

**The Corporation of the
Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2012**

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the Town of Aurora**
Consolidated Financial Statements
For the year ended December 31, 2012

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Independent Auditor's Report

**To the Mayor and Councillors of
The Corporation of the Town of Aurora**

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Aurora, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

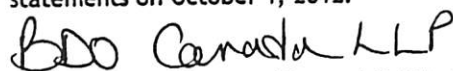
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Aurora as at December 31, 2012 and the results of its operations and accumulated surplus, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The consolidated financial statements of The Corporation of the Town of Aurora for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on October 1, 2012.



Chartered Accountants, Licensed Public Accountants

Barrie, Ontario
June 25, 2013

The Corporation Of The Town Of Aurora
Consolidated Statement Of Financial Position

December 31, 2012

(Dollar amounts presented in '000's)

	<u>2012</u>	<u>2011</u>
Financial assets		
Cash (note 2)	\$ 3,625	\$ 2,145
Taxes receivable	5,849	7,095
User fees receivable	2,874	2,784
Accounts receivable	8,227	5,688
Portfolio investments (note 4)	67,498	72,361
Land listed for sale (note 5)	8,022	5,192
	<u>96,095</u>	<u>95,265</u>
Liabilities		
Accounts payable and accrued liabilities	9,264	12,026
Deposits (note 6)	3,617	2,824
Deferred revenue (note 7)	19,583	19,715
Employee benefits liabilities (note 8)	816	758
Net long-term liabilities (note 9)	7,507	9,000
	<u>40,787</u>	<u>44,323</u>
Net financial assets	<u>55,308</u>	<u>50,942</u>
Non-financial assets		
Tangible capital assets (note 22)	374,653	371,887
Prepaid expenses	129	385
	<u>374,782</u>	<u>372,272</u>
Accumulated surplus (note 10)	<u>\$ 430,090</u>	<u>\$ 423,214</u>

Contingencies and contractual obligations (notes 16 and 17)

Approved by Council

_____ Mayor

_____ Chief Administrative Officer

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

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

Year ended December 31, 2012

(Dollar amounts presented in '000's)

	Budget	2012	2011
	(note 3)		
Revenue			
Taxation (note 11)	\$ 32,011	\$ 32,218	\$ 29,680
User fees	29,710	25,032	24,042
Grants (note 12)	1,479	1,917	4,328
Gain on disposal of tangible capital assets (note 5)	-	3,338	23
Assumed infrastructure assets	-	1,976	14,091
Other (note 13)	5,679	7,390	7,278
	<u>68,879</u>	<u>71,871</u>	<u>79,442</u>
Expenses			
General government	9,209	9,075	9,433
Protection to person and property	11,246	10,061	10,090
Transportation services	7,970	8,220	7,237
Environmental services	18,220	18,460	16,981
Leisure and cultural services	17,402	17,761	17,267
Planning and development	1,640	1,418	1,539
	<u>65,687</u>	<u>64,995</u>	<u>62,547</u>
Annual surplus/(deficit)	<u>3,192</u>	<u>6,876</u>	<u>16,895</u>
Accumulated surplus, beginning of year	<u>423,214</u>	<u>423,214</u>	<u>406,319</u>
Accumulated surplus, end of year	<u>\$ 426,406</u>	<u>\$ 430,090</u>	<u>\$ 423,214</u>

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

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

Year ended December 31, 2012

(Dollar amounts presented in '000's)

	<u>Budget</u> (note 3)	<u>2012</u>	<u>2011</u>
Annual surplus	\$ 3,192	\$ 6,876	\$ 16,895
Amortization of tangible capital assets	10,149	10,149	9,646
Net proceeds on disposal of tangible capital assets (note 5)	-	5,536	456
Gain on disposal of tangible capital assets (note 5)	-	(3,338)	(23)
Acquisition of tangible capital assets	(13,104)	(13,104)	(11,215)
Assumed infrastructure assets	-	(1,976)	(14,091)
Land listed for sale	-	(33)	(391)
Change in prepaid expenses	-	256	(357)
Change in net financial assets	237	4,366	920
Net financial assets, beginning of year	50,942	50,942	50,022
Net financial assets, end of year	\$ 51,179	\$ 55,308	\$ 50,942

