



**AUDIT COMMITTEE
MEETING AGENDA**

**TUESDAY, JUNE 23, 2015
6 P.M.**

**COUNCIL CHAMBERS
AURORA TOWN HALL**

PUBLIC RELEASE
June 19, 2015



**TOWN OF AURORA
AUDIT COMMITTEE MEETING AGENDA**

Tuesday, June 23, 2015
6 p.m.
Council Chambers

**1. DECLARATION OF PECUNIARY INTEREST AND GENERAL NATURE
THEREOF**

2. APPROVAL OF THE AGENDA

RECOMMENDED:

THAT the agenda as circulated by Legal and Legislative Services be approved as presented.

3. DELEGATIONS

(a) **Giselle Bodkin, Partner, and Andrea Nauss, Manager, BDO Canada
LLP**

Re: Item 1 – CFS15-030 – 2014 Year End Audited Financial Statements

4. CONSIDERATION OF ITEMS

5. CLOSED SESSION

6. ADJOURNMENT

AGENDA ITEMS

1. **CFS15-030 – 2014 Year End Audited Financial Statements** pg. 1

RECOMMENDED:

THAT Report No. CFS15-030 be received; and

THAT the 2014 Audit Reports and Financial Statements for the year-ended December 31, 2014, be approved and published in accordance with the *Municipal Act*, 2001, S.O. 2001, c25, Section 295 on the Town's website.



**TOWN OF AURORA
AUDIT COMMITTEE REPORT**

No.CFS15-030

SUBJECT: *2014 Year End Audited Financial Statements*

FROM: *Dan Elliott, Director of Corporate & Financial Services - Treasurer*

DATE: *June 23, 2015*

RECOMMENDATIONS

THAT Report No. CFS15-030 be received; and

THAT the 2014 Audit Reports and Financial Statements for the year-ended December 31, 2014 be approved and published in accordance with the Municipal Act, 2001, S.O.2001, c25, Section 295 on the Town's website.

PURPOSE

To present for approval, the audited financial statements for the year ended December 31, 2014, and the auditor's report thereon.

BACKGROUND

Attached hereto is the entire audit package as presented by our auditors BDO Canada LLP, which include the Audited Financial Statements, 2014 Year End Report and a management letter if applicable. The actual financial statements have been prepared by staff and audited by BDO Canada LLP. The results shown in these consolidated statements differ from the traditionally prepared year-end report card due to the inclusion of tangible capital assets and other PSAB reporting differences. They have been marked DRAFT by the auditors, as the audit cannot be technically completed until after the approval of the statements by Council. Council is required to approve these statements as part of the finalization of the audit. Once the auditors sign their final report in the coming days, the financial statements will be made publicly available by being placed on the Town website, a requirement under Section 295 of the *Municipal Act, 2001*, S.O. 2001, c. 25 as amended. The management letter section of the package, if applicable, outlines any issues that relate to the audit. Any such items were identified during the audit process and discussed with management following the actual field work of the audit.

Representatives from BDO Canada LLP will be in attendance to present their report and findings.

June 23, 2015

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Report No. CFS15-030

COMMENTS

The Audited Financial Statements present a consolidation of the Town's finances and include the combined results of the General Operations of The Town, the Library Board, and the Water/Wastewater Sewer Operations.

Staff continue to monitor the Town's financial processes in an attempt to identify further opportunities for efficiency. Any time that a change in process is considered, staff give full consideration to any impact that these proposed changes may have on the existing internal controls, and the adequacy thereof. Any deliberated changes made are approved by the Director of Corporate & Financial Services - Treasurer, and drawn to the auditors' attention during the next audit.

During the course of this audit, BDO Canada LLP reviewed their previous management letter items.

LINK TO STRATEGIC PLAN

None: The annual audit is a statutory requirement, and is guided by professional standards applicable to all Canadian licensed audit practitioners. Preparation and publication of the annual audited financial statements supports the Strategic Plan principles of integrity, and progressive corporate excellence and continuous improvement.

ALTERNATIVE(S) TO THE RECOMMENDATIONS

n/a

FINANCIAL IMPLICATIONS

There are no financial implications to this report, the purpose of which is for its receipt by the Audit Committee as well as to obtain approval of the Consolidated 2014 Financial Statements of the Town so that the Statements may be published as required by legislation. The 2014 internal year-end report card was presented to General Committee on June 16, 2015.

June 23, 2015

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Report No. CFS15-030

CONCLUSIONS

The auditors are ready to issue an unqualified opinion on the fairness and completeness of the corporation's financial statements for the year ended December 31, 2014. Staff recommend the approval of the statements. Once approved and final versions are prepared, the Mayor and Treasurer will sign the statements.

PREVIOUS REPORTS

General Committee, March 24, 2015, CFS15-013, Audit Plan for 2014 Fiscal Year

ATTACHMENTS

Attachment #1 - 2014 Year-End Auditor's Reporting Package for Council

PRE-SUBMISSION REVIEW

CAO and Treasurer only.

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer



Dan Elliott, CPA, CA
Director of Corporate & Financial
Services - Treasurer



Neil Garbe
Chief Administrative Officer

Attachment #1

Year End Report for The Corporation of the Town of Aurora

Presented by

Giselle Bodkin, CPA, CA



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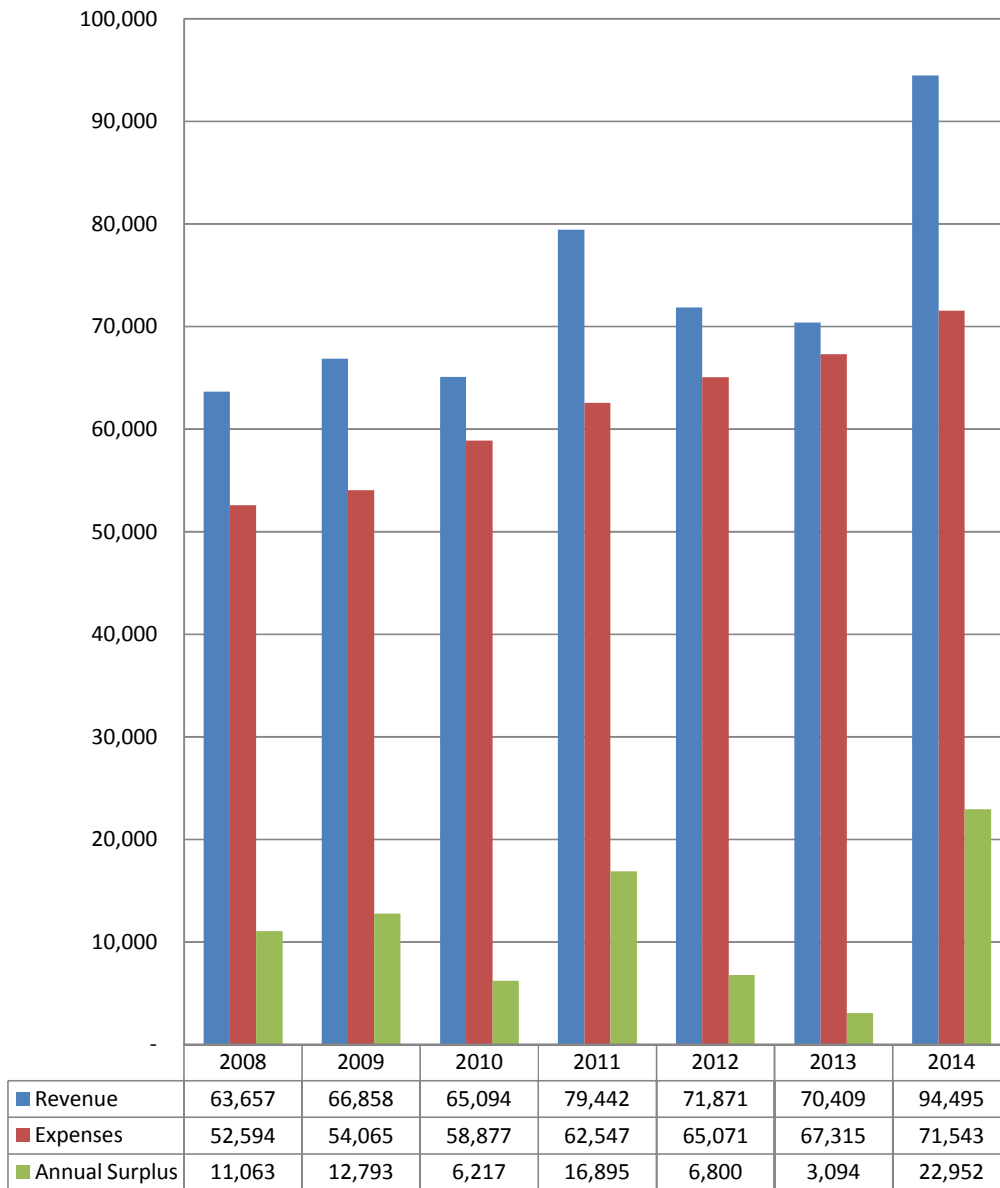
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TOTAL REVENUE, EXPENSES AND ANNUAL SURPLUS

