

**The Corporation of the Town of Aurora  
Consolidated Financial Statements  
For the year ended December 31, 2018**

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Consolidated Financial Statements  
For the year ended December 31, 2018**

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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

### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Aurora, (the Town) which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.



## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
June 25, 2019

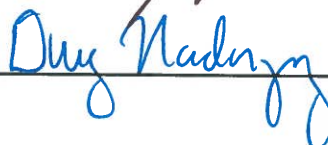
**The Corporation of the Town of Aurora  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2018</b>	<b>2017</b>
<i>(Dollar amounts presented in '000's)</i>		
<b>Financial assets</b>		
Cash (note 2)	\$ 10,527	\$ 9,530
Taxes receivable	10,653	7,757
User fees receivable (note 4)	6,654	6,714
Accounts receivable	6,736	7,098
Portfolio investments (note 5)	128,104	117,328
Land listed for sale (note 6)	-	2,837
	<u>162,674</u>	<u>151,264</u>
<b>Liabilities</b>		
Notes payable and bank indebtedness (note 7)	-	5,874
Accounts payable and accrued liabilities	19,625	18,201
Deposits (note 8)	5,107	5,693
Deferred revenue (note 9)	49,226	33,700
Employee benefits liabilities (note 10)	1,324	1,084
Net long-term liabilities (note 11)	9,694	4,968
	<u>84,976</u>	<u>69,520</u>
<b>Net financial assets</b>	<u>77,698</u>	<u>81,744</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 22)	459,416	453,402
Prepaid expenses	795	452
	<u>460,211</u>	<u>453,854</u>
<b>Accumulated surplus (note 12)</b>	<u>\$ 537,909</u>	<u>\$ 535,598</u>

Contingencies and contractual obligations (notes 18 and 19)

Approved by Council

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

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

<b>For the year ended December 31</b>	<b>Budget 2018</b>	<b>2018</b>	<b>2017</b>
(Dollar amounts presented in '000's)			
	(note 3)		
<b>Revenue</b>			
Taxation (note 13)	\$ 45,298	\$ 46,407	\$ 42,887
User fees	51,996	22,042	35,075
Grants (note 14)	2,888	3,927	3,391
Gain on disposal of land available for sale	45	6,036	604
Gain (loss) on disposal of tangible capital assets	-	35	(789)
Assumed infrastructure assets	-	4,306	863
Other (note 15)	7,584	9,303	9,828
	<b>107,811</b>	<b>92,056</b>	<b>91,859</b>
<b>Expenses</b>			
General government	15,481	14,862	15,232
Protection to person and property	13,608	13,414	12,855
Transportation services	9,674	10,083	9,526
Environmental services	28,974	28,495	26,050
Leisure and cultural services	21,045	21,023	20,327
Planning and development	1,876	1,868	2,068
	<b>90,658</b>	<b>89,745</b>	<b>86,058</b>
<b>Annual surplus</b>	<b>17,153</b>	<b>2,311</b>	<b>5,801</b>
<b>Accumulated surplus, beginning of year</b>	<b>535,598</b>	<b>535,598</b>	<b>529,797</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 552,751</b>	<b>\$ 537,909</b>	<b>\$ 535,598</b>

**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 2018</b>	<b>2018</b>	<b>2017</b>
<i>(Dollar amounts presented in '000's)</i>			
	<i>(note 3)</i>		
<b>Annual surplus</b>	\$ 17,153	\$ 2,311	\$ 5,801
Amortization of tangible capital assets	14,948	14,948	14,728
Net proceeds on disposal of tangible capital assets	-	437	207
Loss (gain) on disposal of tangible capital assets	-	(35)	789
Acquisition of tangible capital assets	(17,058)	(17,058)	(15,659)
Assumed infrastructure assets	-	(4,306)	(863)
Change in prepaid expenses	-	(343)	(247)
<b>Change in net financial assets</b>	<b>15,043</b>	<b>(4,046)</b>	<b>4,756</b>
<b>Net financial assets, beginning of year</b>	<b>81,744</b>	<b>81,744</b>	<b>76,988</b>
<b>Net financial assets, end of year</b>	<b>\$ 96,787</b>	<b>\$ 77,698</b>	<b>\$ 81,744</b>