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

The Corporation Of The Town Of Aurora

Consolidated Statement of Cash flows

Year ended December 31, 2012

(Dollar amounts presented in '000's)

	<u>2012</u>	<u>2011</u>
Operating transactions		
Annual surplus	\$ 6,876	\$ 16,895
Non-cash charges to operations:		
Amortization	10,149	9,646
Gain on disposal of tangible capital assets	(3,338)	(23)
Assumed infrastructure assets	(1,976)	(14,091)
Changes in non-cash operating working capital		
Taxes receivable	1,246	(575)
User fees receivable	(90)	(283)
Accounts receivable	(2,539)	(1,666)
Land listed for sale	(2,863)	-
Accounts payable and accrued liabilities	(2,762)	2,765
Deposits	793	238
Deferred revenue	(132)	(2,841)
Employee benefits liabilities	58	41
Prepaid expenses	256	(357)
Total Operating Transactions	<u>5,678</u>	<u>9,749</u>
Capital transactions		
Acquisition of tangible capital assets	(13,104)	(11,215)
Net proceeds on disposal of tangible capital assets	5,536	456
Total Capital Transactions	<u>(7,568)</u>	<u>(10,759)</u>
Investing transactions		
Decrease in portfolio investments	<u>4,863</u>	<u>551</u>
Financing transactions		
Principal repayment on long-term liabilities	<u>(1,493)</u>	<u>(1,454)</u>
Increase (decrease) in cash	1,480	(1,913)
Cash, beginning of year	<u>2,145</u>	<u>4,058</u>
Cash, end of year	<u>\$ 3,625</u>	<u>\$ 2,145</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(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 Canadian Institute of Chartered Accountants.

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

Cash

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 transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Tangible capital assets

Tangible capital assets are recorded at cost, 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, 2012

(Dollar amounts presented in '000's)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets (continued)

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

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

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension agreements

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

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

Deposits

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

Deferred Revenue

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

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

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the post-employment benefits liabilities, the estimated useful life of capital assets and valuation of 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 are required to be provided by subdivision developers. Upon completion they are assumed by the municipality and recorded at fair value at the date of assumption. The municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenues are recognized as follows:

- a) User Fees are reported on an accrual basis.
 - b) 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.
 - c) Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as development charges and parkland allowances, is added to the associated funds and forms part of the respective deferred revenue balance.
 - d) Development related fees and charges are recognized over the period of services or when required expenses occur if applicable.
-

2. CASH

The Town's bank accounts are held at one chartered bank. The bank accounts earn interest at composite prime rate minus 1.75%. As at December 31, 2012, the rate is 1.25% (2011-1.25%).

The Town had a 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, 2012, the rate is 2.75% (2011-2.75%) and the outstanding balance is \$Nil (2011 - \$Nil).

3. BUDGET RECONCILIATION

The Budget for 2012 adopted by Council on February 14, 2012 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 2012 budget adopted by the Council with adjustments as follows:

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

3. BUDGET RECONCILIATION (continued)

	<u>REVENUE</u>	<u>EXPENSE</u>	<u>NET</u>
Council approved budget:			
Operating - Town & Library	\$ 49,775	\$ 49,775	\$ -
Operating - water/sewer	14,337	14,337	-
Capital (for multiple years)	22,253	22,253	-
Total council approved budget	<u><u>\$ 86,365</u></u>	<u><u>\$ 86,365</u></u>	<u><u>\$ -</u></u>
Less: multiple years capital	(22,253)	(22,253)	
debt principal payments ¹	-	(1,512)	1,512
Plus: 2012 Non-TCA capital	-	1,370	(1,370)
budget change	-	18	(18)
2012 outside source for capital projects	15	-	15
transfers to/from other funds ²	(4,686)	(8,450)	3,764
transfers from deferred revenue	9,438	-	9,438
amortization expense ³	-	10,149	(10,149)
Adjusted budget per the consolidated statement of operations	<u><u>\$ 68,879</u></u>	<u><u>\$ 65,687</u></u>	<u><u>\$ 3,192</u></u>

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 transfers 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" recorded on the balance sheet - only the amortization of existing Tangible Assets is included as an expense.

