

Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2017

**The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2017**

Table of Contents

Financial Statements

Statement of Financial Position

Statement of Operations

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Supplementary Information

**The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2017**

| | Contents |
|---|-----------------|
| Independent Auditor's Report | 1 |
| Consolidated Financial Statements | |
| Consolidated Statement of Financial Position | 2 |
| Consolidated Statement of Operations and Accumulated Surplus | 3 |
| Consolidated Statement of Change in Net Financial Assets | 4 |
| Consolidated Statement of Cash Flows | 5 |
| Notes to the Consolidated Financial Statements | 6 - 20 |
| Schedule 1 - Consolidated Schedule of Segmented Disclosure | 21 - 22 |



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Independent Auditor's Report

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, 2017, 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, 2017 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 26, 2018

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


| December 31 | 2017 | 2016 |
|--|-------------------|-------------------|
| <i>(Dollar amounts presented in '000's)</i> | | |
| Financial assets | | |
| Cash (note 2) | \$ 9,530 | \$ 4,278 |
| Taxes receivable | 7,757 | 5,455 |
| User fees receivable | 6,714 | 5,348 |
| Accounts receivable | 7,098 | 7,421 |
| Portfolio investments (note 4) | 117,328 | 112,460 |
| Land listed for sale (note 5) | 2,837 | 2,952 |
| | <u>151,264</u> | <u>137,914</u> |
| Liabilities | | |
| Notes payable and bank indebtedness (note 6) | 5,874 | 7,219 |
| Accounts payable and accrued liabilities | 18,201 | 10,395 |
| Deposits (note 7) | 5,693 | 3,207 |
| Deferred revenue (note 8) | 33,700 | 33,610 |
| Employee benefits liabilities (note 9) | 1,084 | 1,010 |
| Net long-term liabilities (note 10) | 4,968 | 5,485 |
| | <u>69,520</u> | <u>60,926</u> |
| Net financial assets | <u>81,744</u> | <u>76,988</u> |
| Non-financial assets | | |
| Tangible capital assets (note 23) | 453,402 | 452,604 |
| Prepaid expenses | 452 | 205 |
| | <u>453,854</u> | <u>452,809</u> |
| Accumulated surplus (note 11) | <u>\$ 535,598</u> | <u>\$ 529,797</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 2017 | 2017 | 2016 |
|---|------------------------|-------------------|-------------------|
| (Dollar amounts presented in '000's) | | | |
| | (note 3) | | |
| Revenue | | | |
| Taxation (note 12) | \$ 42,470 | \$ 42,887 | \$ 40,071 |
| User fees | 32,818 | 35,075 | 52,766 |
| Grants (note 13) | 9,622 | 3,391 | 2,796 |
| Gain on disposal of land available for sale | - | 604 | 5,726 |
| Loss on disposal of tangible capital assets | - | (789) | (239) |
| Assumed infrastructure assets | - | 863 | 10,632 |
| Other (note 14) | 7,502 | 9,828 | 10,841 |
| | <u>92,412</u> | <u>91,859</u> | <u>122,593</u> |
| Expenses | | | |
| General government | 14,783 | 15,232 | 13,329 |
| Protection to person and property | 14,413 | 12,855 | 12,749 |
| Transportation services | 9,463 | 9,526 | 9,107 |
| Environmental services | 27,469 | 26,050 | 24,638 |
| Leisure and cultural services | 20,348 | 20,327 | 19,058 |
| Planning and development | 3,202 | 2,068 | 2,106 |
| | <u>89,678</u> | <u>86,058</u> | <u>80,987</u> |
| Annual surplus | <u>2,734</u> | <u>5,801</u> | <u>41,606</u> |
| Accumulated surplus, beginning of year | <u>529,797</u> | <u>529,797</u> | <u>488,191</u> |
| Accumulated surplus, end of year | <u>\$ 532,531</u> | <u>\$ 535,598</u> | <u>\$ 529,797</u> |