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

For the year ended December 31	2018	2017
(dollar amounts presented in '000's)		
<b>Operating transactions</b>		
Annual surplus	\$ 2,311	\$ 5,801
Non-cash charges to operations:		
Amortization of tangible capital assets	14,948	14,728
Gain on disposal of land listed for sale	(6,036)	(604)
Loss (gain) on disposal of tangible capital assets	(35)	789
Assumed infrastructure assets	(4,306)	(863)
Changes in non-cash operating working capital:		
Taxes receivable	(2,896)	(2,302)
User fees receivable	60	(1,366)
Accounts receivable	362	323
Land listed for sale	-	(1,186)
Accounts payable and accrued liabilities	1,424	7,806
Deposits	(586)	2,486
Deferred revenue	15,526	90
Employee benefits liabilities	240	74
Prepaid expenses	(343)	(247)
<b>Total Operating Transactions</b>	<b>20,669</b>	<b>25,529</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(17,058)	(15,659)
Net proceeds on disposal of land listed for sale	8,873	1,905
Net proceeds on disposal of tangible capital assets	437	207
<b>Total Capital Transactions</b>	<b>(7,748)</b>	<b>(13,547)</b>
<b>Investing transactions</b>		
Increase in portfolio investments	(10,776)	(4,868)
<b>Financing transactions</b>		
Advances / (principal repayments) on long-term liabilities	4,726	(517)
Advances / (principal repayments) of notes payable and bank indebtedness	(5,874)	(1,345)
<b>Total Financing Transactions</b>	<b>(1,148)</b>	<b>(1,862)</b>
<b>Increase in cash</b>	<b>997</b>	<b>5,252</b>
<b>Cash, beginning of year</b>	<b>9,530</b>	<b>4,278</b>
<b>Cash, end of year</b>	<b>\$ 10,527</b>	<b>\$ 9,530</b>



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# The Corporation of the Town of Aurora

## Notes to the Consolidated Financial Statements

**December 31, 2018**

(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, 2018**

(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 ("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, 2018**

(Dollar amounts presented in '000's)

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### 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, 2018**

(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, 2018, the rate is 2.20% (2017 - 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, 2018, the rate is 3.70% (2017 - 2.45%) and the outstanding balance is \$Nil (2017 - \$Nil).

The Town has letters of credit outstanding with the bank as at December 31, 2018 of \$486,208 (2017 - \$486,208), which were required by its utilities provider for security on a development project.

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**3. Budget Reconciliation**

The Budget for 2018 adopted by Council on December 12, 2017 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 2018 budget adopted by Council with adjustments as follows:

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

**December 31, 2018**

(Dollar amounts presented in '000's)

**3. Budget Reconciliation (continued)**

	Revenue	Expense	Net
<b>Council approved budget:</b>			
Operating - Town & Library	\$ 64,095	\$ 64,095	\$ -
Operating - water/sewer	23,638	23,638	-
Capital (for multiple years)	30,041	30,041	-
<b>Total Council approved budget</b>	<b>117,774</b>	<b>117,774</b>	<b>-</b>
<b>Less:</b> Multiple years capital debt principal payments <sup>1</sup>	(30,041)	(30,041)	-
	-	(773)	773
<b>Plus:</b> 2018 Non-TCA capital transfers to/from other funds <sup>2</sup>	-	1,790	(1,790)
	(2,512)	(13,040)	10,528
transfers from deferred revenue amortization expense <sup>3</sup>	22,590	-	22,590
	-	14,948	(14,948)
<b>Adjusted budget per the consolidated statement of operations</b>	<b>\$ 107,811</b>	<b>\$ 90,658</b>	<b>\$ 17,153</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. User Fees Receivable**

During the year \$1,546 of the Town's water receivables are in dispute. In management's opinion these water receivables will be collected, otherwise they will be allocated to the account holder's tax account as per the Town's collection policy. Due to the fact that the Town has the ability to collect the disputed water receivables through taxes, and the fact that the disputed amount cannot be quantified at this time, in management's opinion, no further write off of water receivables are necessary in the consolidated financial statements.

**5. 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 \$128,104 (2017 - \$117,328) have a market value of \$130,318 (2017 - \$122,788).

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

**December 31, 2018**

(Dollar amounts presented in '000's)

**6. Land Listed for Sale**

As of December 31, 2018 the Town has no land listed for sale.

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**7. 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. 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, as described in note 11. Principal and interest is repayable in semi-annual installments of \$318.

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**8. Deposits**

	<b>Beginning Balance 2018</b>	<b>2018 Inflows</b>	<b>2018 Outflows</b>	<b>Ending Balance 2018</b>
Refundable Damage Deposits	\$ 5,693	1,769	(2,355)	\$ 5,107

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

**December 31, 2018**

(Dollar amounts presented in '000's)

**9. Deferred Revenue**

	Beginning Balance 2018	2018 Inflows	2018 Outflows	Ending Balance 2018
Development charges	\$ 16,843	18,585	(21,703)	\$ 13,725
Parkland purposes	7,140	1,803	(422)	8,521
Federal Gas Tax	1,846	1,908	(951)	2,803
Revenue Deferral - General	4,043	4,893	(4,832)	4,104
	29,872	27,189	(27,908)	29,153
Deferred Revenue transferred to capital but unexpensed at the end of the year	3,828	17,269	(1,024)	20,073
	\$ 33,700	44,458	(28,932)	\$ 49,226