4. PORTFOLIO INVESTMENTS

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

Portfolio investments of \$67,498 (2011 - \$72,361) have a market value of \$74,150 (2011 - \$76,737).

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

5. LAND LISTED FOR SALE

The Town owns two parcels of land, which are surplus to the Town's needs and were listed for sale in 2010.

During 2012, a portion of one of the parcels was sold for proceeds of \$5,536, resulting in gain of \$3,338. Subsequent to the year end, another portion of the same parcel was sold. The details of this transaction can be found in note 19.

6. DEPOSITS

	Beginning Balance 2012	2012 Inflows	2012 Outflows	Ending Balance 2012
Refundable Damage Deposits	\$ 2,824	1,851	(1,058)	\$ 3,617

7. DEFERRED REVENUE

	Beginning Balance 2012	2012 Inflows	2012 Outflows	Ending Balance 2012
Development charges	\$ 124	2,393	(9,053)	\$ (6,536)
Parkland purposes	11,213	1,665	(200)	12,678
Building Code Act, 1992	1,903	65	(886)	1,082
Federal Gas Tax	419	1,479	(760)	1,138
	<u>13,659</u>	<u>5,602</u>	<u>(10,899)</u>	<u>8,362</u>
Deferred Revenue transferred to capital but unexpensed at the end of the year	4,867	6,671	(1,925)	9,613
Revenue Deferral - General	<u>1,189</u>	<u>2,347</u>	<u>(1,928)</u>	<u>1,608</u>
	<u>\$ 19,715</u>	<u>14,620</u>	<u>(14,752)</u>	<u>\$ 19,583</u>

During 2009, an appeal was made to the Ontario Municipal Board regarding the Town's Development Charges Bylaw. A tentative settlement of this outstanding appeal had been reached on December 31, 2012. Accordingly, an accrual for refunds has been established and the deferred revenue balance reduced to reflect the settlement.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

8. EMPLOYEE BENEFIT LIABILITIES

	<u>2012</u>	<u>2011</u>
Post-employment benefits - accrued obligation	\$ 593	\$ 627
Accrued sick leave	<u>223</u>	<u>131</u>
	<u>\$ 816</u>	<u>\$ 758</u>

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 recognized these post-employment costs as they are earned during the employee's tenure of service.

	<u>2012</u>	<u>2011</u>
Post-employment benefits accrued obligation, beginning of year	\$ 627	\$ 586
Add: Benefit expense	32	63
Interest cost	29	29
Less: Benefits paid for the period	<u>(48)</u>	<u>(51)</u>
Post-employment benefits accrued obligation, end of year	\$ <u>640</u>	\$ <u>627</u>
Unamortized actuarial losses	<u>(47)</u>	<u>-</u>
Post-employment benefits – accrued benefit liability	<u>\$ 593</u>	<u>\$ 627</u>

The accrued benefit obligations for the Town's post-employment benefits liability as at December 31, 2011 are based on actuarial valuations for accounting purposes as at December 31, 2011. 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:

	<u>2012</u>	<u>2011</u>
Expected future inflation rates	2.0%	2.0%
Discount on accrued benefit obligations	4.75%	4.75%
Health care costs escalation	4.0%	4.0%
Dental costs escalation	4.0%	4.0%

The amount of benefits paid by the Town during the year was \$50 (2011 - \$50).

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

9. NET LONG-TERM LIABILITIES	<u>2012</u>	<u>2011</u>
Debenture, bearing interest at rates varying from 3.1% to 4.1%, maturing in September 2015. Principal is repayable in annual instalments, and interest is payable in semi-annual instalments.	\$ 4,335	\$ 5,670
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual instalments of \$160.	3,153	3,330
Capital leases, bearing interest at 3.80%, maturing in June 2016. Principal and interest is repayable in quarterly instalments.	<u>19</u>	<u>-</u>
	<u>\$ 7,507</u>	<u>\$ 9,000</u>

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

2013	\$ 1,579
2014	1,642
2015	1,709
2016	213
2017	220
Thereafter	<u>2,144</u>
	<u>\$ 7,507</u>

The interest expense related to the above long term debt was \$353 (2011 - \$409).

