



**Finance  
Advisory Committee  
Meeting Agenda**

**Wednesday, May 22, 2019**

**5:30 p.m.**

**Holland Room  
Aurora Town Hall**

Public Release  
May 16, 2019



## **Town of Aurora Finance Advisory Committee Meeting Agenda**

**Date:** Wednesday, May 22, 2019

**Time and Location:** 5:30 p.m., Holland Room, Aurora Town Hall

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### **1. Approval of the Agenda**

**Recommended:**

That the agenda as circulated by Legislative Services be approved.

### **2. Declarations of Pecuniary Interest and General Nature Thereof**

### **3. Receipt of the Minutes**

**Finance Advisory Committee Meeting Minutes of April 30, 2019**

**Recommended:**

That the Finance Advisory Committee meeting minutes of April 30, 2019, be received for information.

### **4. Delegations**

### **5. Consideration of Items**

**1. Memorandum from Acting Director of Financial Services  
Re: Updated Draft Council Budget Principles and Processes Direction  
Documents**

**Recommended:**

1. That the memorandum regarding Updated Council Budget Principles and Processes Direction Documents be received; and
2. That the Finance Advisory Committee provide staff with direction in regards to the proposed updated Council Budget Principles and Processes documents.

**2. Review of Detailed Financial Budget Information  
Re: Aurora Public Library**

**Recommended:**

1. That the comments and suggestions of the Review of Detailed Financial Budget Information for Aurora Public Library be received and referred to staff for consideration and action as appropriate.

**3. Memorandum from Project Management Office  
Re: Town's Major Capital Projects Update**

**Recommended:**

1. That the memorandum regarding Town's Major Capital Projects Update be received for information.

**4. Distribution and Introduction of Detailed Financial Budget Information  
Re: Aurora Historical Society**

**Recommended:**

1. That the detailed financial budget information for Aurora Historical Society be received and deferred for discussion and detailed review at the June 26, 2019 meeting of the Finance Advisory Committee.

**6. New Business**

**7. Adjournment**



**Town of Aurora  
Finance Advisory Committee  
Meeting Minutes**

**Date:** Tuesday, April 30, 2019

**Time and Location:** 5:45 p.m., Holland Room, Aurora Town Hall

**Committee Members:** Councillor Michael Thompson (Chair), Councillor John Gallo, and Mayor Tom Mrakas

**Member(s) Absent:** None

**Other Attendees:** Councillor Rachel Gilliland, Doug Nadorozny, Chief Administrative Officer, Jason Gaertner, Acting Director of Financial Services/Treasurer, Karen Oreto, Financial Analyst, Tracy Evans, Financial Analyst, Budget, and Ishita Soneji, Council/Committee Coordinator

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The Chair called the meeting to order at 5:47 p.m.

**1. Approval of the Agenda**

**Moved by Councillor Gallo  
Seconded by Mayor Mrakas**

That the agenda as circulated by Legislative Services be approved.

**Carried**

**2. Declarations of Pecuniary Interest and General Nature Thereof**

There were no declarations of pecuniary interest under the *Municipal Conflict of Interest Act, R.S.O. 1990, c. M.50.*

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### **3. Receipt of the Minutes**

#### **Finance Advisory Committee Meeting Minutes of March 27, 2019**

**Moved by Mayor Mrakas**

**Seconded by Councillor Gallo**

That the Finance Advisory Committee meeting minutes of March 27, 2019, be received for information.

**Carried**

### **4. Delegations**

None

### **5. Consideration of Items**

#### **1. Memorandum from Project Management Office Re: Town's Major Capital Project Update**

Staff provided a status update on the major capital projects and noted the next steps. The Committee and staff discussed means of improving the standardized major project reporting structure. It was suggested that the reporting structure could include an overview of each project including the original scope, overall budget and expenditures of the project, and specific components could be explained further as necessary.

**Moved by Councillor Gallo**

**Seconded by Mayor Mrakas**

1. That the memorandum regarding Town's Major Capital Project Update be received for information.

**Carried**

#### **2. Memorandum from Acting Director of Financial Services Re: A Comparison of Select Municipal Multi-Year Budget Frameworks**

Staff provided an overview of the comparison study of various municipalities with multi-year budget frameworks and noted that the City of Waterloo's multi-

year budget framework would be the best example upon which to build the Town's framework.

The Committee inquired about the implementation and approval process should City of Waterloo's budget framework be considered. Staff noted that it would include two formal budget processes where Council would approve the budget for the first year of its term and receive an overview of the next three years and subsequently approve the remaining three-year budget in the second year of its term, with the condition that each future year budget is reconfirmed prior to each year commencing. It was suggested that further information on Waterloo's budget framework including its future year budget reconfirmation report, and York Region's budget reconfirming structure be provided to the Committee.

The Committee further inquired about the next steps, and staff noted that the proposed multi-year budget framework would be incorporated in the Council's budget principles and guidelines including details on requirements to mitigate inflation and be brought to the Committee for discussion prior to Council approval.

**Moved by Mayor Mrakas  
Seconded by Councillor Gallo**

1. That the memorandum regarding A Comparison of Select Municipal Multi-Year Budget Frameworks be received; and
2. That the Finance Advisory Committee suggests that the City of Waterloo budget framework be considered; and
3. That the multi-year budget framework be incorporated in the Council budget principles and be brought to the Finance Advisory Committee meeting of May 22, 2019 for discussion.

**Carried**

**3. Round Table Discussion  
Re: Draft 2020 Budget Milestones Review**

Staff provided a brief overview of the 2020 budget milestones and sought the Committee's input on the public stakeholder consultation meeting budget milestone. The Committee and staff discussed about means to improve public

engagement throughout the budget process. It was suggested that various feedback means be considered focusing on key priorities of the budget as identified by Council and that public consultation could be incorporated as part of another budget meeting.

**Moved by Councillor Gallo  
Seconded by Mayor Mrakas**

1. That the comments and suggestions regarding the Draft 2020 Budget Milestones Review be received and referred to staff for consideration and action as appropriate.

**Carried**

**4. Review of Finance Advisory Committee Updated Draft 2019 Work Plan**

Staff provided a brief overview of the updated work plan, and the Committee noted that the review of the recreation fee structure be included into the work plan.

**Moved by Mayor Mrakas  
Seconded by Councillor Gallo**

1. That That the Finance Advisory Committee Updated Draft 2019 Work Plan be received for information.

**Carried**

**5. Distribution and Introduction of Detailed Financial Budget Information  
Re: Aurora Public Library**

Staff noted that Bruce Gorman, CEO, Aurora Public Library would be present at the next meeting to review the detailed budget information for Aurora Public Library. The Committee sought additional information, including the most recent unaudited financial statements for the library, clarifications on the 2017 and 2018 surpluses identified, and an overview of the impacts of the recently announced Provincial funding cuts to the library.

**Moved by Councillor Gallo  
Seconded by Mayor Mrakas**



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1. That the detailed financial budget information for Aurora Public Library be received and deferred for discussion and detailed review at the May 22, 2019 meeting of the Finance Advisory Committee.

**Carried**

## **6. New Business**

None

## **7. Adjournment**

**Moved by Mayor Mrakas**

**Seconded by Councillor Gallo**

That the meeting be adjourned at 7:15 p.m.

**Carried**



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**Town of Aurora  
Financial Services**

## **Memorandum**

**Date:** May 22, 2019  
**To:** Finance Advisory Committee  
**From:** Jason Gaertner, A/Director, Financial Services  
**Re:** **Updated Draft Council Budget Principles and Process Direction Documents**

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### **Recommendation**

- 1. That the memorandum regarding the updated draft Council Budget Principles and Process documents be received; and**
- 2. That the Finance Advisory Committee provide staff with direction in regards to its proposed updated draft Council direction documents.**

### **Background**

At its March 27, 2019 meeting the Finance Advisory Committee (FAC) undertook a review of its current budget principles and process direction documents and agreed that both these documents remain sound, but proposed one minor modification to its budget principles. The proposed modification stemmed from an acknowledgement of the possibility that the inflation in a given budget year may reach thresholds that are not tolerable to Council; consequently, some flexibility in this regard should be woven into this document.

At its April 30, 2019 meeting the Finance Advisory Committee reviewed a staff memo that compared the multi year budget frameworks of a sample of different municipalities across Canada. At this meeting the FAC supported staff's recommendation that the Town implement a multi-year budgeting framework similar to the one presently being utilized by the City of Waterloo. The Finance Advisory Committee subsequently requested that staff proceed with an update of Council's budget principles and process documents in order to integrate the recommended multi-year budget framework.

Updated Draft Council Budget Principles and Process Documents  
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## **Analysis**

Staff have undertaken three key modifications to Council's Budget Principles and Direction documents to:

1. Introduce into these documents some flexibility for Council in instances where a given year's inflation exceeds a threshold of two percent;
2. Integrate the recommended multi-year budget framework;
3. Update some of the key components and process milestones relating to the Town's capital budget process.

### **Introduction of some flexibility for Council in instances where a given year's inflation exceeds a threshold of two percent**

In an effort to provide Council with some flexibility in instances where a given year's inflation rate exceeds its comfort level, Council's budget principles document's clause 16 has been update to include the following new requirement:

"Should a given fiscal year's inflation rate exceed two percent, staff will present Council with options for the mitigation of any inflation in excess of two percent for its consideration."

### **Integration of the recommended multi-year budget framework**

Staff have made multiple updates to both of Council's direction documents in order to integrate the recommended multi-year budget framework. The majority of the changes made relate to Council's Budget Process document. Some of the key changes include:

- The update of Council's annual operating budget review and approval to reflect a review and approval of a single budget and the receipt of 3 forecasted outlook years in the first year of Council's term. Then subsequently, in its second year the approval of a three year operating budget with each of its future year approved operating budgets being reconfirmed prior to their commencing; and
- The allowance for material adjustments at the time of re-confirmation of each future year budget; and
- The key budget process milestones updated accordingly.

