

**The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2020**

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For the year ended December 31, 2020**

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Independent Auditor's Report

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, 2020, and the consolidated statement of operations and accumulated surplus, consolidated statement change in net financial assets and consolidated statement of 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, 2020, and the consolidated results of its operations, changes in net financial assets, and 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 Town 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 22, 2021

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

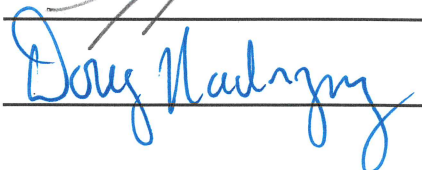
December 31	2020	2019
(Dollar amounts presented in '000's)		
Financial assets		
Cash (note 3)	\$ 10,046	\$ 9,348
Taxes receivable	15,228	9,651
User fees receivable (note 5)	6,659	5,524
Accounts receivable	8,677	7,380
Portfolio investments (note 6)	130,181	134,223
	<u>170,791</u>	<u>166,126</u>
Liabilities		
Notes payable and bank indebtedness (note 8)	2,700	-
Accounts payable and accrued liabilities	25,270	18,223
Deposits (note 9)	3,592	4,033
Deferred revenue (note 10)	49,910	44,544
Employee benefits liabilities (note 11)	1,690	1,563
Net long-term liabilities (note 12)	7,582	8,654
	<u>90,744</u>	<u>77,017</u>
Net financial assets	<u>80,047</u>	<u>89,109</u>
Non-financial assets		
Tangible capital assets (note 23)	497,632	471,697
Prepaid expenses	79	314
	<u>497,711</u>	<u>472,011</u>
Accumulated surplus (note 13)	<u>\$ 577,758</u>	<u>\$ 561,120</u>

Contingencies and contractual obligations (notes 19 and 20)

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 2020	2020	2019
(Dollar amounts presented in '000's)			
	(note 4)		
Revenue			
Taxation (note 14)	\$ 51,168	\$ 52,715	\$ 48,939
User fees	41,242	36,432	35,245
Grants (note 15)	3,858	3,205	2,114
Loss on disposal of land available for sale	-	(607)	(1,677)
Gain on tangible capital asset adjustment	-	-	6,949
Assumed infrastructure assets	-	9,730	1,921
Other (note 16)	11,963	8,686	14,937
	108,231	110,161	108,428
Expenses			
General government	17,684	15,679	17,790
Protection to person and property	15,419	14,565	13,434
Transportation services	10,624	10,014	10,513
Environmental services	33,042	31,897	32,001
Leisure and cultural services	23,833	19,619	23,191
Planning and development	2,187	1,749	2,121
	102,789	93,523	99,050
Annual surplus	5,442	16,638	9,378
Accumulated surplus, beginning of year	561,120	561,120	551,742
Accumulated surplus, end of year	\$ 566,562	\$ 577,758	\$ 561,120

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

For the year ended December 31	Budget 2020	2020	2019
(Dollar amounts presented in '000's)			
	(note 4)		
Annual surplus	\$ 5,442	\$ 16,638	\$ 9,378
Amortization of tangible capital assets	16,044	16,044	15,090
Net proceeds on disposal of tangible capital assets	-	32	87
Loss on disposal of tangible capital assets	-	607	1,677
Acquisition of tangible capital assets	(32,888)	(32,888)	(20,265)
Assumed infrastructure assets	-	(9,730)	(1,921)
Tangible capital asset adjustment gain	-	-	(6,949)
Change in prepaid expenses	-	235	481
Change in net financial assets	(11,402)	(9,062)	(2,422)
Net financial assets, beginning of year	89,109	89,109	91,531
Net financial assets, end of year	\$ 77,707	\$ 80,047	\$ 89,109