The debentures were issued by The Regional Municipality of York in the name of the Town to fund the construction of the Town's new recreation complex. The 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, 2012

(Dollar amounts presented in '000's)

10. ACCUMULATED SURPLUS	<u>2012</u>	<u>2011</u>
Accumulated surplus is comprised of the following:		
Surpluses		
General revenue	11,814	7,158
Land listed for sale	8,022	5,192
Invested in tangible capital assets	374,653	371,887
Less: financed by long-term liabilities	<u>(7,507)</u>	<u>(9,000)</u>
Total surpluses	<u>386,982</u>	<u>375,237</u>
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability – Water Rate Funded	\$ (1,401)	\$ 258
Infrastructure Sustainability – Tax Rate Funded	<u>7,223</u>	<u>7,821</u>
	5,822	8,079
Reserve funds, set aside for specific purposes by Council	3,052	6,184
Proceeds of sale of Aurora Hydro	<u>34,234</u>	<u>33,714</u>
Total reserves and reserve funds	<u>43,108</u>	<u>47,977</u>
Accumulated surplus	<u>\$ 430,090</u>	<u>\$ 423,214</u>

11. NET TAXATION	<u>2012</u>	<u>2011</u>
Total taxes levied by the Town	\$ 100,861	\$ 99,123
Less:		
Taxes levied on behalf of the Boards of Education	29,007	29,999
Taxes levied on behalf of the Region of York	<u>39,636</u>	<u>39,444</u>
	<u>\$ 32,218</u>	<u>\$ 29,680</u>

12. GRANTS	<u>2012</u>	<u>2011</u>
Federal	\$ 770	\$ 2,639
Provincial	125	1,146
Other	<u>1,022</u>	<u>543</u>
	<u>\$ 1,917</u>	<u>\$ 4,328</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

13. OTHER REVENUE	<u>2012</u>	<u>2011</u>
Penalties and interest on taxes	\$ 1,010	\$ 987
Fines	244	270
Licenses, permits and fees	2,099	2,272
Interest income	3,172	2,479
Other	<u>865</u>	<u>1,270</u>
	<u>\$ 7,390</u>	<u>\$ 7,278</u>

14 PENSION AGREEMENTS

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

Contributions in 2012 ranged from 8.3% to 12.8% depending on the level of earnings. As a result \$1,435 (2011 - \$1,249) was contributed to OMERS for current year services.

15. 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 \$114 (2011 - \$72).

The Town has made provisions for reserves for self-insurance claims under \$10 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. As at December 31, 2012, these reserves amounted to \$26 (2011 - \$25).

16. 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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

17. CONTRACTUAL OBLIGATIONS

The Town committed contractual obligations on major capital projects of approximately \$5,833 during 2012, 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 \$7,973 (2011 - \$7,265).

18. 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, Corporate 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 17.

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, walkway and bridges.

Environmental Services

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

Community Programs & Events

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

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2012

(Dollar amounts presented in '000's)

18. SEGMENT INFORMATION (continued)

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

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

Planning & Development

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

19 SUBSEQUENT EVENT

Subsequent to year end, the Town sold a parcel of land on March 5, 2013 for a sale price of \$105. The land had been listed for sale at the year end.

20. COMPARATIVE AMOUNTS

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

21. TANGIBLE CAPITAL ASSET UNDER CONSTRUCTION

Tangible capital assets under construction and other capital work in progress having a value of \$5,274 (2011 - \$5,951) have not been amortized. Amortization of these assets will commence when the assets are put into service.