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**Update to reflect the Town's current key capital components and process milestones**

Staff have made multiple updates to Council's Budget Process document in order to reflect the Town's current key capital components and process milestones principally being:

- The Town's newly approved Strategic Asset Management Policy, including its strong linkage to the Town's Asset Management Plan; as well as, the Ten Year Capital Investment Plan; and
- The approval of the Town's upcoming year's repair and replacement budget and receipt of the updated Ten Year Capital Investment Plan in July of each year.

**Attachments**

Attachment #1: Updated draft Council Budget Principles document

Attachment #2: Updated draft Council Budget Process document

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Attachment #1



## **Council Budget Principles**

The Council of the Town of Aurora is responsible for two key elements in carrying out their duties. Council must represent and advance the interests, needs and actively plan for the future, and serve the residents and businesses of the community of the Town of Aurora, while also responsibly managing a large municipal corporation, including its future, resources, assets, needs and interests. The funding raised and used by the corporation comes primarily from within the community, and must be used wisely, obtaining good value and cared for responsibly. Within the context of annual corporation budgets, Council is committed to remain engaged with the community and continually strengthen the municipal corporation's overall fiscal sustainability, balanced with the need for Aurora's property taxation levels and water rates to remain comparable and affordable within the context of the Greater Toronto Area.

In exercising its budget setting duties, Council should be mindful that the primary funding source is from taxpayers, and it is Council's duty to be responsible in this regard, making fiscally responsible decisions with respect to services offered, service levels offered, and other uses and application of the taxpayers' funding, being mindful of the long term and short term impacts to both the corporation and the taxpayer.

Council recognizes that there are many different external influences which have impacts to the Town's budgets, costs and services. The following items each cause tax increase pressures upon the budgets of the Town. Council is committed to address each of these issues in a manner which respects the taxpayer, the financial health of the municipal corporation and our staff serving Aurora:

- New and emerging legislative compliance requirements increasing demand on municipal resources and staffing
- Growth of the community, and the resultant volumetric increase in demand for services and facilities provided and available. Such costs are normally offset by growth in base revenues arising from the new residents and businesses.
- Community expectations for newer, evolving and additional services and facilities over and above today's existing service levels
- The need to develop the financial capacity to meet current and future capital infrastructure replacement needs to provide reasonable service levels in a sustainable manner. Infrastructure sustainability funding has historically been a low priority for municipal governments across the country. Aging and deteriorating infrastructure requiring urgent repair or replacement has now brought this issue to the forefront for all levels of government.

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- Economic pressures such as interest rate fluctuations and inflationary pressures
- Cost increases in some supply sectors which exceed inflation, such as electricity
- Pressures on wage and benefits costs, including collective agreements
- Service and supply contract renewals and existing committed multi-year contracts

Council recognises that during every budget debate, various perspectives and interests are represented and raised at the Council table. To assist in these prospective discussions, Council has reviewed and agreed on a consensus basis that the following principles will guide the development, review and approval processes of each budget for the Town. These Budget Principles will be reviewed by Council in the first year of each Council term, and at any other time as requested by Council.

The following principles will guide the preparation, review and evaluation for approvals of the Annual Operating, Capital and Utility budgets for the Town:

### **Open and Transparent Process**

1. The Town's Budget Process shall include opportunities for input from members of the public and community groups. All feedback, comments and suggestions received through solicitation tools such as email, website, surveys or others, will be conveyed to General Committee – Budget (Budget Committee) as they are received throughout the budget review process.
2. The Town's Budget Process should include a formalized system or survey for community input, as determined by the Finance Advisory Committee.
3. All meetings of the Budget Committee shall be open to the public, except those aspects which are permitted and appropriate to be held in closed session, such as but not limited to discussions regarding collective agreement negotiation provisions, personnel matters, or litigation.
4. Budget materials, presentations, disclosures and Budget Committee review processes shall be open and transparent. All materials will be prepared with the intended audience being a member of the general public where reasonable and practical. A specific section of the Town's website will contain all relevant budget materials, presentations, summaries and reports throughout the process, and updated to reflect the final approved budgets.
5. Council will undertake to complete the review and approval of operating budgets prior to the commencement of each the new budget year. For a budget in respect of the year following a municipal general election, the budget review process will begin early in the new budget year, as required by statute.

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6. In making comparisons to other municipalities in respect to processes, performance, service levels, cost, revenue rates or any other basis, the Town shall have regard to, at minimum, the following municipalities:
  - a. All other lower tier municipalities of York Region.
  - b. Municipalities in the Durham Region, Peel Region, and Region of Halton Hills which have populations within 30% of the Town's population.
  - c. York Region where applicable.
  - d. Ontario Municipal Benchmarking Initiative materials where applicable.

### **Budgets to be Fiscally Responsible**

7. The Town will prepare a traditional municipal balanced budget. Ontario Regulation 284/09 allows for exclusion from such budget certain accounting estimates such as amortization, and post-employment benefit liabilities. The impact of these excluded items will be presented separately as part of the budget submission as required of the Regulation.
8. The Town will not use or rely upon prior year operating surpluses to fund or balance the Operating Budget.
9. The Town will not rely on one-time or short-term temporary funding sources to fund or balance the Operating Budget, unless directly associated with corresponding temporary expenses for events or special purpose programs.
10. Council and staff will continually look to implement changes in technique, tools or approaches to delivering all services and functions which will reduce costs, or improve the efficiency or effectiveness of our work and programs. Where necessary, capital investments required to achieve such improvements will be prioritized.
11. The annual operating budget will not be impacted by year to year fluctuations of the actual capital budget approval. Rather a singular, stable and predictable funding transfer to Infrastructure Sustainability Reserves will be included.
12. Council is committed to adequately fund infrastructure repair, replacement and improvements through annually evaluating the future funding needs, and when indicated, increase annual contributions to infrastructure sustainability reserves. Such increases will be included in the Fiscal Strategy budget area. Additionally, the Town will ensure that its capital repair and replacement program remains in alignment with the approved asset management plan while attempting to replace assets at the optimal point in time to ensure the efficient and effective use of scarce capital funding as per the Ten Year Capital Investment Plan.
13. Council recognizes that budget decisions made in one year may impact future budget years. To ensure open and public awareness, the Town has adopted a multi-

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year budgeting framework where Council approves the first year's budget of its term and receives an accompanying forecast of the next three budgets. In the second year of its term, Council will approve a three year operating budget, including all related tax impacts. Using multi-year budgets and forecasts improves fiscal health and service delivery through:

- a. better coordination of budgeting and strategic priorities,
- b. greater certainty for departments in managing expenditures and service levels
- c. improved fiscal discipline of the organization
- d. streamlined budget reviews that focus on key changes in assumptions and the reasons driving such changes
- e. allowing staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets.
- f. reduces uncertainty about future year tax levies
- g. provides longer term outlook to outside organizations that rely upon the Town for a share of their funding, which enables them to plan and deliver their programs more effectively.

In addition, when considering a new capital investment, Council will also consider the anticipated incremental operating costs that the new investment will produce.

14. A separate Special Phasing Budget will be used to address significant permanent tax pressures. These pressures will be mitigated through a phase-in over multiple fiscal years, using tax stabilization reserves where necessary. Foreseen significant pressures, such as the operating costs for a facility under construction, will be phased-in in advance where possible. Unforeseen pressures will be phased-in as promptly as appropriate. Phasing of such tax pressures may result in tax rate increases which are in excess of inflation so as not to adversely impact the delivery of existing services and facilities. Where appropriate, growth revenues will be allocated toward new costs such as these.
15. In the event that previously established operating budget directives are sought to be reduced by Budget Committee or Council, a balanced approach will be used whereby roughly 50% of such amount will be through internal cost reductions which have minimal impact on service levels, with the remaining amount through new revenue streams, fee increases exceeding inflation, or definitive service or program reductions identified by Budget Committee.

### **Inflation is a Reality for both the community and the Corporation**

16. Council and our taxpayers recognize that annual tax increases approximating inflation are necessary to support the perpetuation of existing services, facilities and operations, while accommodating new growth in population and the demand for more of these same levels of services, facilities and operations such growth creates. For reference, Council will refer to the annual 12 month CPI index for the Toronto Area, as reported by Statistics Canada for the period June 1<sup>st</sup> to May 31<sup>st</sup>, ending in the year prior to the budget under review.



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Should the inflation rate for a given fiscal year exceed two percent, Staff will present Council with options for the mitigation of any inflation in excess of two percent for its consideration.

17. It is reasonable to expect that administrative support overhead type costs are necessary, and should remain in a consistent ratio to the cost of core front line services and operations. The growth of the community and demand for Town services affects both the core front line and administrative functions of the corporation.

### **The Town will Advance Priorities**

18. Council is committed to advancing the strategic priorities as set out in the Town's Strategic Plan, balanced with affordable and coordinated advancements of the goals and objectives set out in our various Master Plans, including but not limited to:
  - a. Strategy Plan
  - b. Communications Strategic Plan
  - c. Corporate Administrative Plan
  - d. Corporate Environmental Action Plan
  - e. Cultural Master Plan
  - f. Downtown Revitalization Plan
  - g. Economic Development Master Plan
  - h. Information Technology Strategic Plan
  - i. Long Range Asset Management and Investment Plan
  - j. Official Plan (community growth plan)
  - k. Parks Master Plan
  - l. Promenade Plan
  - m. Pursuit of Top 100 Employer status
  - n. Servicing Master Plan
  - o. Trails and Open Spaces Master Plan
  - p. Transportation Master Plan

It is recognized that it may not be financially possible to make advancement in all areas each year. Council will annually identify and prioritize such items during the annual budget review process.