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

For the year ended December 31	2020	2019
(dollar amounts presented in '000's)		
Operating transactions		
Annual surplus	\$ 16,638	\$ 9,378
Non-cash charges to operations:		
Amortization of tangible capital assets	16,044	15,090
Loss on disposal of tangible capital assets	607	1,677
Assumed infrastructure assets	(9,730)	(1,921)
Changes in non-cash operating working capital:		
Taxes receivable	(5,577)	1,002
User fees receivable	(1,135)	1,130
Accounts receivable	(1,297)	(644)
Accounts payable and accrued liabilities	7,047	(1,402)
Deposits	(441)	(1,074)
Deferred revenue	5,366	9,151
Employee benefits liabilities	127	239
Prepaid expenses	235	481
Total Operating Transactions	27,884	33,107
Capital transactions		
Acquisition of tangible capital assets	(32,888)	(20,265)
Capital asset adjustments	-	(6,949)
Net proceeds on disposal of tangible capital assets	32	87
Total Capital Transactions	(32,856)	(27,127)
Investing transactions		
Increase in portfolio investments	4,042	(6,119)
Financing transactions		
Advances / (principal repayments) on long-term liabilities	(1,072)	(1,040)
Advances / (principal repayments) of notes payable and bank indebtedness	2,700	-
Total Financing Transactions	1,628	(1,040)
Increase in cash	698	(1,179)
Cash, beginning of year	9,348	10,527
Cash, end of year	\$ 10,046	\$ 9,348

The accompanying notes are an integral part of these consolidated financial statements

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2020

(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, 2020

(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 - 50 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 ("EARSLS") (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, 2020

(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 allowance for doubtful accounts, taxes receivable, post-employment benefits liabilities, accrued liabilities, the net amount of development charges, the estimated useful lives of tangible capital assets, fair value of assumed infrastructure 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 generally not involved in the construction of these assets. In some instances, the Town may construct these assets on the developer's behalf on a fully cost recoverable basis. Under either scenario the Town does not budget for the contributions from the developer or the capital expenditure.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2020

(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. As the Town's total taxes receivable are based on management's best estimates at the time, it is possible for the final amount collected to differ as a result of property value reassessments arising from audits, appeals or court decisions.
- b) User fees and other revenues are reported when a performance obligation has been satisfied through the delivery of a good or service or when authority to claim or retain an economic inflow exists and a past transaction or event that gives rise to an asset has been identified.
- 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 debit (over-allocated) 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, net of development credits.

2. Uncertainty due to COVID-19

The global pandemic, as a result of COVID-19 has disrupted economic activities and supply chains. As the impacts of COVID-19 continue, there could be further impact on the Town, its citizens, employees, suppliers and other third party associates that could impact the timing and amounts realized on the Town's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Town is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Town's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Town will continue to focus on collecting receivables, managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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

December 31, 2020

(Dollar amounts presented in '000's)

3. 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, 2020, the rate is 0.70% (2019 - 2.20%).

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, 2020, the rate is 2.20% (2019 - 3.70%) and the outstanding balance is \$Nil (2019 - \$Nil).

The Town has letters of credit outstanding with the bank as at December 31, 2020 of \$486,208 (2019 - \$486,208), which were required by its utilities provider for security on a development project.

4. Budget Reconciliation

The Budget for 2020 adopted by Council on December 10, 2019 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 2020 budget adopted by Council with adjustments as follows:

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

December 31, 2020

(Dollar amounts presented in '000's)

4. Budget Reconciliation (continued)

	Revenue	Expense	Net
Council approved budget:			
Operating - Town & Library	\$ 71,774	\$ 71,774	\$ -
Operating - water/sewer	28,805	28,805	-
Capital (for multiple years)	24,357	24,357	-
Total Council approved budget	124,936	124,936	-
Less: Multiple years capital debt principal payments ¹	(24,357)	(24,357)	-
	-	(1,072)	1,072
Plus: 2020 Non-TCA capital transfers to/from other funds ²	-	1,793	(1,793)
transfers from deferred revenue	(3,319)	(14,555)	11,236
amortization expense ³	10,971	-	10,971
	-	16,044	(16,044)
Adjusted budget per the consolidated statement of operations	\$ 108,231	\$ 102,789	\$ 5,442

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.

5. User Fees Receivable

As of the end of 2020 the Town's water receivables that are in dispute and provided for remained at **\$1,880**. Subsequent to year end a settlement was reached regarding the disputed balance and \$1,850 of receivables were written-off.