**10. Employee Benefits Liabilities**

	2018	2017
Post-employment benefits	\$ 924	\$ 800
Accrued sick leave	358	252
	1,282	1,052
WSIB benefits	42	32
	\$ 1,324	\$ 1,084

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

**December 31, 2018**

(Dollar amounts presented in '000's)

**10. 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, 2018 are as follows:

	2018	2017
Accrued benefit obligation, beginning of year	\$ 1,852	\$ 1,234
Add: Benefit expense	215	208
Interest cost	67	63
Actuarial losses	-	493
Less: Benefits paid for the period	(137)	(146)
Accrued benefit obligation, end of year	1,997	1,852
Unamortized actuarial losses	(715)	(800)
Accrued benefit liability	\$ 1,282	\$ 1,052

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2018 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:

	2018	2017
Expected future inflation rates	2.00%	2.00%
Discount on accrued benefit obligations	3.40%	3.40%
Drug costs escalation	8.00%	8.00%
Other health care costs escalation	4.00%	4.00%
Dental costs escalation	4.00%	4.00%

The amount of benefits paid by the Town during the year was \$61 (2017 - \$33).

**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, 2018 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, 2018**

(Dollar amounts presented in '000's)

**11. Net Long-term Liabilities**

	2018	2017
Debenture, bearing interest at 2.29%, maturing in March 2026. Principal and interest is repayable in semi-annual installments of \$184.	\$ 2,519	\$ 2,824
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	1,915	2,144
Debenture, bearing interest at 2.85%, maturing in May 2023. Principal and interest is repayable in semi-annual installments of \$318.	5,260	-
	\$ 9,694	\$ 4,968

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

2019	\$	1,040
2020		1,072
2021		1,105
2022		1,139
2023		898
Thereafter		4,440
	\$	9,694

The interest expense related to the above long-term debt was \$274 (2017 - \$152).

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. The third debenture also issued by Infrastructure Ontario in the name of the Town of Aurora was utilized by the Town to fund its Joint Operations Centre. 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, 2018**

(Dollar amounts presented in '000's)

**12. Accumulated Surplus**

Accumulated surplus is comprised of the following:

	2018	2017
<b>Non Financial Surpluses</b>		
General revenue	\$ 17,634	\$ 8,534
Land listed for sale	-	2,837
Invested in tangible capital assets	459,416	453,402
Less: financed by long-term liabilities	(9,694)	(4,968)
	<b>467,356</b>	<b>459,805</b>
<b>Total non-financial surpluses</b>		
<b>Reserves set aside by Council for Infrastructure</b>		
Infrastructure Sustainability - Water Rate Funded	10,424	10,431
Infrastructure Sustainability - Tax Rate Funded	2,311	10,160
	<b>12,735</b>	<b>20,591</b>
<b>Reserve funds, set aside for specific purposes by Council</b>	<b>26,788</b>	<b>18,311</b>
<b>Proceeds of sale of Aurora Hydro</b>	<b>31,030</b>	<b>36,891</b>
<b>Total reserves and reserve funds</b>	<b>70,553</b>	<b>75,793</b>
<b>Accumulated surplus</b>	<b>\$ 537,909</b>	<b>\$ 535,598</b>

**13. Net Taxation**

	2018	2017
Total taxes levied by the Town	\$ 137,025	\$ 128,625
Less:		
Taxes levied on behalf of the Boards of Education	37,011	35,528
Taxes levied on behalf of the Region of York	53,607	50,210
	<b>\$ 46,407</b>	<b>\$ 42,887</b>

**14. Grants Revenue**

	2018	2017
Federal	\$ 1,232	\$ 2,170
Provincial	2,288	775
Other	407	446
	<b>\$ 3,927</b>	<b>\$ 3,391</b>

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

**December 31, 2018**

(Dollar amounts presented in '000's)

**15. Other Revenue**

	<u>2018</u>	<u>2017</u>
Penalties and interest on taxes	\$ 1,188	\$ 971
Fines	191	169
Licenses, permits and fees	3,057	4,809
Interest income	3,432	2,249
Other	1,435	1,630
	<u>\$ 9,303</u>	<u>\$ 9,828</u>

**16. Pension Agreements**

OMERS provides pension services to almost 500,000 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$2,044 (2017 - \$2,000) was contributed to OMERS for current year services.

**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 \$69 (2017 - \$45).

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, 2018 was \$4,695.

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

**December 31, 2018**

(Dollar amounts presented in '000's)

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**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.