19. Innovation, efficiencies, service excellence, maintaining public safety, and service level improvements come through the continuous learning and development of our staff. Training and development funding will be provided in the budget in the range of 1% to 3% (to be determined) of the Total Salaries and Benefits costs. In the first year of each term of Council, data from the comparator municipalities will be presented to confirm the Town's percentage allocation.

### **Historical Underfunding must be addressed**

20. A separate annual Fiscal Strategy budget is intended to:

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- a. Eliminate the infrastructure funding gap which arose from a long history of underfunding the costs of wear & tear on (consumption of) our infrastructure.
- b. Reduce reliance upon unsustainable revenue sources by the operating budget, such as supplementary tax and other development driven revenues.

The driver for the need for current tax increases in this regard is a historical underfunding of contributions to infrastructure reserves, and the provincially mandated new municipal asset management regulation. The impact of these factors is more pronounced as a Town's capital infrastructure ages. This situation is being experienced in virtually all municipalities across Canada, particularly by those municipalities such as Aurora who implemented long periods without increasing taxes. The "no tax increase" years actually made matters worse for each of these municipalities, as the core operations experience inflationary pressures every year, as does the cost of rehabilitation and replacement of infrastructure.

Current service levels of the base operating budget should not suffer due to the need to address this historical funding issue. Council is committed to increase property taxes in order to increase its contributions to reserves for funding necessary infrastructure rehabilitation and renewal. Both the Town's approved strategic asset management policy and asset management plan which outline asset service levels and the Town's strategy for meeting them; as well as the Town's Ten Year capital Investment Plan are reviewed and updated on a regular basis.

It is understood that the Fiscal Strategy budget will normally push the tax rate impact to the resident beyond inflation rates when combined with the Operating Budget.

21. Historically the Province has provided "tax room" to municipalities. Since 1998, the Province of Ontario has generally held education tax rates revenue neutral for existing properties each year, resulting in a decline of the portion of the property tax bill going toward education. Some of these reductions have been offset by increased regulatory compliance requirements which have directly or indirectly added costs to the municipalities. Overall, it needs to be recognized that due to the historical net zero tax increases for education taxes, the province annually opens "tax room" on the bill for municipalities to address funding pressures such as infrastructure and compliance costs. Council and the community need to recognize that to access this tax room, the local taxes need to increase by more than general inflationary levels. Failing to access this tax room in one year is difficult to recapture in future years.

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Attachment #2



## **Council Budget Review and Approval Process**

### **Operating Budget**

Council recognizes that budget decisions made in one year may impact future budget years. To ensure open and public awareness, the Town has adopted a multi-year budgeting framework where Council approves the first year's budget of its term and receives an accompanying forecast of the next three budgets. In the second year of its term, Council will approve a three year operating budget, including all related tax impacts.

Each year's presented budget will be built in accordance to any directives received from Council as well as the principals outlined in Council's budget principal's document. Through a multi-year budget methodology staff are able to more effectively plan multi-year programs, revenue streams and staffing. As per the Municipal Act Council will be required to re-confirm each future year approved budget. Any variations in future year approved budgets from what was originally approved by Council need to be fully explained at the time of re-confirmation.

Using multi-year budgets and forecasts improves fiscal health and service delivery through:

- better coordination of budgeting and strategic priorities,
- greater certainty for departments in managing expenditures and service levels
- improved fiscal discipline of the organization
- streamlined budget reviews that focus on key changes in assumptions and the reasons driving such changes
- allowing staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets.
- reduces uncertainty about future year tax levies
- provides longer term outlook to outside organizations that rely upon the Town for a share of their funding, which enables them to plan and deliver their programs more effectively.

It is important to note that the Budget Committee or Council are able to make adjustments to any future year approved budgets at the time re-confirmation. These adjustments may include, but are not limited to;

- a) Legislation changes
- b) Unplanned service level changes
- c) Unplanned incremental operating costs arising out of capital investments
- d) Material changes to the projected inflation rate
- e) Material changes to labour agreements

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f) Changes to assessment growth projections

All budget adjustments made to an operating budget subsequent to Council's original approval of the budget will be communicated to Council as part of each budget's re-confirmation report.

Identified required budget increase adjustments

Firstly, regardless of the materiality of an identified required budget increase adjustment, staff will strive to accommodate the adjustment within Council's previously approved operating budget for the year.

If any portion of an identified adjustment cannot be accommodated within the existing approved budget is material, the year's budget will be formally opened. Staff will consequently prepare a budget decision unit business case outlining the requested increase to the currently approved budget for Council's consideration. A material change is defined as any individual item that will have an impact of 1% on the property tax budget (or approximately \$460,000).

Otherwise, if the unaccommodated portion of an identified adjustment is not material it will be excluded from the budget or managed through a draw from the Town's rate stabilization reserve.

Identified required budget decrease adjustments

If an identified required budget decrease adjustment is material, the year's budget will be formally opened. Staff will consequently prepare a budget decision unit business case outlining the requested decrease to the previously approved budget for Council's consideration.

Otherwise, if an identified required budget decrease adjustment is deemed immaterial, an equivalent amount will be re-allocated within the currently approved budget to contingency budget. This contingency budget will form the first funding source for the accommodation of any arising required budget increase adjustments.

Year end operating budget variances

Should an annual operating budget conclude the fiscal year in a surplus position, any excess funds remaining will be allocated to the Town's reserve funds as per the Town's annual surplus control bylaw. Conversely, under this same bylaw should an operating budget conclude the fiscal year in a deficit position, it will be topped up from reserves accordingly.

Budget review and approval process

In conducting its operating budget review and approval process, the Budget Committee will consider the following components:

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- The overall tax levy funded operating budget, including the Building Services Budget
- Aurora Public Library Board funding request
- Aurora Cultural Centre Board funding request (as per performance agreement)
- Aurora Historical Society funding request (as per performance agreement)
- Central York Fire Services Budget (as recommended by Joint Council Committee)
- Annual Fiscal Strategy Budget
- Annual Special Phasing Budget
- Water, Wastewater and Storm Water rate funded Budgets

Once these budget components have been reviewed by Budget Committee, Committee will recommend adoption to Council. All meetings of the Budget Committee are open to the public.

Every operating budget will be supported at a minimum by the following:

- Comprehensive departmental business plans outlining successes achieved in the previous year as well as priorities and resource requirements for the upcoming fiscal year(s).
- A summary of key core, growth and other budget pressures that the draft budget is addressing.
- Budget decision unit items for any budget pressures that have not been addressed within the proposed / previously approved operating budget.
- Multi-year staffing plan

#### Budget Communications Strategy and Key Messages

Following recommendation for adoption of a single or multi-year operating budget, Budget Committee will discuss and provide direction to staff regarding key messages and budget highlights, including any specific statements or strategies to be included in media releases, website and other communications regarding the approval of the budget.

### **Capital Budget**

Every four years at the beginning of its term in office, Council will undertake a review and approval of the Town's Strategic Asset Management Policy and Asset Management Plan (AMP). The strategic asset management policy guides the development of the AMP; the AMP forms the foundational rationale upon which the Town's Ten Year Capital Investment Plan is built and maintained.

On an annual basis, in July, Council will undertake a review and approval of the Ten Year Capital Investment Plan prior to the budget year in question commencing. At this time Council will also review and approve the Town's upcoming year's repair and replacement capital plan. Council will review and approve the remaining components (Growth & New and Studies & Other) of the upcoming capital plan in October. This timing allows for the

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pricing advantage of early tendering, as well as allowing for the integration of the capital plan into the operational plans, capacities and requirements of the affected business units within the Operating Budget as applicable. Budget Committee will recommend adoption to Council. Funding allocations approved in the annual capital budget will be effective January 1 of the budget year, unless otherwise specifically approved by Council.

### **Rotating Annual Departmental Detailed Budget Reviews**

Separate from the Town's normal budget approval process, the Finance Advisory Committee (FAC) will undertake a detailed line by line review of the core operational budgets for each Town department or service partner on a rotating basis, with an intent of completing a review of all departments and service partners at least once by the end of Council's term in office. Any recommended material adjustments coming out of these reviews will be presented to Council for its consideration as a possible budget adjustment item to the following year's operating budget.

This rotating approach balances the need to review the details of each departmental budget with the expectation of efficient and effective use of Committee time commitment for the annual budget process. Detailed review of every department every year is not practical. The rotational approach allows for ongoing assurance by Council, new members to Council, and the general public that all areas of the budget have been reviewed in extensive detail within the last few years by a committee of Council, and that such reviews continue on a regular basis on a fixed schedule. This approach ensures that the Town's regular budget review of the overall corporate budget submission can remain at a higher level of consolidation, focusing on service levels, performance indicators and overall compliance with budget directives.

The rotation of detailed reviews will be as follows (calendar year of term):

Year 1	Aurora Public Library Aurora Historical Society Community Services
Year 2	Corporate Services Planning & Development Services Aurora Cultural Centre Finance & Corporate Accounts
Year 3	Operational Services Water, Wastewater & Storm Water CAO/ Administration
Year 4	None due to municipal election

The detailed review will include, but is not limited to:

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- the current approved operating budget, with provided expanded details;
- all related fees and rates charged;
- activities, services and service levels provided by the department;
- open capital projects and status
- the area's related content details within the Ten Year Capital Investment plan
- adequacy of staffing and funding to meet mandatory activities, services, commitments, and approved non-mandatory services, activities and programs and general expectations of Council;

## **Council Budget Review and Approval Process Flow**

### **Year 1**

#### **January to March**

- Council Review and Approval of Strategic Asset Management Policy, Asset Management Plan; receipt of Ten Year Capital Investment Plan and approval of single year capital budget.
- Council Review and Approval of single year operating budget, plus receipt of three outlook years for first year of term.

