control services provided to the Town's roads, sidewalks, street lighting, walkways 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 that the Parks & Recreation Services Department provided through 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 maintains parks and playgrounds, open spaces and a vast trail system.

*Public Library Services*

This 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 through the development application process. It also oversees community economic development, environmental concerns, heritage matters, local neighbourhoods, and the Town's Official Plan.

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**21. Comparative Amounts**

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

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**22. Tangible Capital Assets Under Construction**

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$20,774 (2015 - \$27,742) have not been amortized. Amortization of these assets will commence when these noted assets are put into service. This value excludes any developer constructed assets which have yet to be assumed.

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The Corporation of the Town of Aurora  
Notes to the Consolidated Financial Statements

December 31, 2016

(Dollar amounts presented in '000's)

23. Tangible Capital Assets

	2016										Total	
	General					Infrastructure						
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction			
<b>Cost</b>												
Balance, beginning of year	\$ 109,647	\$ 81,455	\$ 8,696	\$ 6,537	\$ 21,522	\$ 88,573	\$ 227,666	\$ 20,478	\$ 27,742	\$ 592,316		
Add: Additions during the year	1,615	2,780	1,244	1,192	275	28	259	-	13,947	21,340		
Add: Donations and transfers	108	18,348	-	-	368	5,546	6,148	1,028	(20,915)	10,631		
Less: Disposals during the year	-	(190)	(318)	(416)	(28)	(213)	(275)	(648)	-	(2,088)		
Balance, end of year	111,370	102,393	9,622	7,313	22,137	93,934	233,798	20,858	20,774	622,199		
<b>Accumulated amortization</b>												
Balance, beginning of year	-	32,192	4,688	4,082	8,966	32,639	61,436	13,571	-	157,574		
Add: Amortization during the year	-	3,084	706	677	708	3,182	4,535	942	-	13,834		
Less: Amortization on disposals	-	(67)	(311)	(415)	(28)	(142)	(231)	(619)	-	(1,813)		
Balance, end of year	-	35,209	5,083	4,344	9,646	35,679	65,740	13,894	-	169,595		
<b>Net book value of tangible capital assets</b>	\$ 111,370	\$ 67,184	\$ 4,539	\$ 2,969	\$ 12,491	\$ 58,255	\$ 168,058	\$ 6,964	\$ 20,774	\$ 452,604		

**The Corporation of the Town of Aurora**  
Notes to the Consolidated Financial Statements

**December 31, 2016**

(Dollar amounts presented in '000's)

**23. Tangible Capital Assets (continued)**

	2015									
	General				Infrastructure				Total	
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	Total
<b>Cost</b>										
Balance, beginning of year	\$ 99,153	\$ 73,524	\$ 8,866	\$ 6,363	\$ 21,418	\$ 81,756	\$ 214,911	\$ 18,205	\$ 18,540	\$ 542,736
Add: Additions during the year	10,489	965	299	718	100	1,718	2,963	498	17,636	35,386
Add: Donations and transfers	5	7,003	-	12	4	5,102	10,073	1,797	(8,200)	15,796
Less: Disposals during the year	-	(37)	(469)	(556)	-	(3)	(281)	(22)	(234)	(1,602)
Balance, end of year	109,647	81,455	8,696	6,537	21,522	88,573	227,666	20,478	27,742	592,316
<b>Accumulated amortization</b>										
Balance, beginning of year	-	29,875	4,276	3,995	8,197	29,902	57,897	12,867	-	147,009
Add: Amortization during the year	-	2,354	667	643	769	2,740	3,761	725	-	11,659
Less: Amortization on disposals	-	(37)	(255)	(556)	-	(3)	(222)	(22)	-	(1,094)
Balance, end of year	-	32,192	4,688	4,082	8,966	32,639	61,436	13,570	-	157,574
<b>Net book value of tangible capital assets</b>	\$ 109,647	\$ 49,263	\$ 4,008	\$ 2,455	\$ 12,556	\$ 55,934	\$ 166,230	\$ 6,908	\$ 27,742	\$ 434,742

**The Corporation of the Town of Aurora  
Consolidated Schedule of Segmented Disclosure  
Schedule 1**

**December 31, 2016**

(Dollar amounts presented in '000's)