6. 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 \$130,181 (2019 - \$134,223) have a market value of \$140,627 (2019 - \$139,697).

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

December 31, 2020

(Dollar amounts presented in '000's)

7. Land Listed for Sale

As of December 31, 2020 the Town has no land listed for sale.

8. Notes Payable and Bank Indebtedness

For the purposes of constructing Town Square consisting of a new multi-purpose building, new outdoor square, bridge between the existing library and new multi-purpose building and enhancements to existing nearby buildings, the Town has arranged for a construction line of credit through Infrastructure Ontario. The line of credit is fully open, bears a monthly variable interest rate which was 0.60 percent as of December 31, 2020, 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 refinance any balance remaining on its line of credit upon substantial completion of this project.

As of December 31, 2020 the Town has received a total of \$2,700 in advances from Infrastructure Ontario resulting in an outstanding balance of \$2,700 related to this line of credit.

9. Deposits

	Beginning Balance 2020	2020 Inflows	2020 Outflows	Ending Balance 2020
Refundable Damage Deposits	\$ 4,033	562	(1,003)	\$ 3,592

10. Deferred Revenue

	Beginning Balance 2020	2020 Inflows	2020 Outflows	Ending Balance 2020
Development charges	\$ 21,888	3,872	(2,358)	\$ 23,402
Parkland purposes	11,973	3,753	(939)	14,787
Federal Gas Tax	6,282	1,826	(579)	7,529
Revenue Deferral - General	4,401	6,886	(7,095)	4,192
	\$ 44,544	16,337	(10,971)	\$ 49,910

11. Employee Benefits Liabilities

	2020	2019
Post-employment benefits	\$ 1,074	\$ 1,042
Accrued sick leave	552	469
	1,626	1,511
WSIB benefits	64	52
	\$ 1,690	\$ 1,563

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

December 31, 2020

(Dollar amounts presented in '000's)

11. 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, 2020 are as follows:

	2020	2019
Accrued benefit obligation, beginning of year	\$ 1,999	\$ 1,997
Add: Benefit expense	167	222
Interest cost	69	72
Actuarial losses / (gain)	-	(141)
Less: Benefits paid for the period	(197)	(151)
Accrued benefit obligation, end of year	2,038	1,999
Unamortized actuarial losses	(412)	(488)
Accrued benefit liability	\$ 1,626	\$ 1,511

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2020 are based on actuarial valuations for accounting purposes as at December 31, 2019 with projections to December 31, 2022. 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:

	2020	2019
Expected future inflation rates	1.75%	1.75%
Discount on accrued benefit obligations	3.50%	3.50%
Drug costs escalation	6.75%	6.75%
Other health care costs escalation	6.75%	6.75%
Dental costs escalation	3.75%	3.75%

The amount of benefits paid by the Town during the year was \$83 (2019 - \$98).

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, 2020 are based on actuarial valuations for accounting purposes as at December 31, 2019 with projections to December 31, 2022. 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, 2020

(Dollar amounts presented in '000's)

12. Net Long-term Liabilities

	2020	2019
Debenture, bearing interest at 2.29%, maturing in March 2026. Principal and interest is repayable in semi-annual installments of \$184.	\$ 1,889	\$ 2,208
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	1,426	1,676
Debenture, bearing interest at 2.85%, maturing in May 2023. Principal and interest is repayable in semi-annual installments of \$318.	4,267	4,770
	\$ 7,582	\$ 8,654

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

2021	\$	1,105
2022		1,139
2023		3,842
2024		646
2025		667
Thereafter		183
	\$	7,582

The interest expense related to the above long-term debt was \$243 (2019 - \$276).