#### **June**

- Council budget direction to staff with regards to the next three years

#### **July**

- Receipt of next year's Ten Year Capital Investment Plan
- Approval of next year's Repair & Replacement Capital Plan

#### **January to September**

- Annual Finance Advisory Committee detailed departmental budget reviews (rotating)

#### **October to November**

- Approval of next year's Growth & New Capital Plan
- Approval of next year's Studies & Other Plan

#### **November to December**

- Receipt and approval of Year 2, Year 3 and Year 4 operating budgets

### **Years 2 to 3**

#### **July**

- Receipt of next year's Ten Year Capital Investment Plan
- Approval of next year's Repair & Replacement Capital Plan

Council  
June 18, 2019

**January to September**

- Annual Finance Advisory Committee detailed departmental budget reviews (rotating)

**October to November**

- Approval of next year's Growth & New Capital Plan
- Approval of next year's Studies & Other Plan

**November to December**

- Re-confirmation of next year's previously approved operating budget
  - Annual adjustment process



**TOWN OF AURORA (Line by Line Analysis - YTD Comparison)**  
**LIBRARY**

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2018 Approved Budget	2019 Approved Budget	2019 vs 2018 + / -	2019 vs 2018 + / -	2018 vs 2017 Actual + / -	2018 vs 2017 Actual + / -	Variance Explanation
<b>REVENUE:</b>										
3-1116 PROCTORING FEES	(224)	(500)	(553)	(350)	(350)	-	-	53	10.6%	
3-1202 GENERAL	(92)	-	-	-	-	-	-	-	-	
3-1206 DONATIONS	(294)	(1,491)	(69)	-	-	-	-	(1,422)	(95.4%)	
3-1300 RENTAL	-	-	(21,479)	(6,000)	(15,000)	9,000	150.0%	21,479	-	
3-1302 CONCESSION	-	-	-	-	(2,000)	2,000	-	-	-	
3-1305 MEMBERSHIP FEES	(1,470)	(645)	(360)	(180)	(300)	120	66.7%	(285)	(44.2%)	
3-1313 PROGRAM - ADULT	-	-	(224)	(100)	(1,000)	900	900.0%	224	-	
3-1314 PROGRAM - CHILDREN	(6,250)	(9,364)	(6,249)	(8,000)	(5,550)	(2,450)	(30.6%)	(3,115)	(33.3%)	
3-1401 INVESTMENT INCOME	(54)	(76)	(107)	(100)	(100)	-	-	31	40.8%	
3-1410 SERVICE CHARGES	(492)	(643)	(276)	(600)	(600)	-	-	(367)	(57.1%)	
3-1501 BOOK SALES	(6,688)	(5,298)	(6,359)	(6,200)	(7,000)	800	12.9%	1,061	20.0%	
3-1502 FINES	(41,204)	(39,329)	(42,023)	(42,000)	(42,000)	-	-	2,694	6.8%	
3-1503 LOST & DAMAGED FEES	(6,036)	(7,045)	(7,251)	(6,600)	(7,000)	400	6.1%	206	2.9%	
3-1505 PRINTING FEES	(11,984)	(13,175)	(14,219)	(12,000)	(12,000)	-	-	1,044	7.9%	
3-1508 PILOT PROJECT	(250)	(217)	(235)	(300)	(300)	-	-	18	8.3%	
3-1802 PROVINCIAL OPERATING GRANT	(44,140)	(44,138)	(44,138)	(44,140)	(44,140)	-	-	-	-	
3-1803 OTHER GRANTS	(13,926)	(7,122)	(1,284)	(1,285)	(1,285)	-	-	(5,838)	(82.0%)	
3-1901 CONTRIBUTION FROM DISCRETIONARY RESERVES	(8,254)	(15,362)	-	-	-	-	-	(15,362)	(100.0%)	
<b>Total Revenue</b>	<b>(141,358)</b>	<b>(144,405)</b>	<b>(144,826)</b>	<b>(127,855)</b>	<b>(138,625)</b>	<b>10,770</b>	<b>8.4%</b>	<b>421</b>	<b>0.3%</b>	
<b>EXPENSE:</b>										
4-2000 SALARIES - F/T	1,988,135	1,893,224	1,709,262	2,078,667	1,936,598	(142,069)	(6.8%)	(183,962)	(9.7%)	
4-2001 SALARIES - O/T	13,830	12,841	12,198	-	-	-	-	(643)	(5.0%)	
4-2002 SALARIES - P/T	254,525	402,647	472,413	423,778	513,557	89,779	21.2%	69,766	17.3%	contract staff to fill vacancies and conversion of 1 full-time position to 2 part-time staff
4-2003 VACATION PAY	7,562	-	-	-	-	-	-	-	-	
4-2004 SICK PAY	722	-	-	-	-	-	-	-	-	
4-2090 YEAR END ACCRUALS	12,541	(10,457)	9,481	-	-	-	-	19,938	190.7%	
4-2100 BENEFITS - OMERS	216,995	207,608	194,999	-	-	-	-	(12,609)	(6.1%)	
4-2101 BENEFITS - EHT	43,988	45,324	42,540	-	-	-	-	(2,784)	(6.1%)	
4-2102 BENEFITS - WSIB	7,685	7,827	7,826	-	-	-	-	(1)	(0.0%)	
4-2103 BENEFITS - CPP	81,496	84,265	82,877	-	-	-	-	(1,388)	(1.6%)	
4-2104 BENEFITS - EI	45,685	41,238	41,246	-	-	-	-	8	0.0%	
4-2105 BENEFITS - DENTAL	43,151	50,781	47,658	-	-	-	-	(3,123)	(6.1%)	
4-2106 BENEFITS - HEALTH	74,221	75,491	73,619	-	-	-	-	(1,872)	(2.5%)	
4-2107 BENEFITS - LTD/ADD	30,867	29,773	31,653	-	-	-	-	1,880	6.3%	
4-2108 BENEFITS - OTHER	1,262	24,598	9,469	-	-	-	-	(15,129)	(61.5%)	
4-2109 BENEFITS - ALLOCATED	-	-	-	625,050	621,810	(3,240)	(0.5%)	-	-	
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>2,822,665</b>	<b>2,865,160</b>	<b>2,735,241</b>	<b>3,127,495</b>	<b>3,071,965</b>	<b>(55,530)</b>	<b>(1.8%)</b>	<b>(129,919)</b>	<b>(4.5%)</b>	
4-3000 PURCHASE CARD CLEARING	-	-	8	-	-	-	-	8	-	
4-4000 OFFICE SUPPLIES	4,023	4,654	4,373	4,000	5,000	1,000	25.0%	(281)	(6.0%)	
4-4002 RECEPTIONS	3,485	5,170	5,411	5,730	5,730	-	-	241	4.7%	
4-4007 COMPUTER SUPPLIES	2,057	4,511	7,137	8,200	8,200	-	-	2,626	58.2%	
4-4029 COLLECTION - ADULT- AUDIOVISUAL	39,525	48,289	-	-	-	-	-	(48,289)	(100.0%)	moved to new account collections digital 4066