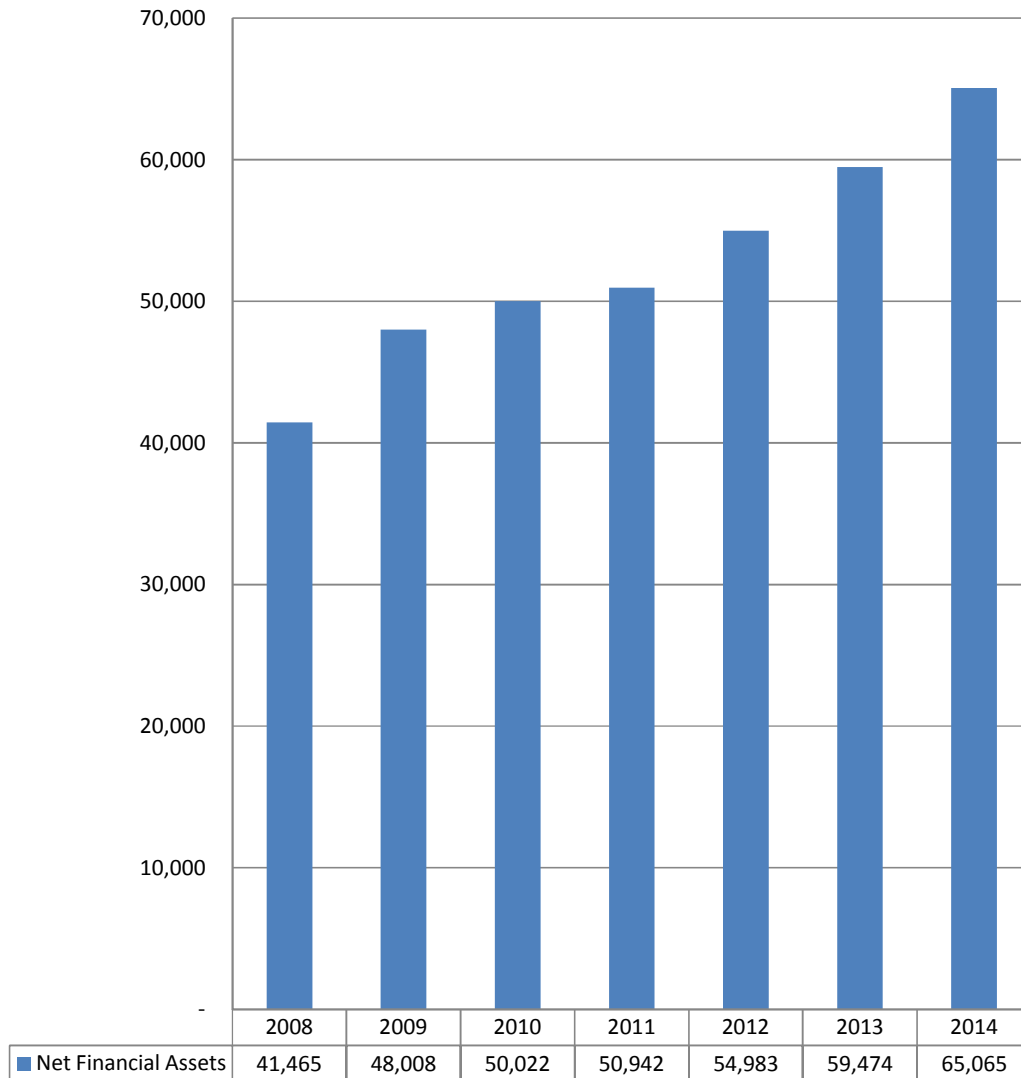
(IN THOUSANDS '000)



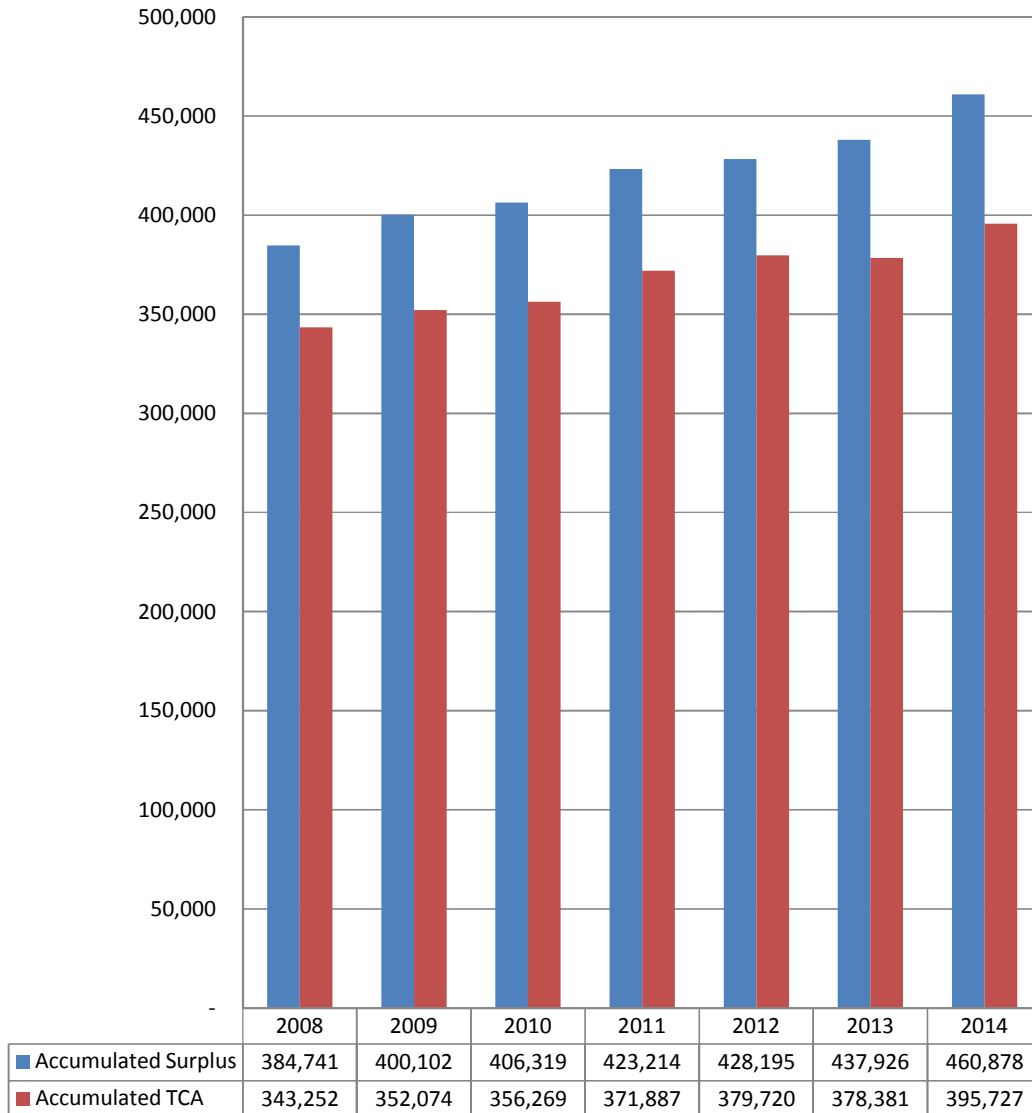


TOTAL NET FINANCIAL ASSETS

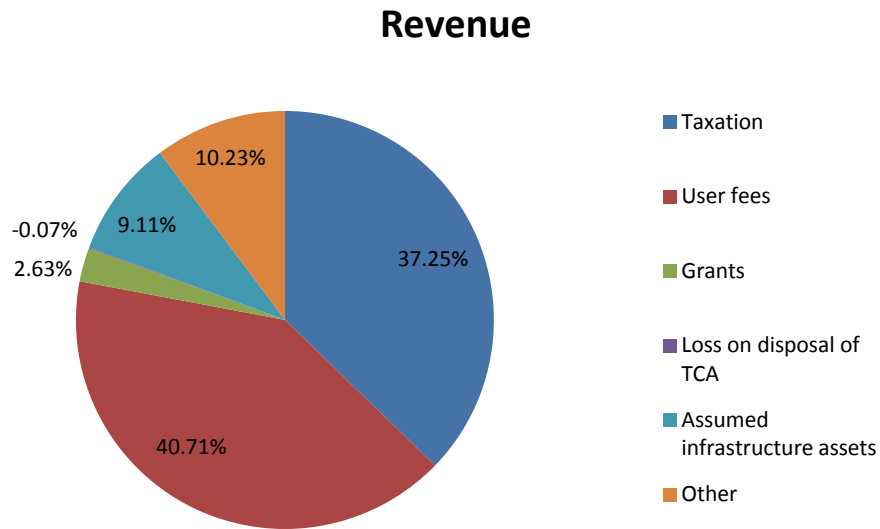
(IN THOUSANDS '000)



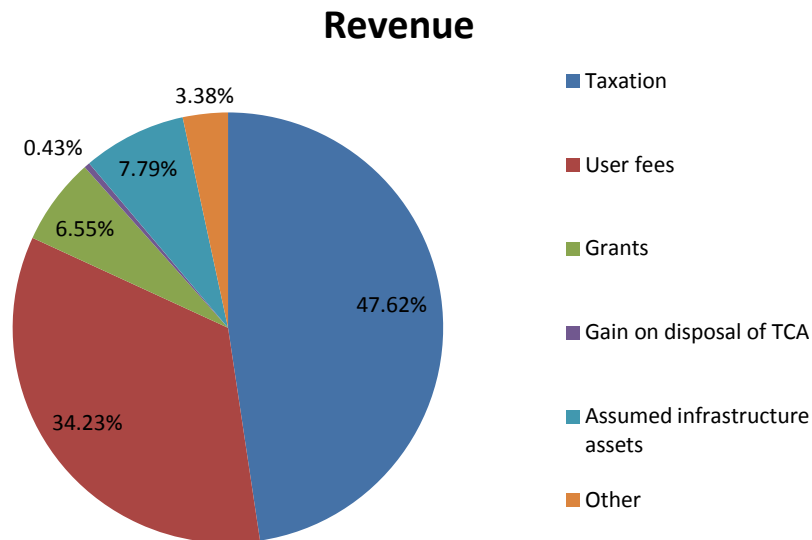
TOTAL ACCUMULATED SURPLUS AND TANGIBLE CAPITAL ASSETS
 (IN THOUSANDS '000)