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

| For the year ended December 31 | Budget 2017 | 2017 | 2016 |
|---|------------------------|------------------|------------------|
| (Dollar amounts presented in '000's) | | | |
| | (note 3) | | |
| Annual surplus | \$ 2,734 | \$ 5,801 | \$ 41,606 |
| Amortization of tangible capital assets | 14,728 | 14,728 | 13,834 |
| Net proceeds on disposal of tangible capital assets | - | 207 | 37 |
| Loss on disposal of tangible capital assets | - | 789 | 239 |
| Acquisition of tangible capital assets | (15,659) | (15,659) | (21,340) |
| Assumed infrastructure assets | - | (863) | (10,632) |
| Change in prepaid expenses | - | (247) | (104) |
| Change in net financial assets | 1,803 | 4,756 | 23,640 |
| Net financial assets, beginning of year | 76,988 | 76,988 | 53,348 |
| Net financial assets, end of year | \$ 78,791 | \$ 81,744 | \$ 76,988 |

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

| For the year ended December 31 | 2017 | 2016 |
|--|-----------------|-----------------|
| (dollar amounts presented in '000's) | | |
| Operating transactions | | |
| Annual surplus | \$ 5,801 | \$ 41,606 |
| Non-cash charges to operations: | | |
| Amortization of tangible capital assets | 14,728 | 13,834 |
| Gain on disposal of land listed for sale | (604) | (5,726) |
| Loss on disposal of tangible capital assets | 789 | 239 |
| Assumed infrastructure assets | (863) | (10,632) |
| Changes in non-cash operating working capital: | | |
| Taxes receivable | (2,302) | 1,222 |
| User fees receivable | (1,366) | (1,682) |
| Accounts receivable | 323 | (783) |
| Land listed for sale | (1,186) | (530) |
| Accounts payable and accrued liabilities | 7,806 | (3,955) |
| Deposits | 2,486 | (1,271) |
| Deferred revenue | 90 | (2,571) |
| Employee benefits liabilities | 74 | 26 |
| Prepaid expenses | (247) | (104) |
| Total Operating Transactions | 25,529 | 29,673 |
| Capital transactions | | |
| Acquisition of tangible capital assets | (15,659) | (21,340) |
| Net proceeds on disposal of land listed for sale | 1,905 | 6,958 |
| Net proceeds on disposal of tangible capital assets | 207 | 37 |
| Total Capital Transactions | (13,547) | (14,345) |
| Investing transactions | | |
| Increase in portfolio investments | (4,868) | (28,509) |
| Financing transactions | | |
| Advances / (principal repayments) on long-term liabilities | (517) | 2,908 |
| Advances / (principal repayments) of notes payable and bank indebtedness | (1,345) | (2,151) |
| Total Financing Transactions | (1,862) | 757 |
| Increase / (Decrease) in cash | 5,252 | (12,424) |
| Cash, beginning of year | 4,278 | 16,702 |
| Cash, end of year | \$ 9,530 | \$ 4,278 |

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2017

(Dollar amounts presented in '000's)

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, 2017

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

| | |
|----------------------------------|----------------|
| Buildings | 10 - 50 years |
| Landscaping & Other | 5 - 20 years |
| Vehicles | 7 - 15 years |
| Other | |
| Machinery and Equipment | 7 - 20 years |
| Library Collection | 7 years |
| Computer Equipment | 4 - 10 years |
| Facilities (excluding Buildings) | 5 - 80 years |
| Transportation Infrastructure | |
| Roads | 20 - 36 years |
| Signage | 1 - 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 ("EARS�") (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.

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

December 31, 2017

(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.

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

December 31, 2017

(Dollar amounts presented in '000's)

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.

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, 2017, the rate is 1.00% (2016 - 1.00%).

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, 2017, the rate is 2.45% (2016 - 2.45%) and the outstanding balance is \$Nil (2016 - \$Nil).