	2016 Full Year Actuals	2017 Full Year Actuals	2018 Full Year Actuals	2018 Approved Budget	2019 Approved Budget	2019 vs 2018 + / -	2019 vs 2018 + / -	2018 vs 2017 Actual + / -	2018 vs 2017 Actual + / -	Variance Explanation
4-4030 COLLECTION - ADULT- ELECTRONIC RESOURCES	51,367	64,685	-	-	-	-	-	(64,685)	(100.0%)	moved to new account collections digital 4066
4-4031 COLLECTION - ADULT- PERIODICALS	16,194	11,998	-	-	-	-	-	(11,998)	(100.0%)	
4-4032 COLLECTION - ADULT- PRINT	115,551	127,104	-	-	-	-	-	(127,104)	(100.0%)	moved to new account collections physical 4068
4-4033 COLLECTION - ADULT- SERIALS	19,145	14,694	-	-	-	-	-	(14,694)	(100.0%)	
4-4034 COLLECTION - JUVENILE - AUDIOVISUAL	15,294	17,185	-	-	-	-	-	(17,185)	(100.0%)	
4-4035 COLLECTION - JUVENILE- ELECTRONIC RESOUR	8,139	9,469	-	-	-	-	-	(9,469)	(100.0%)	
4-4036 COLLECTION - JUVENILE- PERIODICALS	2,838	2,268	-	-	-	-	-	(2,268)	(100.0%)	
4-4037 COLLECTION - JUVENILE- PRINT	74,403	80,792	-	-	-	-	-	(80,792)	(100.0%)	moved to new account collections physical 4068
4-4039 PROCESSING SUPPLIES	30,771	48,180	21,959	25,400	25,000	(400)	(1.6%)	(26,221)	(54.4%)	in preparation of the renovation less physical items being placed into the collection
4-4040 BUILDING SUPPLIES	473	915	109	500	-	(500)	(100.0%)	(806)	(88.1%)	
4-4041 EQUIPMENT & FURNISHINGS	3,469	966	873	3,000	2,000	(1,000)	(33.3%)	(93)	(9.6%)	
4-4042 PHOTOCOPIER SUPPLIES	167	-	-	-	-	-	-	-	-	
4-4043 CONTINGENCY	2,364	1,356	5,718	3,000	3,000	-	-	4,362	321.7%	
4-4061 2010 DVD COLLECTIONS	3,000	-	-	-	-	-	-	-	-	
4-4066 COLLECTIONS-DIGITAL	-	-	167,367	80,000	115,000	35,000	43.8%	167,367	-	
4-4067 COLLECTIONS-PERIODICALS	-	-	23,131	14,500	15,000	500	3.4%	23,131	-	
4-4068 COLLECTIONS-PHYSICAL	-	-	188,284	230,500	220,000	(10,500)	(4.6%)	188,284	-	
4-5002 HEALTH & SAFETY PROGRAM	502	2,237	4,304	2,500	2,500	-	-	2,067	92.4%	
4-5018 TELEPHONE LINES	12,146	14,988	15,544	15,000	17,000	2,000	13.3%	556	3.7%	
4-5023 INTERNET LINE	-	-	20,094	20,000	21,000	1,000	5.0%	20,094	-	
4-5026 COURSES & SEMINARS	12,296	18,876	17,702	17,000	17,000	-	-	(1,174)	(6.2%)	
4-5028 MEMBERSHIPS	975	6,988	3,739	4,500	4,000	(500)	(11.1%)	(3,249)	(46.5%)	
4-5029 MILEAGE	3,223	2,805	2,003	4,000	3,500	(500)	(12.5%)	(802)	(28.6%)	
4-5033 EQUIPMENT REPAIRS	1,115	1,312	1,000	7,200	7,200	-	-	(312)	(23.8%)	
4-5034 EQUIPMENT RENTALS	9,957	18,055	16,111	18,000	19,500	1,500	8.3%	(1,944)	(10.8%)	
4-5042 ADVERTISING	2,500	973	949	1,000	1,000	-	-	(24)	(2.5%)	
4-5043 CONSULTING	1,747	3,915	26,623	8,000	8,000	-	-	22,708	580.0%	one time HR consulting fee related to hiring new CEO
4-5044 POSTAGE	6,144	(14)	3,201	3,000	2,000	(1,000)	(33.3%)	3,215	22,964.3%	
4-5046 PRINTING	16,698	11,856	12,321	17,130	16,130	(1,000)	(5.8%)	465	3.9%	
4-5048 AUDIT FEES	4,995	5,043	3,271	5,200	5,000	(200)	(3.8%)	(1,772)	(35.1%)	
4-5053 GENERAL LEGAL	21,263	801	-	2,500	2,500	-	-	(801)	(100.0%)	
4-5060 COST RECOVERY	129	594	133	-	-	-	-	(461)	(77.6%)	
4-5061 SOFTWARE ANNUAL MTCE SUPPORT	120,085	120,137	102,180	96,800	131,800	35,000	36.2%	(17,957)	(14.9%)	
4-5070 PROGRAMS - ADULT	1,271	1,201	2,614	2,500	3,500	1,000	40.0%	1,413	117.7%	
4-5071 PROGRAMS - YOUTH	14,723	13,936	13,539	15,100	17,500	2,400	15.9%	(397)	(2.8%)	
4-5072 CATALOGUING SERVICES	57,106	40,575	43,009	66,000	66,000	-	-	2,434	6.0%	
4-5073 BOARD TRAINING & DEVELOPMENT	183	-	448	1,000	1,000	-	-	448	-	
4-5074 PUBLIC RELATIONS	7,661	8,931	8,675	8,000	8,000	-	-	(256)	(2.9%)	
4-5078 ORGANIZATIONAL DEVELOPMENT	2,098	24,779	-	20,000	20,000	-	-	(24,779)	(100.0%)	no CEO business plan initiatives for 2018
4-5090 COURIER	-	3,399	3,929	3,000	5,500	2,500	83.3%	530	15.6%	
4-5097 MAINTENANCE CONTRACTS	1,154	1,111	932	1,200	1,200	-	-	(179)	(16.1%)	
4-8003 CONTRIBUTIONS TO DISCRETIONARY RESERVES	277,368	302,211	525,991	130,000	130,000	-	-	223,780	74.0%	Board motion July 25/19 (18.07.75) to use operating surplus to fund the Library Interior
<b>TOTAL OTHER EXPENSES</b>	967,604	1,046,945	1,252,682	843,460	909,760	66,300	7.9%	205,737	19.7%	
<b>TOTAL EXPENSES</b>	3,790,269	3,912,105	3,987,923	3,970,955	3,981,725	10,770	0.3%	75,818	1.9%	
<b>NET BUDGET</b>	3,648,911	3,767,700	3,843,097	3,843,100	3,843,100	-	-	75,397	2.0%	

Aurora Public Library Board  
Financial Statements  
For the year ended December 31, 2017

**Aurora Public Library Board  
Financial Statements  
For the year ended December 31, 2017**

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Suite 300  
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## Independent Auditor's Report

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To the Members of the Aurora Public Library Board:

We have audited the accompanying financial statements of the Aurora Public Library Board which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Aurora Public Library Board derives revenue from fines and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fines, and donations, annual surplus, financial assets and accumulated surplus.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of the Aurora Public Library Board as at December 31, 2017, and the results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Barrie, Ontario  
June 20, 2018

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**Aurora Public Library Board  
Statement of Financial Position**

<u>December 31</u>	<u>2017</u>	<u>2016</u>
<b>Financial assets</b>		
Cash	\$ 12,710	\$ 10,532
Receivable from the Corporation of the Town of Aurora (note 2)	1,691,205	1,555,949
Other receivables	11	1,357
	<u>1,703,926</u>	<u>1,567,838</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	25,213	184,022
Employee benefits liabilities (note 4)	50,300	34,938
	<u>75,513</u>	<u>218,960</u>
<b>Net financial assets</b>	<u>1,628,413</u>	<u>1,348,878</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	<u>1,650,803</u>	<u>1,693,928</u>
<b>Accumulated surplus (note 6)</b>	<u>\$ 3,279,216</u>	<u>\$ 3,042,806</u>

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On behalf of the Board

Nancy Melis Brown Aurora Public Library Board Chair

Jill Foster Chief Executive Officer



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**Aurora Public Library Board  
Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2017	2017	2016
	(note 7)		
<b>Revenue</b>			
Town of Aurora funding	\$ 3,867,700	\$ 3,847,700	\$ 3,719,000
Provincial operating grants	45,425	51,260	58,066
Grants and other	-	3,000	3,000
Fines and user fees	66,875	70,700	67,660
Interest and other	6,000	12,908	12,268
	<u>3,986,000</u>	<u>3,985,568</u>	<u>3,859,994</u>
<b>Expenses</b>			
Salaries and employee benefits	3,055,750	2,865,160	2,822,665
Services and rent	173,630	167,656	178,306
Materials and supplies	197,044	247,501	135,176
Amortization	468,841	468,841	462,363
	<u>3,895,265</u>	<u>3,749,158</u>	<u>3,598,510</u>
Annual surplus	90,735	236,410	261,484
Accumulated surplus, beginning of year		<u>3,042,806</u>	2,781,322
Accumulated surplus, end of year		<u>\$ 3,279,216</u>	<u>\$ 3,042,806</u>

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**Aurora Public Library Board**  
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2017 (note 7)	2017	2016
Annual surplus	\$ 90,735	\$ 236,410	\$ 261,484
Amortization of tangible capital assets	468,841	468,841	462,363
Acquisition of tangible capital assets	(425,716)	(425,716)	(480,455)
Change in net financial assets	133,860	279,535	243,392
Net financial assets, beginning of year	1,348,878	1,348,878	1,105,486
Net financial assets, end of year	\$ 1,482,738	\$ 1,628,413	\$ 1,348,878



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**Aurora Public Library Board  
Statement of Cash Flows**

<u>For the year ended December 31</u>	<u>2017</u>	<u>2016</u>
<b>Operating transactions</b>		
Annual surplus	\$ 236,410	\$ 261,484
Non-cash charges to operations:		
Amortization	468,841	462,363
Changes in non-cash operating working capital:		
Receivable from the Corporation of the Town of Aurora	(135,256)	(321,340)
Other receivables	1,346	(1)
Accounts payable and accrued liabilities	(158,809)	87,216
Employee benefits liabilities	15,362	(5,718)
<b>Total Operating Transactions</b>	<u>427,894</u>	<u>484,004</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(425,716)</u>	<u>(480,455)</u>
<b>Financing transactions</b>		
Principal repayment on long-term liabilities	<u>-</u>	<u>(2,781)</u>
<b>Increase in cash</b>	<b>2,178</b>	<b>768</b>
<b>Cash, beginning of year</b>	<u>10,532</u>	<u>9,764</u>
<b>Cash, end of year</b>	<u>\$ 12,710</u>	<u>\$ 10,532</u>

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**Aurora Public Library Board  
Notes to the Financial Statements**

**December 31, 2017**

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**1. Summary of Significant Accounting Policies**

**Management's Responsibility**

The financial statements of the Aurora Public Library Board (the "Board") 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. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. Its primary role is to provide library services to the general public.

**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.

**Revenue Recognition**

Revenues are recognized as follows:

- a) Municipal contributions are recognized in the period to which the related expenses are incurred.
- b) Development charges are recognized over the period of services or when required expenses occur if applicable.
- 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) Fine and user fee revenue is recognized in the period in which it is collected.
- e) Interest and other income is recognized in the period it is earned.

**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 employee 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.

**Government Transfers**

Government transfers are recognized in the 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.

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**Aurora Public Library Board  
Notes to the Financial Statements**

**December 31, 2017**

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**1. Summary of Significant Accounting Policies (continued)**

**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. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

Library collection	7 years
Equipment	4 - 10 years
Furniture	10 - 20 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 Board accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Board 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.

**Pension agreements**

The Board 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 employers and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Accordingly, contributions made during the year are expensed.



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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2017

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**2. Receivable from the Corporation of the Town of Aurora**

At the end of the year, the amount due from the Corporation of the Town of Aurora ("the Town") is as follows:

	<u>2017</u>	<u>2016</u>
Receivable from the Town	<u>\$ 1,691,205</u>	<u>\$ 1,555,949</u>

The amount receivable from the Town is non-interest bearing and has no fixed terms of repayment. This balance is short-term in nature, reflecting inter-fund balances. For the most part, this balance represents reserves (except Development Charges), accrued liabilities and payables net of cash balance.