2014 REVENUE



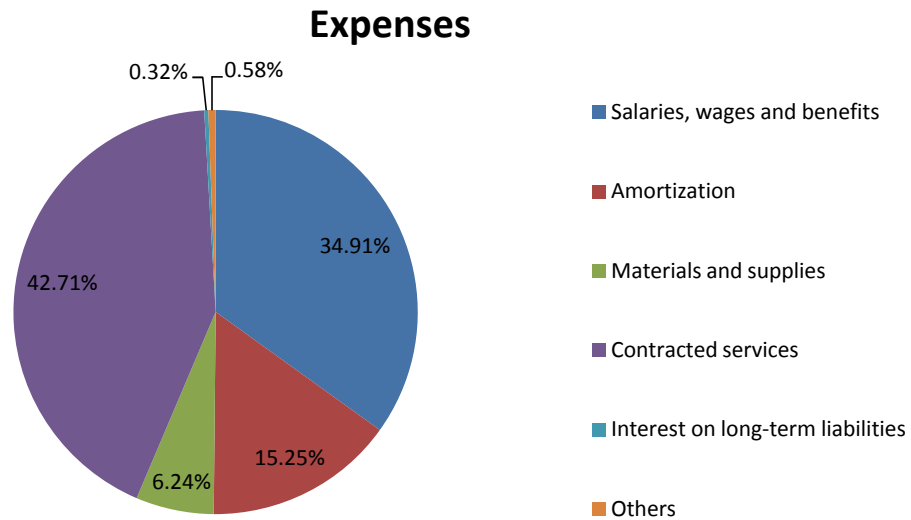
2010 REVENUE



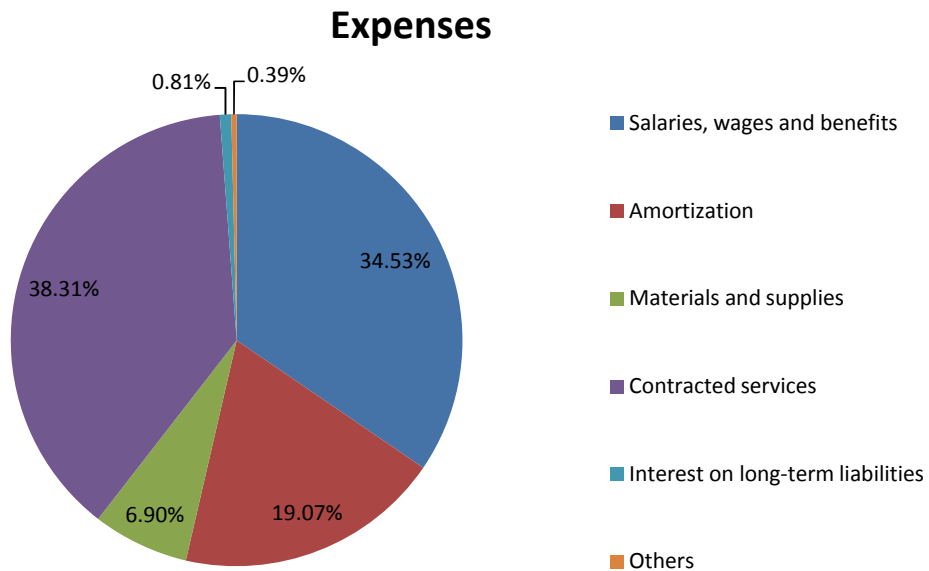
FIVE YEAR EXPENSE COMPARISON
(IN THOUSANDS '000)

	2014	2013	2012	2011	2010
General government	12,078	11,677	9,076	9,433	8,262
Protection to person and property	12,254	10,875	10,386	10,090	8,915
Transportation services	8,236	7,652	7,996	7,237	6,708
Environmental services	20,176	18,714	18,539	16,981	16,541
Leisure and cultural services	16,883	16,485	17,656	17,267	16,794
Planning and development	1,916	1,912	1,418	1,539	1,657
	71,543	67,315	65,071	62,547	58,877

2014 EXPENSES

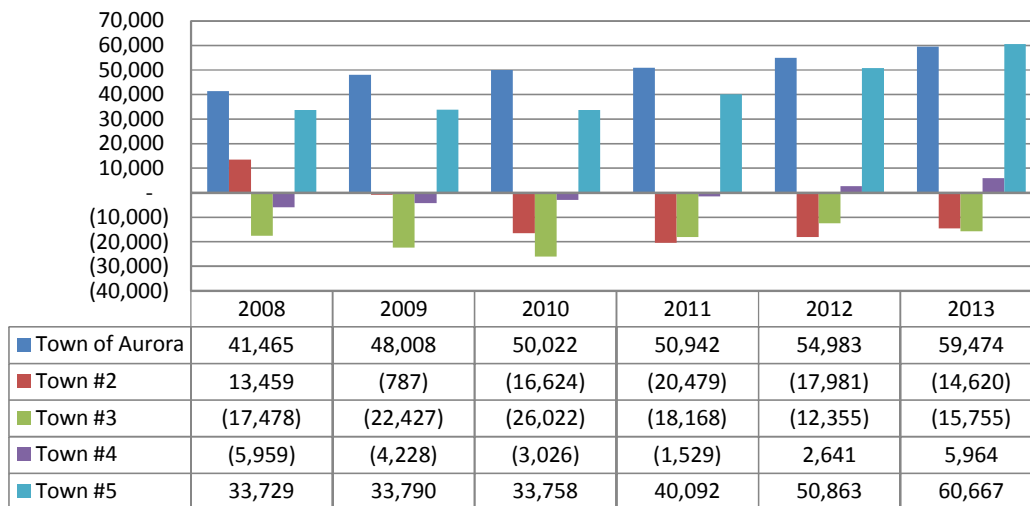


2010 EXPENSES

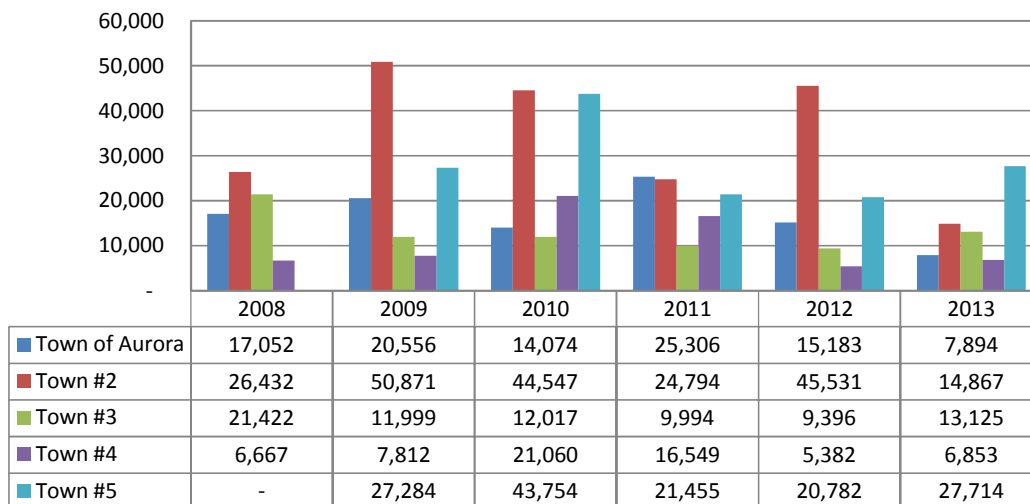


INDUSTRY COMPARISON

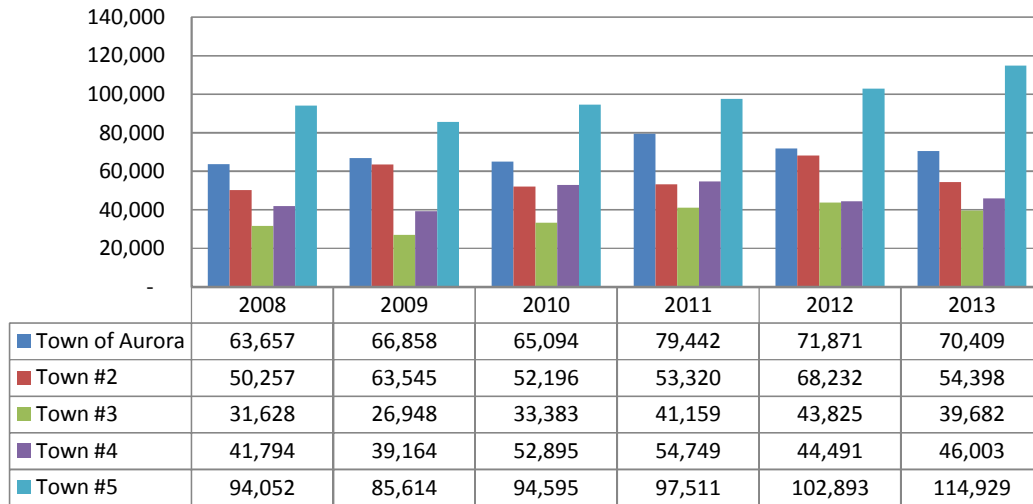
NET FINANCIAL ASSETS (DEBT)