2016

	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
Revenue	\$ 40,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,071
Taxation	-	623	1,783	51	3,498	24,768	6,161	13,339	369	-	52,766
User fees	-	-	-	-	2,215	244	279	-	58	-	2,796
Grants	-	5,726	-	-	-	-	-	-	-	-	5,726
Gain on disposal of land listed for sale	-	(239)	-	-	-	-	-	-	-	-	(239)
Loss on disposal of tangible capital assets	-	10,632	-	-	-	-	-	-	-	-	10,632
Assumed infrastructure assets	-	3,940	-	4,500	(72)	986	440	118	24	905	10,841
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>40,071</b>	<b>20,682</b>	<b>1,783</b>	<b>4,551</b>	<b>5,641</b>	<b>25,998</b>	<b>6,880</b>	<b>13,457</b>	<b>451</b>	<b>3,079</b>	<b>122,593</b>
Expenses	-	5,958	-	2,922	2,927	1,444	3,230	5,600	2,823	1,739	26,643
Salaries, wages and benefits	-	3,789	216	-	3,407	5,252	-	708	462	-	13,834
Amortization	-	354	5	44	1,222	830	172	2,468	76	9	5,180
Materials and supplies	-	3,139	9,243	316	1,551	17,112	1,098	1,802	238	86	34,585
Contracted services	-	-	-	-	-	-	-	268	-	-	268
Interest on long-term liabilities	-	89	-	3	-	-	88	25	-	272	477
Others	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>-</b>	<b>13,329</b>	<b>9,464</b>	<b>3,285</b>	<b>9,107</b>	<b>24,638</b>	<b>4,588</b>	<b>10,871</b>	<b>3,599</b>	<b>2,106</b>	<b>80,987</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 40,071</b>	<b>\$ 7,353</b>	<b>\$ (7,681)</b>	<b>\$ 1,266</b>	<b>\$ (3,466)</b>	<b>\$ 1,360</b>	<b>\$ 2,292</b>	<b>\$ 2,586</b>	<b>\$ (3,148)</b>	<b>\$ 973</b>	<b>\$ 41,606</b>

**The Corporation of the Town of Aurora  
Consolidated Schedule of Segmented Disclosure  
Schedule 1**

**December 31, 2016**

(Dollar amounts presented in '000's)

	2015										
	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
<b>Revenue</b>											
Taxation	\$ 38,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,115
User fees	-	528	-	65	1,542	18,572	4,607	17,842	358	3,093	46,607
Grants	-	-	-	-	1,765	563	265	36	51	-	2,680
Gain on disposal of land listed for sale	-	3,385	-	-	-	-	-	-	-	-	3,385
Loss on disposal of tangible capital assets	-	(461)	-	-	-	-	-	-	-	-	(461)
Assumed infrastructure assets	-	15,796	-	-	-	-	-	-	-	-	15,796
Other	-	4,322	681	4,840	878	732	364	501	18	914	13,250
<b>Total Revenue</b>	<b>38,115</b>	<b>23,570</b>	<b>681</b>	<b>4,905</b>	<b>4,185</b>	<b>19,867</b>	<b>5,236</b>	<b>18,379</b>	<b>427</b>	<b>4,007</b>	<b>119,372</b>
<b>Expenses</b>											
Salaries, wages and benefits	-	5,691	-	2,834	2,583	1,656	2,939	5,412	2,827	1,791	25,733
Amortization	-	3,027	193	-	2,912	4,314	-	769	444	-	11,659
Materials and supplies	-	434	1	30	1,064	753	136	2,384	130	12	4,944
Contracted services	-	2,807	9,314	282	1,822	14,755	1,025	2,324	210	120	32,659
Interest on long-term liabilities	-	-	-	-	-	-	-	163	-	-	163
Other	-	47	-	-	18	-	81	113	99	21	379
<b>Total Expenses</b>	<b>-</b>	<b>12,006</b>	<b>9,508</b>	<b>3,146</b>	<b>8,399</b>	<b>21,478</b>	<b>4,181</b>	<b>11,165</b>	<b>3,710</b>	<b>1,944</b>	<b>75,537</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 38,115</b>	<b>\$ 11,564</b>	<b>\$ (8,827)</b>	<b>\$ 1,759</b>	<b>\$ (4,214)</b>	<b>\$ (1,611)</b>	<b>\$ 1,055</b>	<b>\$ 7,214</b>	<b>\$ (3,283)</b>	<b>\$ 2,063</b>	<b>\$ 43,835</b>