Additionally, the Town provides the facilities, including utilities and maintenance for the Board's operations for \$NIL consideration.

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**3. Pension Agreements**

OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the APL Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the APL Board to OMERS in 2017 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$207,608 (2016 - \$216,995) was contributed to OMERS for current year services.

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2017

**4. Employee Benefits Liabilities**

	<u>2017</u>	<u>2016</u>
Post-employment benefits - accrued obligation	\$ 46,300	\$ 38,916
Accrued sick leave	4,000	(3,978)
	<u>\$ 50,300</u>	<u>\$ 34,938</u>

**Post-employment benefits**

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on long-term disability. The Board recognized these post-employment costs as they are earned during the employee's tenure of service.

	<u>2017</u>	<u>2016</u>
Post-employment benefits accrued obligation, beginning of year	\$ 39,917	\$ 46,604
Add: Benefit expense	14,700	4,475
Interest cost	3,700	2,007
Actuarial Losses	61,783	-
Less: Benefits paid for the period	<u>(10,300)</u>	<u>(13,169)</u>
Post-employment benefits accrued obligation, end of year	<u>109,800</u>	<u>39,917</u>
Unamortized actuarial losses	<u>(59,500)</u>	<u>(4,979)</u>
Post-employment benefits - accrued benefit liabilities	<u>\$ 50,300</u>	<u>\$ 34,938</u>

The accrued benefit obligations for the Board's post-employment benefits liability as at December 31, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017 with projections to December 31, 2019. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

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

The amount of benefits paid during the year was \$12,381 (2016 - \$9,526).

**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2017

5. Tangible Capital Assets

	2017			
	Library Collection	Equipment	Furniture	Total
<b>Cost</b>				
Balance, beginning of year	\$3,003,976	\$ 624,806	\$ 741,206	\$ 4,369,988
Add: Additions during the year	412,623	12,468	625	425,716
Less: Disposals during the year	(364,915)	(14,869)	-	(379,784)
Balance, end of year	<u>3,051,684</u>	<u>622,405</u>	<u>741,831</u>	<u>4,415,920</u>
<b>Accumulated amortization</b>				
Balance, beginning of year	1,645,351	477,762	552,947	2,676,060
Add: Amortization during the year	380,675	49,558	38,608	468,841
Less: Disposals during the year	(364,915)	(14,869)	-	(379,784)
Balance, end of year	<u>1,661,111</u>	<u>512,451</u>	<u>591,555</u>	<u>2,765,117</u>
Net book value	<u>\$1,390,573</u>	<u>\$ 109,954</u>	<u>\$ 150,276</u>	<u>\$ 1,650,803</u>

	2016			
	Library Collection	Equipment	Furniture	Total
<b>Cost</b>				
Balance, beginning of year	\$ 2,881,699	\$ 602,957	\$ 739,559	\$ 4,224,215
Add: Additions during the year	432,323	46,485	1,647	480,455
Less: Disposals during the year	(310,046)	(24,636)	-	(334,682)
Balance, end of year	<u>3,003,976</u>	<u>624,806</u>	<u>741,206</u>	<u>4,369,988</u>
<b>Accumulated amortization</b>				
Balance, beginning of year	1,583,203	450,723	514,453	2,548,379
Add: Amortization during the year	372,194	51,675	38,494	462,363
Less: Amortization on disposals	(310,046)	(24,636)	-	(334,682)
Balance, end of year	<u>1,645,351</u>	<u>477,762</u>	<u>552,947</u>	<u>2,676,060</u>
Net book value	<u>\$ 1,358,625</u>	<u>\$ 147,044</u>	<u>\$ 188,259</u>	<u>\$ 1,693,928</u>



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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2017

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**6. Accumulated Surplus**

Accumulated surplus is comprised of the following:

	2017	2016
<b>Surpluses</b>		
General revenue	\$ 5,618	\$ 5,618
Invested in tangible capital assets	1,650,803	1,693,928
Less: employee benefit liabilities	(50,300)	(34,938)
<b>Total surpluses</b>	<b>1,606,121</b>	<b>1,664,608</b>
<b>Reserves</b>		
General capital reserve	1,643,233	1,351,616
Aurora Public Library Board Donation and Bequest Reserve	29,862	26,582
<b>Total reserves</b>	<b>1,673,095</b>	<b>1,378,198</b>
<b>Accumulated surplus</b>	<b>\$ 3,279,216</b>	<b>\$ 3,042,806</b>

**Invested in tangible capital assets**

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

**General Capital Reserve**

The Town Council has approved the setting aside of any of the Board's operating surplus in a year to a general library capital reserve for future capital projects.

**Aurora Public Library Board Donation and Bequest Reserve**

The Board has approved a reserve named "The Aurora Public Library Board Donation and Bequest Reserve" ("ALB Donation & Bequest") for future specified/significant donations and bequests received to support special programs or initiatives outside of the annual operating budget. Funds are transferred from the reserve for approved expenditures. If such funds are not fully expended in the approval year, they are held as Unexpended Funds.

**DC Reserve Fund - Library Service**

The Town levies, collects and holds development charges, a component of which is specifically to fund expansion of library services to accommodate growth. Allocations from these funds are approved by the Library Board as part of the annual budget process. Currently, the Town holds \$3,851,683 (2016 - \$3,818,144) of the Library Service related development charges in their segregated development charges accounts. This reserve fund is not reflected in these financial statements.

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2017

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**7. Budget Reconciliation**

The Budget for 2017 adopted by the Board on October 19, 2016 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2017 budget adopted by the Board with adjustments as follows:

	Revenue	Expense	Net
Approved net operating funding from the Town of Aurora	\$ 3,767,700	\$ 3,767,700	\$ -
Budgeted grant, fines and user fees	118,300	118,300	-
<b>Total Board approved budget</b>	<b>\$ 3,886,000</b>	<b>\$ 3,886,000</b>	<b>\$ -</b>
<b>Less:</b> capitalized to TCA from operating accounts	-	(332,623)	332,623
transfers to/from other funds	-	(130,000)	130,000
<b>Plus:</b> 2017 Non-TCA capital projects' costs	-	3,047	(3,047)
DC funding from the Town of Aurora	100,000	-	100,000
amortization expense	-	468,841	(468,841)
<b>Adjusted budget per the statement of operations</b>	<b>\$ 3,986,000</b>	<b>\$ 3,895,265</b>	<b>\$ 90,735</b>



Aurora Public Library Board  
Financial Statements  
For the year ended December 31, 2018

**Aurora Public Library Board  
Financial Statements  
For the year ended December 31, 2018**

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**Aurora Public Library Board  
Statement of Financial Position**

<u>December 31</u>	<u>2018</u>	<u>2017</u>
<b>Financial assets</b>		
Cash	\$ 5,428	\$ 12,710
Receivable from the Corporation of the Town of Aurora (note 2)	2,080,892	1,691,205
Other receivables	9	11
	<u>2,086,329</u>	<u>1,703,926</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	677,255	25,213
Employee benefits liabilities (note 4)	66,200	50,300
	<u>743,455</u>	<u>75,513</u>
<b>Net financial assets</b>	<u>1,342,874</u>	<u>1,628,413</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	<u>2,259,669</u>	<u>1,650,803</u>
<b>Accumulated surplus (note 6)</b>	<u>\$ 3,602,543</u>	<u>\$ 3,279,216</u>

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On behalf of the Board

\_\_\_\_\_ Aurora Public Library Board Chair

\_\_\_\_\_ Chief Executive Officer

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**Aurora Public Library Board  
Statement of Operations and Accumulated Surplus**

For the year ended December 31	Budget 2018 (note 7)	2018	2017
<b>Revenue</b>			
Town of Aurora funding	\$ 3,943,100	\$ 3,843,100	\$ 3,847,700
Provincial operating grants	45,425	45,422	51,260
Grants and other	-	6,026	3,000
Fines and user fees	69,830	71,154	70,700
Interest and other	12,600	42,240	12,908
	4,070,955	4,007,942	3,985,568
<b>Expenses</b>			
Salaries and employee benefits	3,127,495	2,751,141	2,865,160
Services and rent	248,430	178,091	167,656
Materials and supplies	306,644	295,217	247,501
Amortization	460,166	460,166	468,841
	4,142,735	3,684,615	3,749,158
<b>Annual surplus (deficit)</b>	(71,780)	323,327	236,410
<b>Accumulated surplus, beginning of year</b>		3,279,216	3,042,806
<b>Accumulated surplus, end of year</b>		\$ 3,602,543	\$ 3,279,216

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**Aurora Public Library Board**  
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2018 (note 7)	2018	2017
Annual surplus (deficit)	\$ (71,780)	\$ 323,327	\$ 236,410
Amortization of tangible capital assets	460,166	460,166	468,841
Acquisition of tangible capital assets	(1,069,032)	(1,069,032)	(425,716)
Change in net financial assets	(680,646)	(285,539)	279,535
Net financial assets, beginning of year	1,628,413	1,628,413	1,348,878
Net financial assets, end of year	\$ 947,767	\$ 1,342,874	\$ 1,628,413

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**Aurora Public Library Board  
Statement of Cash Flows**

For the year ended December 31	2018	2017
<b>Operating transactions</b>		
Annual surplus	\$ 323,327	\$ 236,410
Non-cash charges to operations:		
Amortization	460,166	468,841
Changes in non-cash operating working capital:		
Receivable from the Corporation of the Town of Aurora	(389,687)	(135,256)
Other receivables	2	1,346
Accounts payable and accrued liabilities	652,042	(158,809)
Employee benefits liabilities	15,900	15,362
<b>Total Operating Transactions</b>	<b>1,061,750</b>	<b>427,894</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,069,032)	(425,716)
<b>Financing transactions</b>		
Principal repayment on long-term liabilities	-	-
<b>Increase in cash</b>	<b>(7,282)</b>	<b>2,178</b>
Cash, beginning of year	12,710	10,532
Cash, end of year	\$ 5,428	\$ 12,710

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

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**1. Summary of Significant Accounting Policies**

**Management's Responsibility**

The financial statements of the Aurora Public Library Board (the "Board") 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. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. Its primary role is to provide library services to the general public.