3. Budget Reconciliation

The Budget for 2017 adopted by Council on December 13, 2016 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 2017 budget adopted by Council with adjustments as follows:

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

December 31, 2017

(Dollar amounts presented in '000's)

3. Budget Reconciliation (continued)

| | Revenue | Expense | Net |
|--|------------------|------------------|-----------------|
| Council approved budget: | | | |
| Operating - Town & Library | \$ 60,815 | \$ 60,815 | \$ - |
| Operating - water/sewer | 22,621 | 22,621 | - |
| Capital (for multiple years) | 18,199 | 18,199 | - |
| Total Council approved budget | 101,635 | 101,635 | - |
| Less: Multiple years capital debt principal payments ¹ | (18,199) | (18,199) | - |
| | - | (517) | 517 |
| Plus: 2017 Non-TCA capital transfers to/from other funds ² | - | 4,298 | (4,298) |
| transfers from deferred revenue | (2,301) | (12,267) | 9,966 |
| amortization expense ³ | 11,277 | - | 11,277 |
| | - | 14,728 | (14,728) |
| Adjusted budget per the consolidated statement of operations | \$ 92,412 | \$ 89,678 | \$ 2,734 |

¹ "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.

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

³ 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 \$117,328 (2016 - \$112,460) have a market value of \$122,788 (2016 - \$118,154).

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

December 31, 2017

(Dollar amounts presented in '000's)

5. Land Listed for Sale

As of December 31, 2017 the Town has listed a total of two properties that it owns which have been deemed surplus to the Town's needs. Of these two properties, one relates to the Town's Leslie Lands parcel.

Subsequent to the year end, the Town sold its remaining Leslie Lands parcel property. 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.

As of December 31, 2017 the Town has received a total of \$11,678 of advances to date from Infrastructure Ontario and subsequently paid back a total of \$5,804 resulting in an outstanding balance of \$5,874 related to this line of credit.

On May 1, 2018 the Town made a final payment of \$304 toward this line of credit and refinanced the remaining outstanding balance of \$5,500 through a five year term, ten year amortized debenture bearing interest at 2.85%, maturing in May 2023. Principal and interest is repayable in semi-annual installments of \$318.

7. Deposits

| | Beginning Balance 2017 | 2017 Inflows | 2017 Outflows | Ending Balance 2017 |
|----------------------------|------------------------------|-----------------|------------------|---------------------------|
| Refundable Damage Deposits | \$ 3,207 | 4,459 | (1,973) | \$ 5,693 |

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

December 31, 2017

(Dollar amounts presented in '000's)

8. Deferred Revenue

| | Beginning Balance 2017 | 2017 Inflows | 2017 Outflows | Ending Balance 2017 |
|--|------------------------------|-----------------|------------------|---------------------------|
| Development charges | \$ 18,920 | 7,125 | (9,202) | \$ 16,843 |
| Parkland purposes | 4,445 | 3,258 | (563) | 7,140 |
| Federal Gas Tax | 2,246 | 1,657 | (2,057) | 1,846 |
| Revenue Deferral - General | 3,613 | 6,044 | (5,614) | 4,043 |
| | 29,224 | 18,084 | (17,436) | 29,872 |
| Deferred Revenue transferred to capital but unexpensed at the end of the year | 4,386 | 5,683 | (6,241) | 3,828 |
| | <u>\$ 33,610</u> | <u>23,767</u> | <u>(23,677)</u> | <u>\$ 33,700</u> |

9. Employee Benefits Liabilities

| | 2017 | 2016 |
|--------------------------|-----------------|-----------------|
| Post-employment benefits | \$ 800 | \$ 694 |
| Accrued sick leave | 252 | 148 |
| | 1,052 | 842 |
| WSIB benefits | 32 | 168 |
| | <u>\$ 1,084</u> | <u>\$ 1,010</u> |

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

December 31, 2017

(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, 2017 are as follows:

| | 2017 | 2016 |
|---|----------|----------|
| Accrued benefit obligation, beginning of year | \$ 1,234 | \$ 1,257 |
| Add: Benefit expense | 208 | 71 |
| Interest cost | 63 | 58 |
| Actuarial losses | 493 | - |
| Less: Benefits paid for the period | (146) | (152) |
| Accrued benefit obligation, end of year | 1,852 | 1,234 |
| Unamortized actuarial losses | (800) | (392) |
| Accrued benefit liability | \$ 1,052 | \$ 842 |

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017 with projections to December 31, 2019. 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:

| | 2017 | 2016 |
|---|-------|-------|
| Expected future inflation rates | 2.00% | 2.00% |
| Discount on accrued benefit obligations | 3.40% | 4.75% |
| Drug costs escalation | 8.00% | 5.00% |
| Other health care costs escalation | 4.00% | -% |
| Dental costs escalation | 4.00% | 4.00% |

The amount of benefits paid by the Town during the year was \$33 (2016 - \$13).