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**19. Contractual Obligations**

The Town committed contractual obligations on major capital projects of approximately \$27,931 during 2018, 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 \$10,490 (2017 - \$10,017).

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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 19.

*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.

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

**December 31, 2018**

(Dollar amounts presented in '000's)

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**20. Segment Information (continued)**

*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. Tangible Capital Assets Under Construction**

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$30,431 (2017 - \$26,049) 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, 2018

(Dollar amounts presented in '000's)

22. Tangible Capital Assets

	2018									
	General					Infrastructure				Total
	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	\$ 111,257	\$ 102,770	\$ 9,994	\$ 8,377	\$ 24,223	\$ 97,058	\$ 234,506	\$ 21,305	\$ 26,049	\$ 635,539
Add: Additions during the year		621	1,254	479	309	19	229	105	14,042	17,058
Add: Donations and transfers	303	1,127	-	-	1,131	6,753	4,458	61	(9,527)	4,306
Less: Disposals during the year	(65)	(202)	(386)	(575)	-	(845)	(180)	(27)	(133)	(2,413)
Balance, end of year	111,495	104,316	10,862	8,281	25,663	102,985	239,013	21,444	30,431	654,490
<b>Accumulated amortization</b>										
Balance, beginning of year	-	38,836	5,346	4,716	10,407	38,525	69,624	14,683	-	182,137
Add: Amortization during the year	-	3,655	810	898	840	3,398	4,531	816	-	14,948
Less: Amortization on disposals	-	(202)	(384)	(574)	-	(733)	(104)	(14)	-	(2,011)
Balance, end of year	-	42,289	5,772	5,040	11,247	41,190	74,051	15,485	-	195,074
Net book value of tangible capital assets	\$ 111,495	\$ 62,027	\$ 5,090	\$ 3,241	\$ 14,416	\$ 61,795	\$ 164,962	\$ 5,959	\$ 30,431	\$ 459,416

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

December 31, 2018

(Dollar amounts presented in '000's)

22. Tangible Capital Assets (continued)

	2017									
	General					Infrastructure				Total
	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	\$ 111,370	\$ 102,393	\$ 9,622	\$ 7,313	\$ 22,137	\$ 93,502	\$ 234,231	\$ 20,857	\$ 20,774	\$ 622,199
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
<b>Accumulated amortization</b>										
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
<b>Net book value of tangible capital assets</b>	\$ 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  
Consolidated Schedule of Segmented Disclosure  
Schedule 1**

**December 31, 2018**

(Dollar amounts presented in '000's)

	2018										
	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	\$ 46,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,407
User fees	-	228	229	33	1,985	13,694	4,102	(204)	529	1,446	22,042
Grants	-	71	166	-	2,981	231	433	-	45	-	3,927
Gain on disposal of land listed for sale	-	6,036	-	-	-	-	-	-	-	-	6,036
Gain on disposal of tangible capital assets	-	35	-	-	-	-	-	-	-	-	35
Assumed infrastructure assets	-	4,306	-	-	-	-	-	-	-	-	4,306
Other	-	4,958	-	2,273	112	586	498	276	53	547	9,303
<b>Total Revenue</b>	<b>46,407</b>	<b>15,634</b>	<b>395</b>	<b>2,306</b>	<b>5,078</b>	<b>14,511</b>	<b>5,033</b>	<b>72</b>	<b>627</b>	<b>1,993</b>	<b>92,056</b>
<b>Expenses</b>											
Salaries, wages and benefits	-	6,514	-	2,775	3,117	910	3,718	6,267	2,751	1,553	27,605
Amortization	-	4,631	272	-	3,587	5,158	-	840	460	-	14,948
Materials and supplies	-	522	-	54	1,226	2,026	282	365	214	9	4,698
Contracted services	-	3,055	10,113	197	2,153	20,401	1,095	4,352	259	167	41,792
Interest on long-term liabilities	-	-	-	-	-	-	-	329	-	-	329
Others	-	140	-	3	-	-	84	7	-	139	373
<b>Total Expenses</b>	<b>-</b>	<b>14,862</b>	<b>10,385</b>	<b>3,029</b>	<b>10,083</b>	<b>28,495</b>	<b>5,179</b>	<b>12,160</b>	<b>3,684</b>	<b>1,868</b>	<b>89,745</b>
<b>Annual Surplus (Deficit)</b>	<b>\$ 46,407</b>	<b>\$ 772</b>	<b>\$ (9,990)</b>	<b>\$ (723)</b>	<b>\$ (5,005)</b>	<b>\$ (13,984)</b>	<b>\$ (146)</b>	<b>\$ (12,088)</b>	<b>\$ (3,057)</b>	<b>\$ 125</b>	<b>\$ 2,311</b>



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

**December 31, 2018**

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