**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.

**Revenue Recognition**

Revenues are recognized as follows:

- a) Municipal contributions are recognized in the period to which the related expenses are incurred.
- b) Development charges are recognized over the period of services or when required expenses occur if applicable.
- 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) Fine and user fee revenue is recognized in the period in which it is collected.
- e) Interest and other income is recognized in the period it is earned.

**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 employee 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.

**Government Transfers**

Government transfers are recognized in the 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.

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

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**1. Summary of Significant Accounting Policies (continued)**

**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. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

Library collection	7 years
Equipment	4 - 10 years
Furniture	10 - 20 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 Board accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Board has adopted the following valuation methods and assumptions:

- a) Actuarial cost method:  
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.
- b) Accounting policies:  
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSLS") (expected remaining payment period in respect of the retiring allowance) of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

**Pension agreements**

The Board 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 employers and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Accordingly, contributions made during the year are expensed.



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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

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**2. Receivable from the Corporation of the Town of Aurora**

At the end of the year, the amount due from the Corporation of the Town of Aurora ("the Town") is as follows:

	<u>2018</u>	<u>2017</u>
Receivable from the Town	<u>\$ 2,080,892</u>	<u>\$ 1,691,205</u>

The amount receivable from the Town is non-interest bearing and has no fixed terms of repayment. This balance is short-term in nature, reflecting inter-fund balances. For the most part, this balance represents reserves (except Development Charges), accrued liabilities and payables net of cash balance.

Additionally, the Town provides the facilities, including utilities and maintenance for the Board's operations for \$NIL consideration.

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**3. Pension Agreements**

OMERS provides pension services to almost 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the APL Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the APL Board to OMERS in 2018 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$194,999 (2017 - \$207,608) was contributed to OMERS for current year services.

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

4. Employee Benefits Liabilities

	<u>2018</u>	<u>2017</u>
Post-employment benefits - accrued obligation	\$ 53,700	\$ 46,300
Accrued sick leave	12,500	4,000
	<u>\$ 66,200</u>	<u>\$ 50,300</u>

Post-employment benefits

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on long-term disability. The Board recognized these post-employment costs as they are earned during the employee's tenure of service.

	<u>2018</u>	<u>2017</u>
Post-employment benefits accrued obligation, beginning of year	\$ 109,800	\$ 39,917
Add: Benefit expense	15,200	14,700
Interest cost	4,100	3,700
Actuarial Losses	-	61,783
Less: Benefits paid for the period	<u>(10,700)</u>	<u>(10,300)</u>
Post-employment benefits accrued obligation, end of year	<u>118,400</u>	<u>109,800</u>
Unamortized actuarial losses	<u>(52,200)</u>	<u>(59,500)</u>
Post-employment benefits - accrued benefit liabilities	<u>\$ 66,200</u>	<u>\$ 50,300</u>

The accrued benefit obligations for the Board's post-employment benefits liability as at December 31, 2018 are based on actuarial valuations for accounting purposes as at December 31, 2017 with projections to December 31, 2019. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

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

The amount of benefits paid during the year was \$15,220 (2017 - \$12,381).

**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

5. Tangible Capital Assets

	2018				Total
	Library Collection	Equipment	Furniture	Assets Under Construction	
<b>Cost</b>					
Balance, beginning of year	\$3,051,684	\$ 622,405	\$ 741,831	\$ -	\$ 4,415,920
Add: Additions during the year	253,386	22,981	-	792,665	1,069,032
Less: Disposals during the year	(361,292)	(1,366)	(154,012)	-	(516,670)
Balance, end of year	<u>2,943,777</u>	<u>644,020</u>	<u>587,818</u>	<u>792,665</u>	<u>4,968,282</u>
<b>Accumulated amortization</b>					
Balance, beginning of year	1,661,111	512,451	591,555	-	2,765,117
Add: Amortization during the year	376,181	47,706	36,279	-	460,166
Less: Disposals during the year	(361,292)	(1,366)	(154,012)	-	(516,670)
Balance, end of year	<u>1,676,000</u>	<u>558,791</u>	<u>473,822</u>	<u>-</u>	<u>2,708,613</u>
Net book value	<u>\$1,267,777</u>	<u>\$ 85,229</u>	<u>\$ 113,996</u>	<u>\$ 792,665</u>	<u>\$ 2,259,669</u>

	2017			
	Library Collection	Equipment	Furniture	Total
<b>Cost</b>				
Balance, beginning of year	\$ 3,003,976	\$ 624,806	\$ 741,206	\$ 4,369,988
Add: Additions during the year	412,623	12,468	625	425,716
Less: Disposals during the year	(364,915)	(14,869)	-	(379,784)
Balance, end of year	<u>3,051,684</u>	<u>622,405</u>	<u>741,831</u>	<u>4,415,920</u>
<b>Accumulated amortization</b>				
Balance, beginning of year	1,645,351	477,762	552,947	2,676,060
Add: Amortization during the year	380,675	49,558	38,608	468,841
Less: Amortization on disposals	(364,915)	(14,869)	-	(379,784)
Balance, end of year	<u>1,661,111</u>	<u>512,451</u>	<u>591,555</u>	<u>2,765,117</u>
Net book value	<u>\$ 1,390,573</u>	<u>\$ 109,954</u>	<u>\$ 150,276</u>	<u>\$ 1,650,803</u>

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

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**6. Accumulated Surplus**

Accumulated surplus is comprised of the following:

	2018	2017
<b>Surpluses</b>		
General revenue	\$ (1,021,407)	\$ 5,618
Invested in tangible capital assets	2,259,669	1,650,803
Less: employee benefit liabilities	(66,200)	(50,300)
<b>Total surpluses</b>	<b>1,172,062</b>	<b>1,606,121</b>
<b>Reserves</b>		
General capital reserve	2,393,649	1,643,233
Aurora Public Library Board Donation and Bequest Reserve	36,832	29,862
<b>Total reserves</b>	<b>2,430,481</b>	<b>1,673,095</b>
<b>Accumulated surplus</b>	<b>\$ 3,602,543</b>	<b>\$ 3,279,216</b>

**Invested in tangible capital assets**

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

**General Capital Reserve**

The Town Council has approved the setting aside of any of the Board's operating surplus in a year to a general library capital reserve for future capital projects.

**Aurora Public Library Board Donation and Bequest Reserve**

The Board has approved a reserve named "The Aurora Public Library Board Donation and Bequest Reserve" ("ALB Donation & Bequest") for future specified/significant donations and bequests received to support special programs or initiatives outside of the annual operating budget. Funds are transferred from the reserve for approved expenditures. If such funds are not fully expended in the approval year, they are held as Unexpended Funds.

**DC Reserve Fund - Library Service**

The Town levies, collects and holds development charges, a component of which is specifically to fund expansion of library services to accommodate growth. Allocations from these funds are approved by the Library Board as part of the annual budget process. Currently, the Town holds \$3,864,351 (2017 - \$3,851,683) of the Library Service related development charges in their segregated development charges accounts. This reserve fund is not reflected in these financial statements.

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**Aurora Public Library Board  
Notes to the Financial Statements**

December 31, 2018

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**7. Budget Reconciliation**

The Budget for 2018 adopted by the Board on October 19, 2017 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2018 budget adopted by the Board with adjustments as follows:

	Revenue	Expense	Net
Approved net operating funding from the Town of Aurora	\$ 3,843,100	\$ 3,843,100	\$ -
Budgeted grant, fines and user fees	127,855	127,855	-
<b>Total Board approved budget</b>	<b>\$ 3,970,955</b>	<b>\$ 3,970,955</b>	<b>\$ -</b>
Less: capitalized to TCA from operating accounts	-	(253,386)	253,386
transfers to/from other funds	-	(130,000)	130,000
Plus: 2018 Non-TCA capital projects' costs	-	95,000	(95,000)
DC funding from the Town of Aurora	100,000	-	100,000
amortization expense	-	460,166	(460,166)
<b>Adjusted budget per the statement of operations</b>	<b>\$ 4,070,955</b>	<b>\$ 4,142,735</b>	<b>\$ (71,780)</b>



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**Email:** jgaertner@aurora.ca  
**www.aurora.ca**

**Town of Aurora  
Financial Services**

# Memorandum

**Date:** May 22, 2019  
**To:** Finance Advisory Committee  
**From:** Lianne Jalali, Project Management Office, Corporate Services  
**Re:** **Town's Major Capital Projects Update**

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## Recommendation

1. That the memorandum regarding the Town's Major Capital Projects Update be received.

## Background

The Town currently has multiple major capital projects underway in varying stages of completion. These major projects include the following:

- Library Square
- 89 Mosley (Armoury) Renovation
- Fire Hall 4-5
- Joint Operations Centre Additional Work

## Analysis

### Library Square

The development of the detailed design is underway. To help inform the design, a report will be presented to Council on May 21, 2019 summarizing options for the proposed Linkage and Café. Following that, a report will be presented to Council on July 16, 2019 seeking approval to proceed to the next phase of the project which is Construction Documentation.

Town's Major Capital Project Update  
April 30, 2019

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The RFP to hire the project management firm closed on May 14, 2019, this firm will oversee the management of the capital project from this point forward to final occupancy. The target date to award the contract is in June 2019.

As per direction from the March 21, 2019 Council meeting, public consultation on the Church Street parking expansion is scheduled for May 23, 2019.