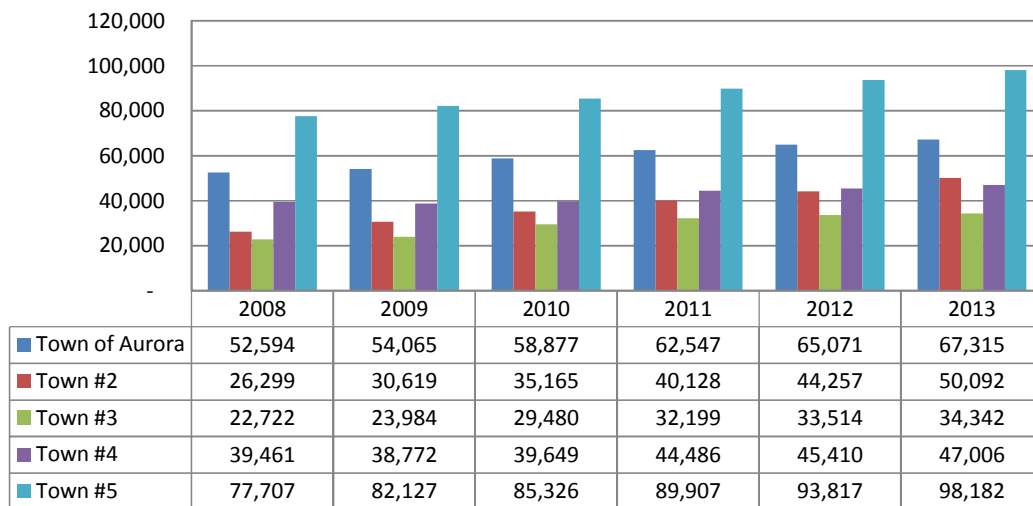
TCA ADDITIONS



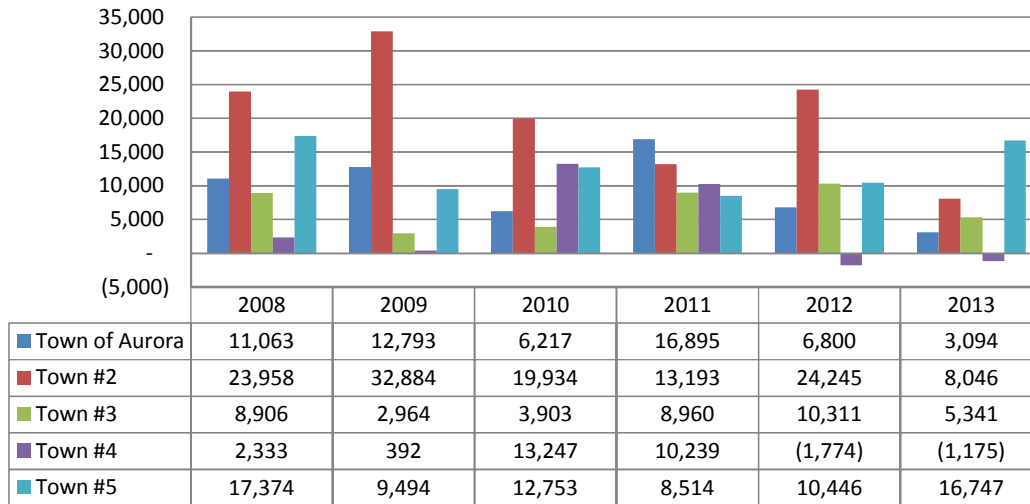
REVENUE



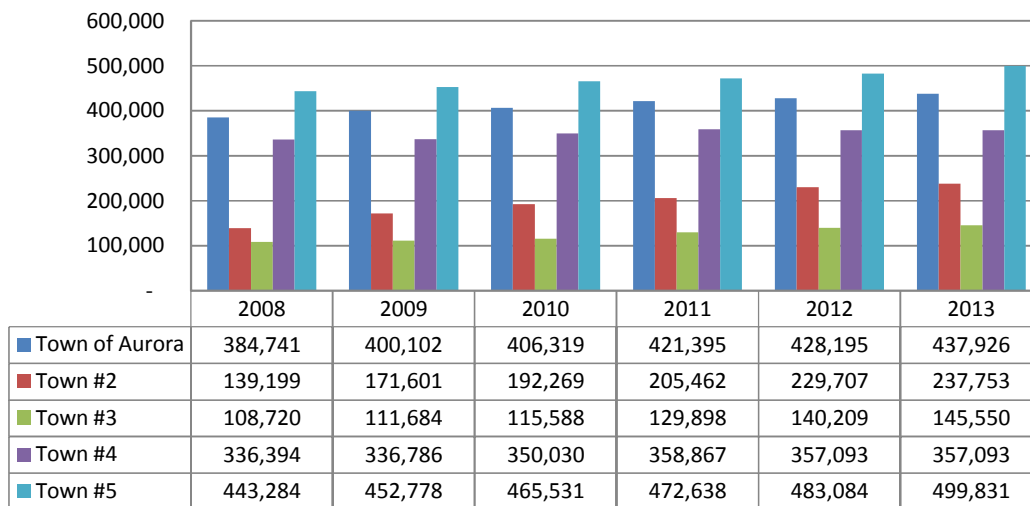
EXPENSES



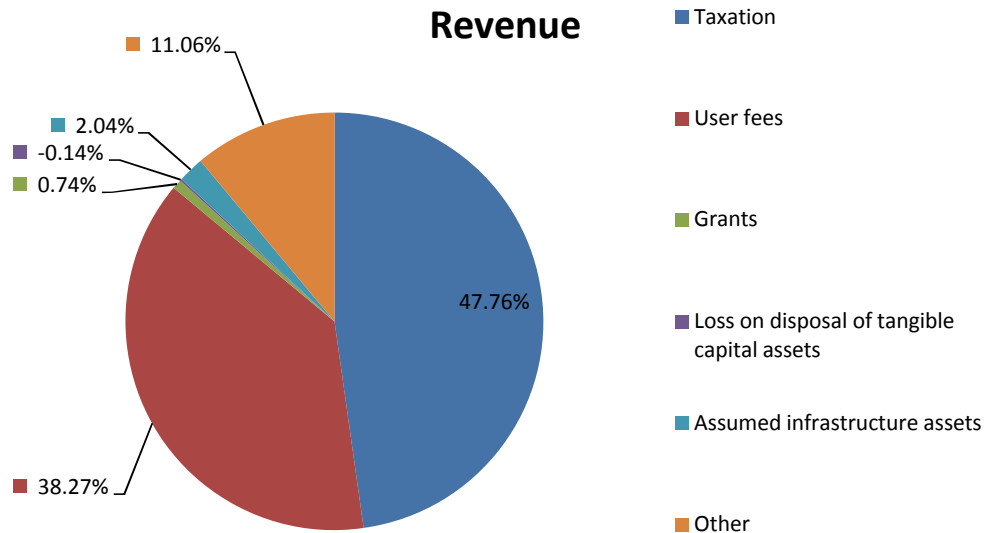
ANNUAL SURPLUS (DEFICIT)