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, 2020

(Dollar amounts presented in '000's)

13. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2020	2019
Non Financial Surpluses		
General revenue	\$ (22,714)	\$ 13,894
Invested in tangible capital assets	497,632	471,697
Less: financed by long-term liabilities	(7,582)	(8,654)
Total non-financial surpluses	467,336	476,937
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability - Water Rate Funded	18,408	11,877
Infrastructure Sustainability - Tax Rate Funded	21,286	5,513
	39,694	17,390
Reserve funds, set aside for specific purposes by Council	37,752	34,322
Proceeds of sale of Aurora Hydro	32,976	32,471
Total reserves and reserve funds	110,422	84,183
Accumulated surplus	\$ 577,758	\$ 561,120

14. Net Taxation

	2020	2019
Total taxes levied by the Town	\$ 151,527	\$ 144,779
Less:		
Taxes levied on behalf of the Boards of Education	39,618	39,102
Taxes levied on behalf of the Region of York	59,194	56,738
	\$ 52,715	\$ 48,939

15. Grants Revenue

	2020	2019
Federal	\$ 599	\$ 387
Provincial	1,442	1,304
Other	1,164	423
	\$ 3,205	\$ 2,114

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

December 31, 2020

(Dollar amounts presented in '000's)

16. Other Revenue

	2020	2019
Penalties and interest on taxes	\$ 1,148	\$ 1,444
Fines	172	321
Licenses, permits and fees	3,054	2,727
Interest income	3,256	4,468
Other	1,056	5,977
	<u>\$ 8,686</u>	<u>\$ 14,937</u>

17. 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$2,264 (2019 - \$2,173) was contributed to OMERS for current year services.

18. 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 \$47 (2019 - \$35).

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, 2020 was \$8,256 (2019 - \$7,101).

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

December 31, 2020

(Dollar amounts presented in '000's)

19. 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.

20. Contractual Obligations

The Town committed contractual obligations on major capital projects of approximately \$84,885 during 2020, 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 \$11,044 (2019 - \$10,260).

21. 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 20.

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.

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

December 31, 2020

(Dollar amounts presented in '000's)

21. 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.

22. Tangible Capital Assets Under Construction

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$61,923 (2019 - \$44,547) 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, 2020

(Dollar amounts presented in '000's)

23. Tangible Capital Assets

	2020									
	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	\$ 111,495	\$ 106,415	\$ 11,515	\$ 8,845	\$ 30,320	\$ 103,565	\$ 244,832	\$ 22,074	\$ 44,547	\$ 683,608
Add: Additions during the year	463	7,708	488	608	730	45	434	-	22,412	32,888
Add: Donations and transfers	-	2,190	-	-	15	4,697	5,640	1,024	(3,836)	9,730
Add: Net TCA adjustment	-	86	-	-	-	86	343	143	-	658
Less: Disposals during the year	-	(74)	(183)	(357)	(58)	(12)	(182)	(34)	(1,200)	(2,100)
Balance, end of year	111,958	116,325	11,820	9,096	31,007	108,381	251,067	23,207	61,923	724,784
Accumulated amortization										
Balance, beginning of year	-	46,318	6,041	5,543	12,494	44,781	80,268	16,466	-	211,911
Add: Amortization during the year	-	4,417	912	886	1,064	3,492	4,608	665	-	16,044
Add: Net TCA adjustment	-	-	-	-	-	-	(39)	61	-	22
Less: Amortization on disposals	-	(68)	(183)	(358)	(42)	(4)	(168)	(2)	-	(825)
Balance, end of year	-	50,667	6,770	6,071	13,516	48,269	84,669	17,190	-	227,152
Net book value of tangible capital assets	\$ 111,958	65,658	5,050	3,025	17,491	60,112	166,398	6,017	61,923	497,632

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

December 31, 2020

(Dollar amounts presented in '000's)

23. Tangible Capital Assets (continued)

	2019									
	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	\$ 111,495	\$ 104,316	\$ 10,862	\$ 8,281	\$ 25,663	\$ 102,985	\$ 239,013	\$ 21,444	\$ 30,431	\$ 654,490
Add: Additions during the year	-	392	1,305	949	115	25	346	-	17,133	20,265
Add: Donations and transfers	-	-	-	-	3,839	-	745	41	(2,704)	1,921
Add: Net TCA adjustment	-	1,725	-	-	787	1,025	6,590	793	-	10,920
Less: Disposals during the year	-	(18)	(652)	(385)	(84)	(470)	(1,862)	(204)	(313)	(3,988)
Balance, end of year	111,495	106,415	11,515	8,845	30,320	103,565	244,832	22,074	44,547	683,608
Accumulated amortization										
Balance, beginning of year	-	42,289	5,772	5,040	11,247	41,190	74,051	15,485	-	195,074
Add: Amortization during the year	-	3,601	882	887	978	3,469	4,594	679	-	15,090
Add: Net TCA adjustment	-	439	-	-	355	426	2,244	507	-	3,971
Less: Amortization on disposals	-	(11)	(613)	(384)	(86)	(304)	(621)	(205)	-	(2,224)
Balance, end of year	-	46,318	6,041	5,543	12,494	44,781	80,268	16,466	-	211,911
Net book value of tangible capital assets	\$ 111,495	\$ 60,097	\$ 5,474	\$ 3,302	\$ 17,826	\$ 58,784	\$ 164,564	\$ 5,608	\$ 44,547	\$ 471,697