THE CORPORATION OF THE TOWN OF AURORA
Notes to the Consolidated Financial Statements
Year ended December 31, 2012
(Dollar amounts presented in '000s)

22. Tangible Capital Assets

	2012									
	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	\$ 96,206	\$ 71,326	\$ 7,258	\$ 5,335	\$ 18,578	\$ 72,124	\$ 198,952	\$ 17,425	\$ 5,951	\$ 493,155
Add: Additions during the year	4,059	590	1,714	607	1,811	71	418	25	3,809	13,104
Add: Donations and transfers	-	-	-	-	158	2,283	3,894	127	(4,486)	1,976
Less: Disposals during the year	(1,112)	(2,364)	(979)	(383)	-	(226)	-	-	-	(5,064)
Balance, end of year	<u>99,153</u>	<u>69,552</u>	<u>7,993</u>	<u>5,559</u>	<u>20,547</u>	<u>74,252</u>	<u>203,264</u>	<u>17,577</u>	<u>5,274</u>	<u>503,171</u>
Accumulated amortization										
Balance, beginning of year	-	25,206	3,968	3,172	6,112	23,768	48,043	10,999	-	121,268
Add: Amortization during the year	-	2,126	615	580	645	2,335	3,322	526	-	10,149
Less: Amortization on disposals	-	(1,603)	(727)	(380)	-	(189)	-	-	-	(2,899)
Balance, end of year	-	<u>25,729</u>	<u>3,856</u>	<u>3,372</u>	<u>6,757</u>	<u>25,914</u>	<u>51,365</u>	<u>11,525</u>	-	<u>128,518</u>
Net book value of tangible capital assets	<u>\$ 99,153</u>	<u>\$ 43,823</u>	<u>\$ 4,137</u>	<u>\$ 2,187</u>	<u>\$ 13,790</u>	<u>\$ 48,338</u>	<u>\$ 151,899</u>	<u>\$ 6,052</u>	<u>\$ 5,274</u>	<u>\$ 374,653</u>

THE CORPORATION OF THE TOWN OF AURORA
Notes to the Consolidated Financial Statements
Year ended December 31, 2012
(Dollar amounts presented in '000s)

22. Tangible Capital Assets (continued)

	2011									
	General					Infrastructure			Total	
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and other networks	Bridges and Other Structures	Assets Under Construction	
Cost										
Balance, beginning of year	\$ 95,430	\$ 69,430	\$ 7,582	\$ 5,103	\$ 16,120	\$ 64,738	\$ 184,527	\$ 16,804	\$ 9,707	\$ 469,441
Add: Additions during the year	776	1,830	516	596	98	-	-	-	7,400	11,215
Add: Donations and transfers	-	66	-	-	2,360	7,775	14,425	621	(11,156)	14,091
Less: Disposals during the year	-	-	(840)	(364)	-	(389)	-	-	-	(1,593)
Balance, end of year	<u>96,206</u>	<u>71,326</u>	<u>7,258</u>	<u>5,335</u>	<u>18,578</u>	<u>72,124</u>	<u>198,952</u>	<u>17,425</u>	<u>5,951</u>	<u>493,155</u>
Accumulated amortization										
Balance, beginning of year	-	23,086	4,231	2,934	5,578	21,940	44,892	10,511	-	113,172
Add: Amortization during the year	-	2,120	569	601	534	2,183	3,151	488	-	9,646
Less: Amortization on disposals	-	-	(832)	(364)	-	(355)	-	-	-	(1,551)
Balance, end of year	<u>-</u>	<u>25,206</u>	<u>3,968</u>	<u>3,172</u>	<u>6,112</u>	<u>23,768</u>	<u>48,043</u>	<u>10,999</u>	<u>-</u>	<u>121,268</u>
Net book value of tangible capital assets	<u>\$ 96,206</u>	<u>\$ 46,120</u>	<u>\$ 3,290</u>	<u>\$ 2,164</u>	<u>\$ 12,466</u>	<u>\$ 48,356</u>	<u>\$ 150,908</u>	<u>\$ 6,426</u>	<u>\$ 5,951</u>	<u>\$ 371,887</u>

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

Year ended December 31, 2012

(Dollar amounts presented in '000s)