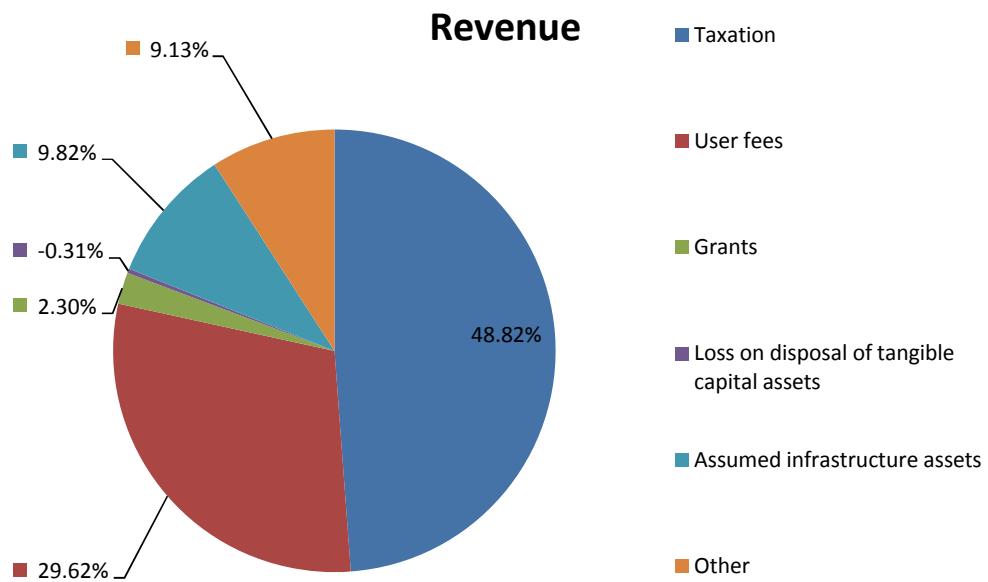
ACCUMULATED SURPLUS



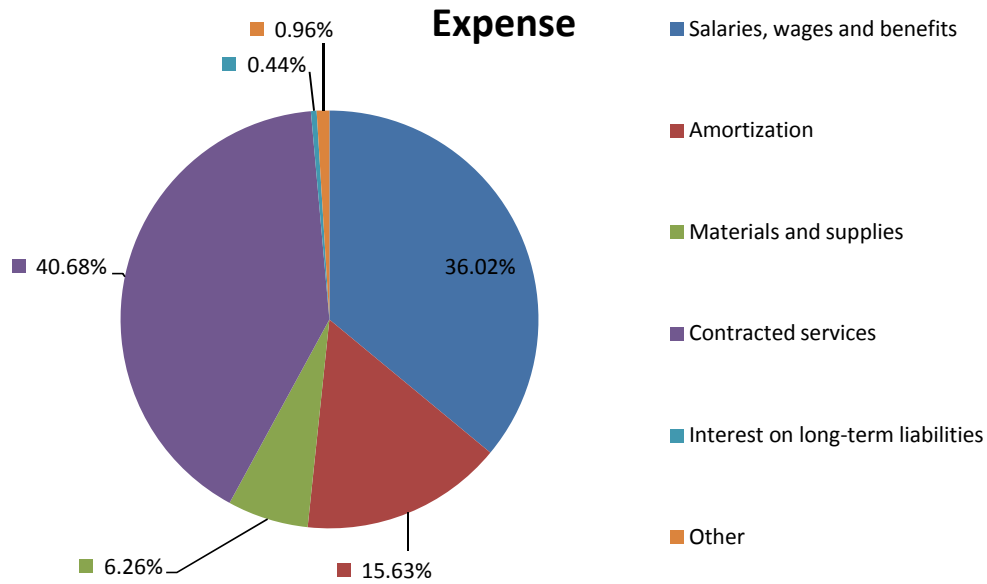
2013 TOWN OF AURORA REVENUE



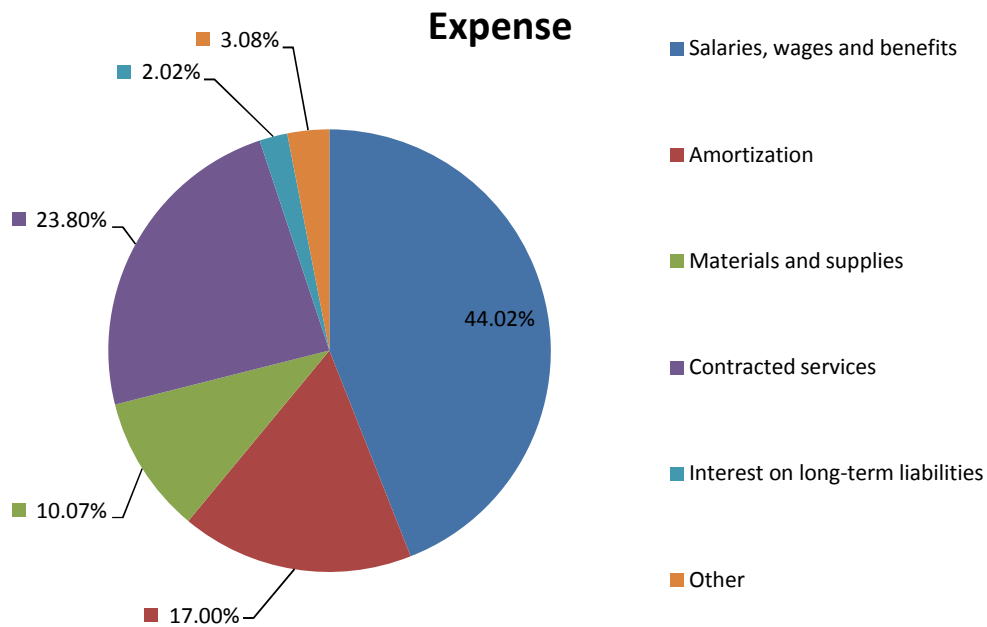
2013 INDUSTRY AVERAGE REVENUE



2013 TOWN OF AURORA EXPENSE



2013 INDUSTRY AVERAGE EXPENSE



Audit Committee Best Practice Recommendations

- **Financial Reporting**
 - The Committee should receive monthly internal financial statements and ensure that the financial statements clearly reflect the true performance of the Organization.
 - The Committee should review audit adjustments made and those waived because of immateriality.
 - The Committee should review and approve the draft audited financial statements.
 - Is there a financial expert on the Committee? The financial expert would have the following 5 attributes:
 - Understanding of the financial statements and accounting principles used to prepare the issuer's financial statements;
 - Ability to assess the application of such accounting policies;
 - Experience preparing, auditing, analyzing or evaluating financial statements, or experience supervising individuals engaged in preparing, auditing, analyzing or evaluating financial statements;
 - An understanding of internal controls and procedures for financial reporting;
 - An understanding of audit committee functions

- **Risks and Controls**
 - The Committee should create the right tone at the top to foster growth of suitable controls.
 - The Committee should have a sufficient understanding of the risks at the Organization.
 - The Committee should analyze the internal control system to ensure that the risks are adequately mitigated.

- **Audit Function**
 - The Committee should ensure that the external auditor selected has sufficient knowledge of and experience in the Organization's industry.
 - The Committee should review the audit fee and ensure that it is in line with the scope of the audit.
 - The Committee should confirm and discuss the auditor's independence.
 - The Committee should keep an open line of communication with the external auditors, including such items as:
 - The auditor's responsibility under Canadian Auditing Standards.
 - The quality of the accounting principles followed by the Organization.
 - Disagreements with management.
 - Difficulties in performing the audit.
 - Major issues management discussed with the auditors before their retention.

- **Other Issues to Consider:**
 - Is the Committee independent from the Organization?
 - Is the Committee sufficiently financially literate?
 - Are there clear position descriptions for directors?
 - Is there orientation and continuing education for all directors in place?
 - Is there a written code of business conduct and ethics?
 - Is there a nominating committee?

Summary of Audit Process

- **Overall Approach**
 - Attain an understanding of processes and controls within the departments by performing system descriptions and walkthroughs.
 - Attain an understanding of internal IT and software, through discussions with the IT department and our systems descriptions.
 - Identify specific areas of the financial information which contain risk, and significant judgment.
 - From these initial stages, we determine what procedures to be performed on the specific areas of the financial statements.

- **Income Statement Approach**
 - **Revenue**
 - **Taxation** - we obtain the annual by-law and compare to the revenue recorded following-up on significant differences.
 - **Grants and government transfers** - we obtain a sample of revenue received and agree to the funding documents, following up on differences.
 - **Interest income** - Interest reasonability tests are performed on tax interest, reserve interest, bank and investments.
 - **Assumed infrastructure assets** - we obtain the asset registers and recalculate. We take a sample of additions and trace to the supporting documentation to ensure the amounts agree. We then compare the overall asset registers to that recorded and follow-up on any significant differences.
 - **Gain on disposal of tangible capital assets** - we review the disposals and compare to the asset registers to ensure the cost was removed appropriately. Also, if the assets were sold we obtain documentation on the proceeds to ensure the calculation of the gain/loss is appropriate.
 - **User fees, fines, licenses, permits and other revenue** - we performed a detailed comparison of current year to the prior five years and budget on an account by account basis, using a threshold to determine the significant changes. We then review the significant changes with management and obtain supporting documentation.

 - **Expenses**
 - **Salaries, wages and employee benefits** - we perform test of controls on a cyclical basis. This tests various input and output controls for salaries. With regards to benefits we perform a reasonability test based on yearly percentages of CPP, EI, and benefits as a percentage of salaries. These are compared to the stated rates and differences are followed up.
 - **Materials and supplies, contracted services and other** - we perform substantive tests on these expenses and vouch to supporting documentation on a sample basis, following up on any differences.
 - **Interest on long-term liabilities** - we review the various debenture contracts and agree the interest expensed to the interest indicated in those.
 - **Amortization** - we recalculate the amortization on a test basis and compare to the actual amounts recorded, following up on any significant differences.

- **Balance Sheet Approach**
 - **Assets**
 - **Cash** - test of controls are performed on bank reconciliations, and a bank confirmation is sent to the bank and agreed to the general ledger.
 - **Taxes receivable** - we perform a detailed five year comparison by aging following-up on significant differences. We also perform a large arrears check and follow-up to determine what the approach is to collect from that resident.
 - **User fees and accounts receivable** - we obtain the various accounts receivable account details and for significant balances agree to the supporting documentation or calculations. We also perform reasonability tests on various specific balances. We perform cut-off tests to ensure that amounts have been recorded in the proper period. We also check for deferred revenue or amounts that have been outstanding for significant periods of time and ensure they should not be written off.
 - **Portfolio investments** - Confirmations are sent to the investment advisors and review of investment certificates and continuity schedules is performed.
 - **Land listed for sale** - we obtain the current year listing and for any purchases or sales obtain the agreement and agree the amounts and recalculate any gains/losses.
 - **Tangible capital assets and tangible capital assets under construction** - we obtain the asset registers and recalculate. We take a sample of additions and trace to the supporting documentation to ensure the amounts agree. We then compare the overall asset registers to that recorded and follow-up on any significant differences.
 - **Prepaid expenses** - we obtain supporting documentation for any material items included in prepaid.
 - **Liabilities**
 - **Accounts payable and accrued liabilities** - we obtain supporting documentation for significant liabilities outstanding. We perform cut-off testing to ensure they have been recorded in the proper period. We test to ensure that accruals are reasonable.
 - **Deposits** - we review the deposits and ensure that amounts received should not be recognized through a sample of items, following up with the specific departments.
 - **Deferred revenue** - we obtain the continuity schedule. For additions we test the supporting grant funding letters, test the calculation of developer charges and the reasonability of interest. For decreases we ensure they are approved in the budget.
 - **Employee benefits liabilities** - we obtain the actuarial report, and review the assumptions made and ensure they are reasonable. We then ensure that the appropriate accounting method has been applied. We follow-up with both the actuary and the Town's Finance department on any unusual items, differences.
 - **Net long-term liabilities** - we obtain third party confirmation on the balance, terms and interest rate, following up on any significant differences.

Audit Committee Meeting Agenda
Tuesday, June 23, 2015

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BDO Canada LLP
300 Lakeshore Drive, Suite 300
Barrie ON L4N 0B4 Canada

Private & Confidential

June 23, 2015

Members of the Audit Committee
The Corporation of the Town of Aurora
100 John West Way
Box 1000
Aurora Ontario L4G 6J1

Dear Sir/Madam:

Re: Audit of the Financial Statements of The Corporation of the Town of Aurora
For the year ended December 31, 2014

The purpose of our report is to summarize certain aspects of the audit that we believe would be of interest to the Members of the Audit Committee and should be read in conjunction with the financial statements and our report thereon.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Members of the Audit Committee in fulfilling its responsibilities.