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, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017 with projections to December 31, 2019. 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, 2017

(Dollar amounts presented in '000's)

10. Net Long-term Liabilities

| | 2017 | 2016 |
|---|----------|----------|
| Debenture, bearing interest at 2.29%, maturing in March 2026. Principal and interest is repayable in semi-annual installments of \$184. | \$ 2,824 | \$ 3,121 |
| Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160. | 2,144 | 2,364 |
| | \$ 4,968 | \$ 5,485 |

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

| | | |
|------------|----|-------|
| 2018 | \$ | 534 |
| 2019 | | 551 |
| 2020 | | 569 |
| 2021 | | 587 |
| 2022 | | 606 |
| Thereafter | | 2,121 |
| | \$ | 4,968 |

The interest expense related to the above long-term debt was \$152 (2016 - \$145).

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, 2017

(Dollar amounts presented in '000's)

11. Accumulated Surplus

Accumulated surplus is comprised of the following:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| Non Financial Surpluses | | |
| General revenue | \$ 8,534 | \$ 8,489 |
| Land listed for sale | 2,837 | 2,952 |
| Invested in tangible capital assets | 453,402 | 452,604 |
| Less: financed by long-term liabilities | (4,968) | (5,485) |
| | 459,805 | 458,560 |
| Reserves set aside by Council for Infrastructure | | |
| Infrastructure Sustainability - Water Rate Funded | 10,431 | 8,888 |
| Infrastructure Sustainability - Tax Rate Funded | 10,160 | 9,237 |
| | 20,591 | 18,125 |
| Reserve funds, set aside for specific purposes by Council | 18,311 | 15,756 |
| Proceeds of sale of Aurora Hydro | 36,891 | 37,356 |
| | 75,793 | 71,237 |
| Accumulated surplus | \$ 535,598 | \$ 529,797 |

12. Net Taxation

| | 2017 | 2016 |
|---|------------------|------------------|
| Total taxes levied by the Town | \$ 128,625 | \$ 120,696 |
| Less: | | |
| Taxes levied on behalf of the Boards of Education | 35,528 | 33,299 |
| Taxes levied on behalf of the Region of York | 50,210 | 47,326 |
| | \$ 42,887 | \$ 40,071 |

13. Grants Revenue

| | 2017 | 2016 |
|------------|-----------------|-----------------|
| Federal | \$ 2,170 | \$ 1,985 |
| Provincial | 775 | 496 |
| Other | 446 | 315 |
| | \$ 3,391 | \$ 2,796 |

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

December 31, 2017

(Dollar amounts presented in '000's)

14. Other Revenue

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|-----------------|------------------|
| Penalties and interest on taxes | \$ 971 | \$ 878 |
| Fines | 169 | 183 |
| Licenses, permits and fees | 4,809 | 6,272 |
| Interest income | 2,249 | 2,888 |
| Other | 1,630 | 620 |
| | <u>\$ 9,828</u> | <u>\$ 10,841</u> |

15. Pension Agreements

OMERS provides pension services to more than 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$2,000 (2016 - \$1,949) 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 \$45 (2016 - \$60).

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 Financial Statement Operations and Accumulated Surplus 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, 2017 was \$4,850.

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

December 31, 2017

(Dollar amounts presented in '000's)

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.

18. Contractual Obligations

The Town committed contractual obligations on major capital projects of approximately \$42,368 during 2017, 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 \$10,017 (2016 - \$9,631).

19. Subsequent Events

Subsequent to year end, the Town sold one of its properties that it had listed for sale as of December 31, 2017 and disclosed in note 5. The noted property was sold on June 28, 2018 for a sale price of \$7,059.