	<u>CONSOLIDATED</u>		<u>Taxation Revenue</u>		<u>Govenance & Corporate Support</u>		<u>Fire & Emergency Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue								
Taxation	32,218	\$ 29,680	\$ 32,218	\$ 29,680	\$ -	\$ -	\$ -	\$ -
User charges	25,032	24,042	-	-	372	1,736	-	597
Grant	1,917	4,328	-	-	-	96	-	-
Gain on disposal of tangible capital assets	3,338	23	-	-	3,338	23	-	-
Assumed infrastructure assets	1,976	14,091	-	-	1,976	14,091	-	-
Others	7,390	7,278	-	-	4,580	3,777	-	50
Total Revenue	71,871	79,442	32,218	29,680	10,266	19,723	-	647
Expenses								
Salaries, wages and benefits	22,853	21,911	-	-	5,397	4,804	-	-
Amortization	10,149	9,646	-	-	525	507	269	240
Materials and supplies	3,765	3,796	-	-	374	393	5	3
Contracted services	26,637	25,557	-	-	2,432	3,370	7,238	7,275
Interest on long term debt	353	409	-	-	-	-	-	-
Others	1,238	1,228	-	-	347	359	-	37
Total Expenses	64,995	62,547	-	-	9,075	9,433	7,512	7,555
Annual Surplus / (Deficit)	\$ 6,876	\$ 16,895	\$ 32,218	\$ 29,680	\$ 1,191	\$ 10,290	\$ (7,512)	\$ (6,908)

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

Year ended December 31, 2012

(Dollar amounts presented in '000s)

	<u>Bylaw & Licensing Services</u>		<u>Roads & Related Services</u>		<u>Environmental Services</u>		<u>Community Programs & Events</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue								
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User charges	956	900	23	(1,053)	14,302	13,050	2,266	2,257
Grant	-	-	760	1,735	907	568	66	57
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-
Assumed infrastructure assets	-	-	-	-	-	-	-	-
Others	1,082	1,248	93	96	365	149	280	307
Total Revenue	2,038	2,148	876	778	15,574	13,767	2,612	2,621
Expenses								
Salaries, wages and benefits	2,236	2,253	2,684	2,586	1,563	1,498	2,374	2,332
Amortization	2	-	2,831	2,682	3,708	3,481	-	-
Materials and supplies	41	37	594	298	535	891	134	125
Contracted services	270	245	1,562	1,233	12,582	10,853	972	739
Interest on long term debt	-	-	-	-	-	-	-	-
Others	-	-	549	438	72	258	1	13
Total Expenses	2,549	2,535	8,220	7,237	18,460	16,981	3,481	3,209
Annual Surplus / (Deficit)	\$ (511)	\$ (387)	\$ (7,344)	\$ (6,459)	\$ (2,886)	\$ (3,214)	\$ (869)	\$ (588)

The Corporation Of The Town Of Aurora
Consolidated Schedule of Segmented Disclosure
Schedule 1
Year ended December 31, 2012
(Dollar amounts presented in '000s)

	<u>Parks & Facilities</u>		<u>Public Library Services</u>		<u>Planning & Development</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenue						
Taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
User charges	6,341	6,084	108	108	664	364
Grant	139	1,823	45	49	-	-
Gain on disposal of tangible capital assets	-	-	-	-	-	-
Assumed infrastructure assets	-	-	-	-	-	-
Others	96	535	62	66	832	1,049
Total Revenue	6,576	8,442	215	223	1,496	1,413
Expenses						
Salaries, wages and benefits	4,733	4,691	2,522	2,336	1,344	1,411
Amortization	2,400	2,307	414	429	-	-
Materials and supplies	1,955	1,946	119	94	8	9
Contracted services	1,342	1,520	199	286	40	36
Interest on long term debt	353	409	-	-	-	-
Others	243	40	-	-	26	83
Total Expenses	11,026	10,913	3,254	3,145	1,418	1,539
Annual Surplus / (Deficit)	\$ (4,450)	\$ (2,471)	\$ (3,039)	\$ (2,922)	\$ 78	\$ (126)