This report has been prepared solely for the use of the Members of the Audit Committee and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

Independence

At the core of the provision of external audit services is the concept of independence. We are communicating all relationships between BDO Canada LLP and its related entities and The Corporation of the Town of Aurora and its related entities that, in our professional judgment, may reasonably be thought to have influenced our independence during the audit engagement.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct and related interpretations prescribed by the appropriate provincial institute/ordre covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client;

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- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- economic dependence on a client; and
- provision of services in addition to the external audit engagement.

We are aware of the following relationships between the municipality and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from March 4, 2015 to June 23, 2015.

- We have provided assistance in the preparation of the financial statements, including adjusting journal entries. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows of the organization in accordance with Canadian public sector accounting standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Someone other than the preparer reviewed the proposed journal entries and financial statements.

We are not aware of any relationships between the municipality and us that, in our professional judgment, may reasonably be thought to bear on our independence to date.

Materiality

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the Members of the Audit Committee, preliminary materiality was \$1,450,000. Final materiality remained unchanged from our preliminary assessment.



We communicated all corrected and uncorrected misstatements identified during our audit to the Members of the Audit Committee, other than those which we determine to be “clearly trivial”. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

We encouraged management to correct any misstatements identified throughout the audit process.

Auditor’s considerations of possible fraud and illegal activities

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

The scope of the work performed was substantially the same as that described in our Planning Report to the Members of the Audit Committee.

Litigation Proceedings

We have communicated with the municipality’s legal counsel who have indicated that there are various claims outstanding against the municipality. They have further indicated that the ultimate outcome of these claims cannot be determined at this time. The Town’s management believe that the ultimate disposition of these claims will not have a material adverse effect on its financial position.



Other Matters

- The Town's transition to its GIS system necessitated a review of the Town's linear assets. A review of these asset types was commenced in 2013 and concluded in the fall of 2014. At December 31, 2013, it was estimated based upon the results to date that these assets were collectively overstated by \$24,400 as of December 31, 2012. In addition, it was discovered that the Town's inventory of water and sewer connections, valued at a historical cost of \$16,375, were missing from its reported tangible capital asset costs as of December 31, 2012. Finally, over the course of the Town's 2013 audit process it was discovered that its tangible capital assets under construction were understated by \$127 as of December 31, 2012. Consequently, a prior period adjustment reducing the historical cost of the Town's tangible capital assets by a net total of \$7,898 was recorded in the December 31, 2013 consolidated financial statements. As a result of this adjustment to historical cost, it was necessary to record a prior period adjustment reducing accumulated amortization by a net total of \$6,328. These adjustments resulted in a decrease in the net book value of tangible capital assets of \$1,570.
- Upon the conclusion of the review of the Town's linear assets in the fall of 2014 it was determined that the historical cost of the linear assets as at December 31, 2012 was understated by \$6,388. In addition, it was determined that the Town's inventory of water and sewer connections as at December 31, 2012 was overstated by \$1,287. Finally, over the course of the review, it was discovered that the historical cost of underground infrastructure assets was understated by \$7,826 as at December 31, 2012. Consequently, it was deemed necessary that a prior period adjustment increasing the historical cost of the Town's tangible capital assets by a net total of \$12,927 be recorded. As a result of this adjustment to historical cost, it was necessary to record a prior period adjustment increasing accumulated amortization by a net total of \$6,562. These adjustments resulted in an increase in the net book value of tangible capital assets of \$6,365.

Management Representations

During the course of the audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base the audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

Management's representations included, but were not limited to:

- matters communicated in discussions with us, whether solicited or unsolicited;
- matters communicated electronically to us;
- schedules, analyses and reports prepared by the entity, and management's notations and



comments thereon, whether or not in response to a request by us;

- internal and external memoranda or correspondence;
- minutes of meetings of the Board of Directors or similar bodies such as audit committees and compensation committees;
- a signed copy of the financial statements; and
- a representation letter from management.

Management Letter

We will be submitting to management a letter on internal controls and other matters that we feel should be brought to their attention.

We wish to express our appreciation for the co-operation we received during the audit from the municipality's management and staff who have assisted us in carrying out our work. We would be pleased to discuss with you the contents of this report and any other matters that you consider appropriate.

Yours truly,

A handwritten signature in black ink, appearing to read 'G. Bodkin'. The signature is written in a cursive, flowing style.

Giselle Bodkin, CPA, CA

Partner through a corporation

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

The Corporation of the Town of Aurora
Summary of Unadjusted Misstatements
December 31, 2014

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Proposed Adjustments			Income Dr(Cr)
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening Fund Balance Dr(Cr)	
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-
Effect of Previous Year's Errors				-	-	205,506	(205,506)
Likely Aggregate Misstatements				-	-	205,506	(205,506)

Details of why no adjustment has been made to the financial statements for the above items:
No errors identified in the current year.

The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2014

Draft - Subject to Change

**The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2014**

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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, 2014, 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, 2014 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.

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario
June 23, 2015

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

December 31	2014	2013
(Dollar amounts presented in '000's)		
		Restated (note 2)
Financial assets		
Cash (note 3)	\$ 8,106	\$ 9,002
Taxes receivable	6,163	7,003
User fees receivable	3,344	3,361
Accounts receivable	6,281	6,440
Portfolio investments (note 5)	68,444	62,725
Land listed for sale (note 6)	9,500	9,273
	<u>101,838</u>	<u>97,804</u>
Liabilities		
Accounts payable and accrued liabilities	14,290	11,849
Deposits (note 7)	4,024	5,148
Deferred revenue (note 8)	13,210	14,587
Employee benefits liabilities (note 9)	963	818
Net long-term liabilities (note 10)	4,286	5,928
	<u>36,773</u>	<u>38,330</u>
Net financial assets	<u>65,065</u>	<u>59,474</u>
Non-financial assets		
Tangible capital assets (note 23)	395,727	378,381
Prepaid expenses	86	71
	<u>395,813</u>	<u>378,452</u>
Accumulated surplus (note 11)	<u>\$ 460,878</u>	<u>\$ 437,926</u>

Contingencies and contractual obligations (notes 17 and 18)

Approved by Council

_____ Mayor

_____ Chief Administrative Officer

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

For the year ended December 31	Budget 2014	2014	2013
(Dollar amounts presented in '000's)			Restated (note 2)
	(note 4)		
Revenue			
Taxation (note 12)	\$ 39,493	\$ 35,249	\$ 33,719
User fees	26,184	38,522	27,017
Grants (note 13)	2,472	2,493	520
Loss on disposal of tangible capital assets	-	(63)	(96)
Assumed infrastructure assets	-	8,618	1,439
Other (note 14)	9,426	9,676	7,810
	<u>77,575</u>	<u>94,495</u>	<u>70,409</u>
Expenses			
General government	12,130	12,078	11,677
Protection to person and property	12,346	12,254	10,875
Transportation services	8,030	8,236	7,652
Environmental services	20,105	20,176	18,714
Leisure and cultural services	17,030	16,883	16,485
Planning and development	2,289	1,916	1,912
	<u>71,930</u>	<u>71,543</u>	<u>67,315</u>
Annual surplus	<u>5,645</u>	<u>22,952</u>	<u>3,094</u>
Accumulated surplus, beginning of year, as previously stated	437,926	437,926	428,195
Prior period adjustment (note 2)	-	-	6,637
Accumulated surplus, beginning of year, as restated	<u>437,926</u>	<u>437,926</u>	<u>434,832</u>
Accumulated surplus, end of year	<u>\$ 443,571</u>	<u>\$ 460,878</u>	<u>\$ 437,926</u>

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

For the year ended December 31	Budget 2014	2014	2013
(Dollar amounts presented in '000's)			Restated (note 2)
	(note 4)		
Annual surplus	\$ 5,645	\$ 22,952	\$ 3,094
Amortization of tangible capital assets	10,907	10,907	10,524
Net proceeds on disposal of tangible capital assets	-	54	174
Loss on disposal of tangible capital assets	-	63	96
Acquisition of tangible capital assets	(19,752)	(19,752)	(7,894)
Assumed infrastructure assets	-	(8,618)	(1,439)
Land listed for sale	-	-	(122)
Change in prepaid expenses	-	(15)	58
Change in net financial assets	(3,200)	5,591	4,491
Net financial assets, beginning of year	59,474	59,474	54,983
Net financial assets, end of year	\$ 56,274	\$ 65,065	\$ 59,474

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

For the year ended December 31	2014	2013
(dollar amounts presented in '000's)		Restated (note 2)
Operating transactions		
Annual surplus	\$ 22,952	\$ 3,094
Non-cash charges to operations:		
Amortization of tangible capital assets	10,907	10,524
Loss on disposal of tangible capital assets	63	96
Assumed infrastructure assets	(8,618)	(1,439)
Changes in non-cash operating working capital:		
Taxes receivable	840	(1,154)
User fees receivable	17	(487)
Accounts receivable	159	1,787
Land listed for sale	(227)	(1,373)
Accounts payable and accrued liabilities	2,441	2,585
Deposits	(1,124)	1,206
Deferred revenue	(1,377)	(4,996)
Employee benefits liabilities	145	2
Prepaid expenses	(15)	58
Total Operating Transactions	26,163	9,903
Capital transactions		
Acquisition of tangible capital assets	(19,752)	(7,894)
Net proceeds on disposal of tangible capital assets	54	174
Total Capital Transactions	(19,698)	(7,720)
Investing transactions		
Decrease / (Increase) in portfolio investments	(5,719)	4,773
Financing transactions		
Principal repayment on long-term liabilities	(1,642)	(1,579)
Increase / (Decrease) in cash	(896)	5,377
Cash, beginning of year	9,002	3,625
Cash, end of year	\$ 8,106	\$ 9,002

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

December 31, 2014

(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, 2014

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

Buildings	10 - 50 years
Vehicles	7 - 15 years
Other	
Machinery and Equipment	7 - 15 years
Library Collection	7 years
Computer Equipment	4 - 10 years
Parks Facilities (excluding Buildings)	5 - 80 years
Transportation Infrastructure	
Roads	20 - 36 years
Bridges and Other Structures	30 - 40 years
Environmental Infrastructure	
Sanitary Pumping Stations	20 - 50 years
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 related to WSIB benefits are recognized immediately in the period in which the event occurred.