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

December 31, 2020

(Dollar amounts presented in '000's)

	2020										
	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	\$ 52,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,715
User fees	-	355	459	462	770	28,006	246	4,004	355	1,775	36,432
Grants	-	171	945	19	1,692	202	131	-	45	-	3,205
Loss on disposal of tangible capital assets	-	(607)	-	-	-	-	-	-	-	-	(607)
Assumed infrastructure assets	-	-	-	-	3,162	6,568	-	-	-	-	9,730
Other	-	4,104	-	2,029	383	754	223	318	15	860	8,686
Total Revenue	52,715	4,023	1,404	2,510	6,007	35,530	600	4,322	415	2,635	110,161
Expenses											
Salaries, wages and benefits	-	7,056	-	3,292	3,168	874	2,943	6,211	2,461	1,440	27,445
Amortization	-	5,390	319	-	3,684	5,081	-	1,064	506	-	16,044
Materials and supplies	-	475	-	62	1,072	2,305	182	343	206	6	4,651
Contracted services	-	2,607	10,725	161	2,091	23,482	925	4,187	316	172	44,666
Interest on long-term liabilities	-	-	-	-	-	-	-	183	-	-	183
Others	-	149	-	5	-	155	92	2	-	131	534
Total Expenses	-	15,677	11,044	3,520	10,015	31,897	4,142	11,990	3,489	1,749	93,523
Annual Surplus (Deficit)	\$ 52,715	\$ (11,654)	\$ (9,640)	\$ (1,010)	\$ (4,008)	\$ 3,633	\$ (3,542)	\$ (7,668)	\$ (3,074)	\$ 886	\$ 16,638

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

December 31, 2020

(Dollar amounts presented in '000's)

	2019										
	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	\$ 48,939	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,939
User fees	-	86	844	444	855	25,289	4,690	489	943	1,605	35,245
Grants	-	20	47	112	1,097	258	485	50	45	-	2,114
Gain on tangible capital asset adjustment	-	6,949	-	-	-	-	-	-	-	-	6,949
Loss on disposal of tangible capital assets	-	(1,677)	-	-	-	-	-	-	-	-	(1,677)
Assumed infrastructure assets	-	-	-	-	-	-	-	1,921	-	-	1,921
Other	-	6,065	-	2,233	964	3,171	1,169	796	38	501	14,937
Total Revenue	48,939	11,443	891	2,789	2,916	28,718	6,344	3,256	1,026	2,106	108,428
Expenses											
Salaries, wages and benefits	-	6,874	-	2,966	2,993	866	3,817	6,777	2,866	1,719	28,878
Amortization	-	4,628	291	-	3,336	5,406	-	978	450	-	15,089
Materials and supplies	-	468	1	81	1,265	2,358	276	486	467	7	5,409
Contracted services	-	5,739	9,969	122	2,816	23,291	1,350	5,082	316	281	48,966
Interest on long-term liabilities	-	-	-	-	-	-	-	223	-	-	223
Other	-	80	-	4	103	80	90	13	-	115	485
Total Expenses	-	17,789	10,261	3,173	10,513	32,001	5,533	13,559	4,099	2,122	99,050
Annual Surplus (Deficit)	\$ 48,939	\$ (6,346)	\$ (9,370)	\$ (384)	\$ (7,597)	\$ (3,283)	\$ 811	\$ (10,303)	\$ (3,073)	\$ (16)	\$ 9,378