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.

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

December 31, 2017

(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.

21. Comparative Amounts

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

22. Tangible Capital Assets Under Construction

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$26,049 (2016 - \$20,774) 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.

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

December 31, 2017

(Dollar amounts presented in '000's)

23. Tangible Capital Assets

| | 2017 | | | | | | | | | | |
|---|------------|------------|----------|--------------------|------------|----------------|--------------------------------|------------------------------|---------------------------|------------|-------|
| | 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 | \$ 111,370 | \$ 102,393 | \$ 9,622 | \$ 7,313 | \$ 22,137 | \$ 93,934 | \$ 233,798 | \$ 20,858 | \$ 20,774 | \$ 622,199 | |
| Reclassification of beginning | | | | | | (432) | 433 | (1) | | | |
| Add: Additions during the year | 7 | 275 | 926 | 901 | 123 | 53 | 523 | 6 | 12,845 | 15,659 | |
| Add: Donations and transfers | - | 125 | - | 606 | 1,971 | 4,162 | 917 | 652 | (7,570) | 863 | |
| Less: Disposals during the year | (120) | (23) | (554) | (443) | (8) | (659) | (1,165) | (210) | - | (3,182) | |
| Balance, end of year | 111,257 | 102,770 | 9,994 | 8,377 | 24,223 | 97,058 | 234,506 | 21,305 | 26,049 | 635,539 | |
| Accumulated amortization | | | | | | | | | | | |
| Balance, beginning of year | - | 35,209 | 5,083 | 4,344 | 9,646 | 35,679 | 65,740 | 13,894 | - | 169,595 | |
| Add: Amortization during the year | - | 3,650 | 761 | 808 | 768 | 3,265 | 4,525 | 951 | - | 14,728 | |
| Less: Amortization on disposals | - | (23) | (498) | (436) | (7) | (419) | (641) | (162) | - | (2,186) | |
| Balance, end of year | - | 38,836 | 5,346 | 4,716 | 10,407 | 38,525 | 69,624 | 14,683 | - | 182,137 | |
| Net book value of tangible capital assets | \$ 111,257 | \$ 63,934 | \$ 4,648 | \$ 3,661 | \$ 13,816 | \$ 58,533 | \$ 164,882 | \$ 6,622 | \$ 26,049 | \$ 453,402 | |

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

December 31, 2017

(Dollar amounts presented in '000's)

23. Tangible Capital Assets (continued)

| | 2016 | | | | | | | | | | Total | | |
|--|------------|-----------|----------|--------------------|------------|----------------|--------------------------------|------------------------------|---------------------------|--------------|-------|--|--|
| | General | | | | | Infrastructure | | | | | | | |
| | Land | Buildings | Vehicles | Computer and other | Facilities | Roads | Underground and Other Networks | Bridges and Other Structures | Assets Under Construction | Construction | | | |
| Cost | | | | | | | | | | | | | |
| 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 | - | - | - | 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 | | | |
| Accumulated amortization | | | | | | | | | | | | | |
| 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 | | | |
| Net book value of tangible capital assets | \$ 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
Consolidated Schedule of Segmented Disclosure
Schedule 1

December 31, 2017

(Dollar amounts presented in '000's)