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

December 31, 2014

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Pension agreements

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

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

Deposits

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

Deferred Revenue

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

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

Use of Estimates

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

Assumed Infrastructure Assets

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

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

December 31, 2014

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized as follows:

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

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

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

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

December 31, 2014

(Dollar amounts presented in '000's)

2. Restatement of Prior Period

Tangible Capital Asset Value Review:

The Town's transition to its GIS system necessitated a review of its linear assets. A review of these asset types was commenced in 2013 and concluded in the fall of 2014. At December 31, 2013, it was estimated based upon the results to date that these assets were collectively overstated by \$24,400 as of December 31, 2012. In addition, it was discovered that the Town's inventory of water and sewer connections, valued at a historical cost of \$16,375, were missing from its reported tangible capital asset cost as of December 31, 2012. Finally, over the course of the Town's 2013 audit process it was discovered that its tangible capital assets under construction were understated by \$127 as of December 31, 2012. Consequently, a prior period adjustment reducing the historical cost of the Town's tangible capital assets by a net total of \$7,898 was recorded in the December 31, 2013 consolidated financial statements. As a result of this adjustment to historical cost, it was necessary to record a prior period adjustment reducing accumulated amortization by a net total of \$6,328. These adjustments resulted in a decrease in the net book value of tangible capital assets of \$1,570.

Upon the conclusion of the review of the Town's linear assets in the fall of 2014 it was determined that the historical cost of these assets as at December 31, 2012 was understated by \$6,388. In addition, it was determined that the Town's inventory of water and sewer connections as at December 31, 2012 was overstated by \$1,287. Finally, over the course of the review, it was discovered that the historical cost of underground infrastructure assets was understated by \$7,826 as at December 31, 2012. Consequently, it was deemed necessary that a prior period adjustment increasing the historical cost of the Town's tangible capital assets by a net total of \$12,927 be recorded. As a result of this adjustment to historical cost, it was necessary to record a prior period adjustment increasing accumulated amortization by a net total of \$6,562. These adjustments resulted in an increase in the net book value of tangible capital assets of \$6,365.

The net effect of all of the above noted prior period adjustments is as follows:

	<u>2013</u>
<u>Statement of Financial Position:</u>	
Increase in tangible capital assets	\$ 6,365
Increase in accumulated surplus	<u>\$ 6,365</u>
<u>Statement of Operations:</u>	
Increase in accumulated surplus, beginning of year	\$ 6,637
Increase in expenses	
Transportation services	195
Environmental services	<u>77</u>
Total increase in expenses	<u>272</u>
Decrease in annual surplus	<u>\$ (272)</u>
Increase in accumulated surplus, end of year	<u>\$ 6,365</u>

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

December 31, 2014

(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, 2014, the rate is 1.25% (2013 - 1.25%).

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, 2014, the rate is 2.75% (2013 - 2.75%) and the outstanding balance is \$Nil (2013 - \$Nil).

4. Budget Reconciliation

The Budget for 2014 adopted by Council on March 18, 2014 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 2014 budget adopted by Council with adjustments as follows:

	Revenue	Expense	Net
Council approved budget:			
Operating - Town & Library	\$ 53,470	\$ 53,470	\$ -
Operating - water/sewer	16,767	16,767	-
Capital (for multiple years)	9,530	9,530	-
Total Council approved budget	79,767	79,767	-
Less: Multiple years capital debt principal payments¹	(9,530)	(9,530)	-
	-	(1,637)	1,637
Plus: 2014 Non-TCA capital budget change	450	450	-
2014 outside source for capital projects	3,080	-	3,080
transfers to/from other funds ²	(4,900)	(8,817)	3,917
transfers from deferred revenue	8,708	-	8,708
amortization expense ³	-	10,907	(10,907)
Adjusted budget per the consolidated statement of operations	\$ 77,575	\$ 71,930	\$ 5,645

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.

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

December 31, 2014

(Dollar amounts presented in '000's)

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 \$68,444 (2013 - \$62,725) have a market value of \$75,253 (2013 - \$68,466).

6. 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.

In 2014, the servicing of the above noted two parcels of land was completed with a total of \$227 being invested net of all recoveries.

Subsequent to the year end, a portion of one of these parcels was sold. The details of this transaction can be found in note 19.

7. Deposits

	Beginning Balance 2014	2014 Inflows	2014 Outflows	Ending Balance 2014
Refundable Damage Deposits	\$ 5,148	3,049	(4,173)	\$ 4,024

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

December 31, 2014

(Dollar amounts presented in '000's)

8. Deferred Revenue

	Beginning Balance 2014	2014 Inflows	2014 Outflows	Ending Balance 2014
Development charges	\$ (12,317)	10,505	(7,087)	\$ (8,899)
Parkland purposes	12,581	1,931	(4)	14,508
Building Code Act, 1992	203	458	(258)	403
Federal Gas Tax	2,290	1,582	(1,586)	2,286
Revenue Deferral - General	1,122	2,754	(1,682)	2,194
	3,879	17,230	(10,617)	10,492
Deferred Revenue transferred to capital but unexpensed at the end of the year	10,708	4,162	(12,152)	2,718
	\$ 14,587	21,392	(22,769)	\$ 13,210

During 2009, an appeal was made to the Ontario Municipal Board (OMB) regarding the Town's Development Charges Bylaw at that time. A settlement of this outstanding appeal was reached in 2012 resulting in the establishment of a related estimated settlement accrual. This settlement amount was fully paid out to all applicable parties in 2014.

9. Employee Benefits Liabilities

	2014	2013
Post-employment benefits	\$ 638	\$ 619
Accrued sick leave	183	199
	821	818
WSIB benefits	142	-
	\$ 963	\$ 818

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

December 31, 2014

(Dollar amounts presented in '000's)

9. Employee Benefits Liabilities (Continued)

Post-employment benefits

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on a long term disability. The Town recognizes these post-employment costs as they are earned during the employee's tenure of service. The accrued benefit obligations for the Town's post-employment benefits and accrued sick leave liabilities as at December 31, 2014 are as follows:

	<u>2014</u>	<u>2013</u>
Accrued benefit obligation, beginning of year	\$ 1,318	\$ 898
Add: Benefit expense	63	50
Interest cost	60	42
Actuarial losses	-	424
Less: Benefits paid for the period	<u>(156)</u>	<u>(96)</u>
Accrued benefit obligation, end of year	1,285	1,318
Unamortized actuarial losses	<u>(464)</u>	<u>(500)</u>
Accrued benefit liability	<u>\$ 821</u>	<u>\$ 818</u>

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2014 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	<u>2014</u>	<u>2013</u>
Expected future inflation rates	2.0%	2.0%
Discount on accrued benefit obligations	4.75%	4.75%
Health care costs escalation	5.67%	4.00%
Dental costs escalation	4.0%	4.0%

The amount of benefits paid by the Town during the year was \$38 (2013 - \$50).

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, 2014 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events.

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

December 31, 2014

(Dollar amounts presented in '000's)

10. Net Long-term Liabilities

	<u>2014</u>	<u>2013</u>
Debenture, bearing interest at rates varying from 3.1% to 4.1%, maturing in September 2015. Principal is repayable in annual installments, and interest is payable in semi-annual installments.	\$ 1,502	\$ 2,946
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	2,776	2,968
Capital leases, bearing interest at 3.80%, maturing in July 2016. Principal and interest is repayable in quarterly installments.	8	14
	<u>\$ 4,286</u>	<u>\$ 5,928</u>

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

2015	\$ 1,709
2016	213
2017	220
2018	229
2019	239
Thereafter	<u>1,676</u>
	<u>\$ 4,286</u>

The interest expense related to the above long-term debt was \$230 (2013 - \$294).

The debentures were issued by The Regional Municipality of York in the name of the Town to fund the construction of a 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, 2014

(Dollar amounts presented in '000's)

11. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2014	2013
		Restated (note 2)
Non Financial Surpluses		
General revenue	\$ 5,356	\$ 8,771
Land listed for sale	9,500	9,273
Invested in tangible capital assets	395,727	378,381
Less: financed by long-term liabilities	(4,286)	(5,928)
Total non-financial surpluses	406,297	390,497
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability - Water Rate Funded	3,902	1,084
Infrastructure Sustainability - Tax Rate Funded	9,809	7,698
	13,711	8,782
Reserve funds, set aside for specific purposes by Council	5,282	3,860
Proceeds of sale of Aurora Hydro	35,588	34,787
Total reserves and reserve funds	54,581	47,429
Accumulated surplus	\$ 460,878	\$ 437,926

12. Net Taxation

	2014	2013
Total taxes levied by the Town	\$ 108,421	\$ 105,666
Less:		
Taxes levied on behalf of the Boards of Education	30,957	30,500
Taxes levied on behalf of the Region of York	42,215	41,447
	\$ 35,249	\$ 33,719

13. Grants Revenue

	2014	2013
Federal	\$ 2,068	\$ 248
Provincial	111	23
Other	314	249
	\$ 2,493	\$ 520

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

December 31, 2014

(Dollar amounts presented in '000's)

14. Other Revenue

	2014	2013
Penalties and interest on taxes	\$ 987	\$ 1,003
Fines	239	220
Licenses, permits and fees	3,313	2,205
Interest income	3,275	3,593
Other	1,862	789
	\$ 9,676	\$ 7,810

15. Pension Agreements

OMERS provides pension services to more than 451,115 active and retired members and their approximately 974 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, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 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 2014 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$1,841 (2013 - \$1,809) was contributed to OMERS for current year services.

16. Insurance Coverage

The Town is self-insured for insurance claims up to \$10 for any individual claim and for any number of claims arising out of a single occurrence.

Claim costs during the year amounted to \$69 (2013 - \$46).

The Town has made provisions for reserves for self-insurance claims under \$10 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. In 2013, the Insurance stand alone reserve was collapsed into the Town's general Tax Rate Stabilization Reserve; this reserve will be similarly accessible for this purpose. The balance of the Tax Rate Stabilization Reserve as of December 31, 2014 was \$2,691.

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

December 31, 2014

(Dollar amounts presented in '000's)

17. Contingencies

The Town is subject to various legal claims arising in the normal course of its operations. The ultimate outcome of these claims cannot be determined at this time; therefore, no amounts have been recorded in these financial statements. The Town's management believe that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

18. Contractual Obligations

The Town committed contractual obligations on major capital projects of approximately \$27,166 during 2014, 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 \$8,809 (2013 - \$8,227).

19. Subsequent Events

Subsequent to year end, the Town drew upon a pre-approved contractor's line of credit in the amount of \$4,710 in relation to its Joint Operations Centre construction.

In addition, subsequent to year end, the Town sold a parcel of land on June 1, 2015 for a sale price of \$522. This parcel of land had been listed for sale at December 31, 2014 and is disclosed in note 6.

20. Segment Information

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

Taxation Revenue

The Town's primary source of funding for its operations is achieved through property taxes levied against property owners.

Governance & Corporate Support

This functional segment includes The Mayor's office and Council, CAO Office, Legislative Services, Legal, Communication, Information Technology and Financial Services, and all other support services.

Fire & Emergency Services

Central York Fire Services provides fire and emergency services to the residents of Aurora and Newmarket. The cost the Town paid for these services is described in Note 18.

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

December 31, 2014

(Dollar amounts presented in '000's)

20. Segment Information (continued)

Building, Bylaw & Licensing Services

The Town issues a variety of licenses and permits. This segment ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. It enforces all zoning by-laws and the processing of building permit applications.

Roads & Related Services

This segment represents the reconstruction, repair, maintenance works and winter control services provided to the Town's roads, sidewalks, street lighting, walkways and bridges.

Environmental Services

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

Community Programs & Events

This segment represents the services that the Parks & Recreation Services Department provided through community programs and special events.

Parks & Facilities

This segment maintains numerous recreation facilities, as well as indoor community space for booking and community use. It also maintains parks and playgrounds, open spaces and a vast trail system.

Public Library Services

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

Planning & Development

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

21. Comparative Amounts

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

22. Tangible Capital Assets Under Construction

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$18,540 (2013 - \$8,069) 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, 2014

(Dollar amounts presented in '000's)

23. Tangible Capital Assets

	2014										Total
	General					Infrastructure					
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction		
Cost											
Balance, beginning of year (Note 2)	\$ 99,153	\$ 71,391	\$ 8,557	\$ 6,053	\$ 20,871	\$ 74,420	\$ 209,032	\$ 17,839	\$ 8,069	\$ 515,385	
Add: Additions during the year		1,655	769	656	152	539	1,058	-	14,923	19,752	
Add: Donations and transfers	-	489	9	-	414	6,797	4,906	366	(4,363)	8,618	
Less: Disposals during the year	-	(11)	(469)	(346)	(19)	-	(85)	-	(89)	(1,019)	
Balance, end of year	99,153	73,524	8,866	6,363	21,418	81,756	214,911	18,205	18,540	542,736	
Accumulated amortization											
Balance, beginning of year	-	27,745	4,055	3,695	7,467	27,415	54,407	12,220	-	137,004	
Add: Amortization during the year	-	2,141	667	647	743	2,487	3,575	647	-	10,907	
Less: Amortization on disposals	-	(11)	(446)	(347)	(13)	-	(85)	-	-	(902)	
Balance, end of year	-	29,875	4,276	3,995	8,197	29,902	57,897	12,867	-	147,009	
Net book value of tangible capital assets	\$ 99,153	\$ 43,649	\$ 4,590	\$ 2,368	\$ 13,221	\$ 51,854	\$ 157,014	\$ 5,338	\$ 18,540	\$ 395,727	

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

December 31, 2014

(Dollar amounts presented in '000's)

23. Tangible Capital Assets (continued)

	2013 Restated (note 2)										Total
	General			Infrastructure				Assets Under Construction			
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and Other Networks	Bridges and Other Structures			
Cost											
Balance, beginning of year	\$ 99,153	\$ 69,552	\$ 7,993	\$ 5,560	\$ 20,547	\$ 74,295	\$ 209,009	\$ 16,692	\$ 5,400	\$ 508,201	
Add: Additions during the year	-	1,761	1,012	777	256	77	-	160	3,851	7,894	
Add: Donations and transfers	-	127	-	-	68	723	716	987	(1,182)	1,439	
Less: Disposals during the year	-	(49)	(448)	(284)	-	(675)	(693)	-	-	(2,149)	
Balance, end of year	99,153	71,391	8,557	6,053	20,871	74,420	209,032	17,839	8,069	515,385	
Accumulated amortization											
Balance, beginning of year	-	25,729	3,856	3,372	6,757	25,651	51,492	11,624	-	128,481	
Add: Amortization during the year	-	2,063	648	607	710	2,366	3,534	596	-	10,524	
Less: Amortization on disposals	-	(47)	(449)	(284)	-	(602)	(619)	-	-	(2,001)	
Balance, end of year	-	27,745	4,055	3,695	7,467	27,415	54,407	12,220	-	137,004	
Net book value of tangible capital assets	\$ 99,153	\$ 43,646	\$ 4,502	\$ 2,358	\$ 13,404	\$ 47,005	\$ 154,625	\$ 5,619	\$ 8,069	\$ 378,381	

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

December 31, 2014

(Dollar amounts presented in '000's)

	2014										Consolidated	
	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		
Revenue	\$ 35,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,249
Taxation Revenue	-	519	-	334	3,886	20,172	2,426	7,637	481	3,067	-	38,572
User fees	-	-	-	-	1,643	256	67	482	45	-	-	2,493
Grants	-	(63)	-	-	-	-	-	-	-	-	-	(63)
Loss on disposal of tangible capital assets	-	8,618	-	-	-	-	-	-	-	-	-	8,618
Assumed infrastructure assets	-	4,675	-	2,544	101	357	199	734	47	791	-	9,676
Other	-	-	228	-	-	-	-	-	-	-	-	-
Total Revenue	35,249	13,749	228	2,878	5,630	20,785	2,692	8,853	573	3,858	3,858	94,495
Expenses	-	5,770	-	2,775	2,599	1,616	2,574	5,123	2,744	1,774	-	24,975
Salaries, wages and benefits	-	2,838	176	-	2,656	4,053	-	743	441	-	-	10,907
Amortization	-	459	1	33	1,235	562	110	1,957	102	6	6	4,465
Materials and supplies	-	2,746	8,548	719	1,732	13,945	928	1,582	218	136	-	30,554
Contracted services	-	-	-	-	-	-	-	230	-	-	-	230
Interest on long-term liabilities	-	265	-	-	15	-	-	117	15	-	-	412
Others	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	-	12,078	8,725	3,527	8,237	20,176	3,612	9,752	3,520	1,916	1,916	71,543
Annual Surplus (Deficit)	\$ 35,249	\$ 1,671	\$ (8,497)	\$ (649)	\$ (2,607)	\$ 609	\$ (920)	\$ (899)	\$ (2,947)	\$ 1,942	\$ 1,942	\$ 22,952

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

December 31, 2014

(Dollar amounts presented in '000's)

2013 Restated (note 2)

	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	\$ 33,719	\$ -	\$ -	\$ 943	\$ 1,974	\$ 14,989	\$ 2,255	\$ 5,340	\$ 328	\$ 940	\$ 33,719
Taxation	-	239	9	-	1,974	-	2,255	5,340	328	940	27,017
User fees	-	-	-	-	323	62	82	5	48	-	520
Grants	-	(96)	-	-	-	-	-	-	-	-	(96)
Loss on disposal of tangible capital assets	-	1,439	-	-	-	-	-	-	-	-	1,439
Assumed infrastructure assets	-	4,917	-	1,148	61	485	275	139	51	734	7,810
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	33,719	6,499	9	2,091	2,358	15,536	2,612	5,484	427	1,674	70,409
Expenses	-	5,701	-	2,426	2,487	1,564	2,624	5,126	2,613	1,709	24,250
Salaries, wages and benefits	-	2,739	164	-	2,535	3,962	-	706	418	-	10,524
Amortization	-	425	-	42	907	545	123	2,046	117	10	4,215
Materials and supplies	-	2,534	7,946	298	1,522	12,642	559	1,470	222	191	27,384
Contracted services	-	-	-	-	-	-	-	294	-	-	294
Interest on long-term liabilities	-	278	-	-	201	-	-	139	28	2	648
Other	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	-	11,677	8,110	2,766	7,652	18,713	3,306	9,781	3,398	1,912	67,315
Annual Surplus (Deficit)	\$ 33,719	\$ (5,178)	\$ (8,101)	\$ (675)	\$ (5,294)	\$ (3,177)	\$ (694)	\$ (4,297)	\$ (2,971)	\$ (238)	\$ 3,094