| | 2017 | | | | | | | | | | |
|---|------------------|--------------------------------|---------------------------|----------------------------|--------------------------|------------------------|-----------------------------|--------------------|-------------------------|------------------------|-----------------|
| | 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 | \$ 42,887 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 42,887 |
| Taxation | - | 337 | 380 | 53 | 2,263 | 23,107 | 4,486 | 2,050 | 390 | 2,009 | 42,887 |
| User fees | - | 45 | - | - | 2,539 | 437 | 319 | - | 51 | - | 35,075 |
| Grants | - | 604 | - | - | - | - | - | - | - | - | 3,391 |
| Gain on disposal of land listed for sale | - | (789) | - | - | - | - | - | - | - | - | 604 |
| Loss on disposal of tangible capital assets | - | 863 | - | - | - | - | - | - | - | - | (789) |
| Assumed infrastructure assets | - | 3,917 | - | 3,431 | 352 | 745 | 485 | 92 | 37 | 769 | 863 |
| Other | - | - | - | - | - | - | - | - | - | - | 9,828 |
| Total Revenue | 42,887 | 4,977 | 380 | 3,484 | 5,154 | 24,289 | 5,290 | 2,142 | 478 | 2,778 | 91,859 |
| Expenses | - | 6,582 | - | 2,679 | 2,825 | 1,725 | 3,347 | 5,774 | 2,865 | 1,670 | 27,467 |
| Salaries, wages and benefits | - | 4,497 | 253 | - | 3,458 | 5,282 | - | 768 | 469 | - | 14,727 |
| Amortization | - | 445 | 4 | 38 | 1,486 | 948 | 235 | 2,586 | 151 | 6 | 5,899 |
| Materials and supplies | - | 3,214 | 9,551 | 327 | 1,733 | 18,095 | 1,403 | 2,087 | 264 | 93 | 36,767 |
| Contracted services | - | - | - | - | - | - | - | 256 | - | - | 256 |
| Interest on long-term liabilities | - | 494 | - | 2 | 24 | - | 88 | 34 | - | 300 | 942 |
| Others | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenses | - | 15,232 | 9,808 | 3,046 | 9,526 | 26,050 | 5,073 | 11,505 | 3,749 | 2,069 | 86,058 |
| Annual Surplus (Deficit) | \$ 42,887 | \$ (10,255) | \$ (9,428) | \$ 438 | \$ (4,372) | \$ (1,761) | \$ 217 | \$ (9,363) | \$ (3,271) | \$ 709 | \$ 5,801 |

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

December 31, 2017

(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 | | | | | | | | | | | |
| Taxation | \$ 40,071 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,071 |
| User fees | - | 623 | 1,783 | 51 | 3,498 | 24,768 | 6,161 | 13,339 | 369 | 2,174 | 52,766 |
| Grants | - | - | - | - | 2,215 | 244 | 279 | - | 58 | - | 2,796 |
| Gain on disposal of land listed for sale | - | 5,726 | - | - | - | - | - | - | - | - | 5,726 |
| Loss on disposal of tangible capital assets | - | (239) | - | - | - | - | - | - | - | - | (239) |
| Assumed infrastructure assets | - | 10,632 | - | - | - | - | - | - | - | - | 10,632 |
| Other | - | 3,940 | - | 4,500 | (72) | 986 | 440 | 118 | 24 | 905 | 10,841 |
| Total Revenue | 40,071 | 20,682 | 1,783 | 4,551 | 5,641 | 25,998 | 6,880 | 13,457 | 451 | 3,079 | 122,593 |
| Expenses | | | | | | | | | | | |
| Salaries, wages and benefits | - | 5,958 | - | 2,922 | 2,927 | 1,444 | 3,230 | 5,600 | 2,823 | 1,739 | 26,643 |
| Amortization | - | 3,789 | 216 | - | 3,407 | 5,252 | - | 708 | 462 | - | 13,834 |
| Materials and supplies | - | 354 | 5 | 44 | 1,222 | 830 | 172 | 2,468 | 76 | 9 | 5,180 |
| Contracted services | - | 3,139 | 9,243 | 316 | 1,551 | 17,112 | 1,098 | 1,802 | 238 | 86 | 34,585 |
| Interest on long-term liabilities | - | - | - | - | - | - | - | 268 | - | - | 268 |
| Other | - | 89 | - | 3 | - | - | 88 | 25 | - | 272 | 477 |
| Total Expenses | - | 13,329 | 9,464 | 3,285 | 9,107 | 24,638 | 4,588 | 10,871 | 3,599 | 2,106 | 80,987 |
| Annual Surplus (Deficit) | \$ 40,071 | \$ 7,353 | \$ (7,681) | \$ 1,266 | \$ (3,466) | \$ 1,360 | \$ 2,292 | \$ 2,586 | \$ (3,148) | \$ 973 | \$ 41,606 |