The job posting has been issued for the recruitment of the contract position of the Manager of Library Square who will be responsible for the implementation of the Business Plan.

At this point, staff are working with the Aurora Cultural Centre and the Aurora Museum and Archives to find swing space to relocate their operations during the construction period.

The monthly status update for this project can be found under Attachment #1

#### 89 Mosley (Armoury) Renovation

The project construction completion delayed by a month due to the weather condition, which affected the roof installation. The tentative construction completion date is August 1, 2019. The project risks indicated in the attachment #1 are as follow:

- Weather: This may have further impact on the completion of the exterior work
- Gas line installation: Enbridge scheduled the gas meter installation for August 28, 2019. The negotiation with Enbridge to accelerate the installation of the gas meter is underway. However, the risk mitigation plan is utilizing the existing gas meter to temporary supply gas to the building.

The monthly status update for this project can be found under Attachment #1

#### Fire Hall 4-5

The request for proposal (RFP) to outsource the construction of the new Firehall will close on May 22, 2019. This project expected to substantially complete by October 31, 2020. The total completion of this project will be on December 31, 2020.

The project risk indicated in attachment#1 is the potential increase of the construction cost due to the steel tariffs. The actual financial impact will determine once all proposals reviewed.

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The monthly status update for this project can be found under Attachment #1

Joint Operations Centre Additional Work

The objective of this project is completing the outstanding capital works of the JOC. The project divided to thirteen (13) sub-projects that four (4) sub-projects completed, seven sub-projects will complete by end of 2019. The Intercom System and South Side Exterior Finishing projects will complete in 2020.

All projects are on schedule and on budget so far.

The monthly status update for this project can be found under Attachment #1

**Attachments**

Attachment #1 – Major Capital Project Update:

- Library Square
- 89 Mosley (Armoury) Renovation
- Fire Hall 4-5
- Joint Operations Centre Additional Work



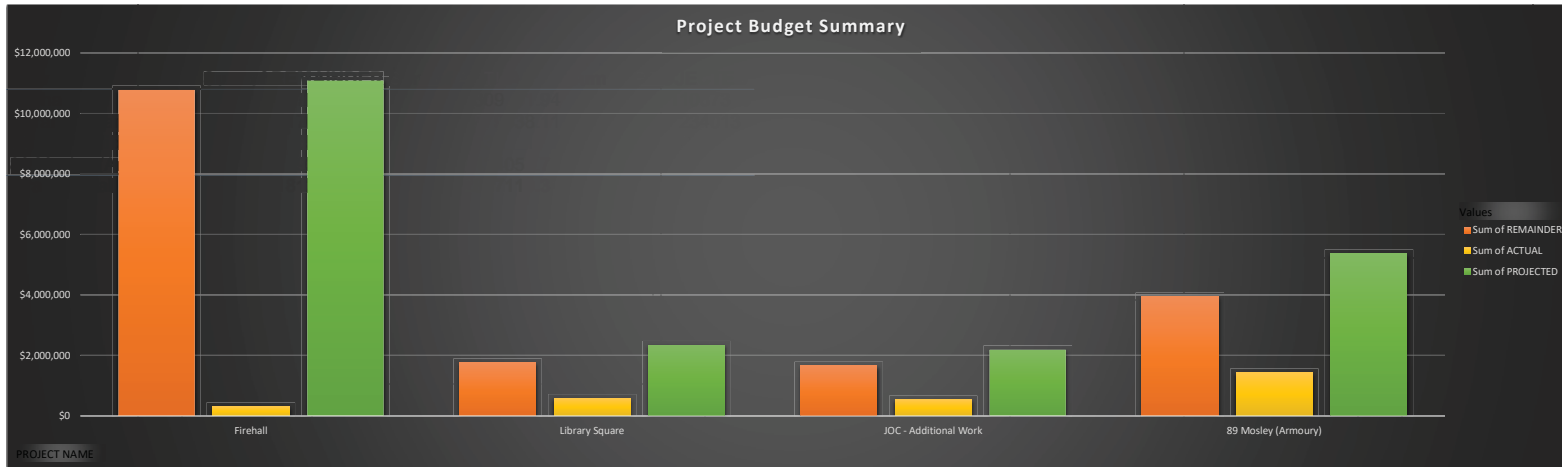
Major Capital Projects Update Summary

Attachement#1

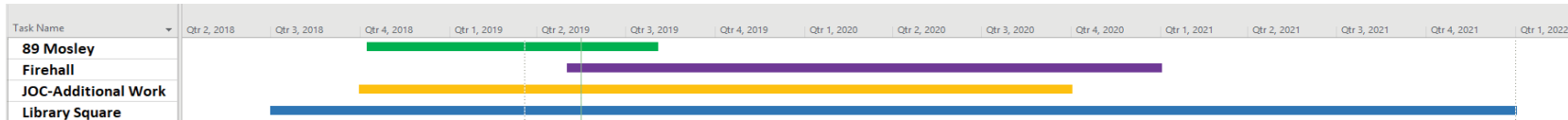
PROJECT NAME	Timeline				BUDGET				RISKS		
	BEGIN	FINISH	# of DAYS	STATUS	PROJECTED	ACTUAL	REMAINDER	STATUS	HIGH	MEDIUM	LOW
89 Mosley (Armoury)	October 9, 2018	August 1, 2019	296	Concerned	\$5,359,900	\$1,424,059	\$3,935,841	On budget	1	1	0
Firehall	May 3, 2019	December 31, 2020	608	On schedule	\$11,087,300	\$309,982	\$10,777,318	On budget	0	1	0
JOC - Additional Work	October 1, 2018	September 30, 2020	730	On schedule	\$2,185,200	\$533,431	\$1,651,769	On budget	0	0	0
Library Square	July 2, 2018	December 31, 2021	1278	On schedule	\$2,340,135	\$579,638	\$1,760,497	On budget	0	0	0
<b>Total</b>					<b>\$20,972,535</b>	<b>\$2,847,110</b>	<b>\$18,125,425</b>		<b>1</b>	<b>2</b>	<b>0</b>

Project Status Legend

- **Green** Everything is progressing as planned. No intervention from the sponsor is required
- **Amber** Some risks and issues have been identified but the project team is handling and monitoring them
- **Red** Major problems or threats exist. The sponsor's intervention is required in this case



Projects Gantt Chart



**AURORA HISTORICAL SOCIETY  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**BATEMAN, GRAHAM & FITZPATRICK** CHARTERED PROFESSIONAL ACCOUNTANTS

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JOHN P. BATEMAN, BBA, CPA, CA, LPA, CPA (Illinois)\*  
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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Aurora Historical Society

We have audited the accompanying financial statements of Aurora Historical Society, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and net assets, 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 financial statements in accordance with Canadian accounting principles for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

#### Basis for Qualified Opinion

In common with many charitable organizations, Aurora Historical Society derives part of its revenue from the general public in the form of donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to donation and fundraising income, excess of revenues over expenses, assets, liabilities and fund balances.

#### Qualified Opinion

In our opinion, except for the possible effects on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Aurora Historical Society as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Professional Accountants  
Licensed Public Accountants

Newmarket, Ontario  
June 26, 2018

**AURORA HISTORICAL SOCIETY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 38,531	\$ 31,344
Short-term investments (Note 3)	60,000	46,109
Accounts receivable and accrued interest	16,603	34,233
Prepaid expenses	<u>12,312</u>	<u>13,970</u>
	127,446	125,656
<b>FIXED (Note 4)</b>	<u>8,267</u>	<u>9,639</u>
	<u>\$ 135,713</u>	<u>\$ 135,295</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued expenses	\$ 8,496	\$ 6,318
Deferred revenue (Note 6)	<u>4,059</u>	<u>4,061</u>
	<u>12,555</u>	<u>10,379</u>
<b>NET ASSETS</b>		
Invested in capital assets	8,267	9,639
Unrestricted	112,144	112,529
Restricted - Medical History Course (unchanged)	<u>2,747</u>	<u>2,747</u>
	<u>123,158</u>	<u>124,916</u>
	<u>\$ 135,713</u>	<u>\$ 135,295</u>

On behalf of the Board

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

**AURORA HISTORICAL SOCIETY  
STATEMENT OF OPERATIONS AND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Grants	\$ 120,018	\$ 125,805
Sales and other income	9,624	7,236
Donations and fundraising	67,937	60,289
Magna Hoedown	-	21,678
Investment	569	607
Admission	3,893	2,286
Membership	<u>3,420</u>	<u>3,455</u>
	<u>205,461</u>	<u>221,356</u>
<b>EXPENDITURES</b>		
Depreciation	2,158	2,231
Artifact acquisition expense	-	16,921
Wages and benefits	101,758	89,751
Fundraising	23,265	16,417
Insurance	7,226	7,152
Professional fees	3,858	2,183
Newsletter	1,347	1,140
Office and miscellaneous	13,060	12,983
Repairs and maintenance	15,475	12,421
Restoration	22,680	48,783
Program	2,678	2,425
Loss on disposal of capital assets	75	-
Utilities	6,502	5,688
Curatorial and collection	<u>7,136</u>	<u>4,660</u>
	<u>207,218</u>	<u>222,755</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES FOR THE YEAR</b>	(1,757)	(1,399)
<b>NET ASSETS, beginning of year</b>	<u>124,915</u>	<u>126,314</u>
<b>NET ASSETS, end of year</b>	<u>\$ 123,158</u>	<u>\$ 124,915</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS



**AURORA HISTORICAL SOCIETY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>SOURCES (USES) OF CASH:</b>		
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenditures for the year	\$ (1,757)	\$ (1,399)
Items not involving cash		
Depreciation	2,158	2,231
Loss on disposal of fixed assets	<u>75</u>	<u>-</u>
	476	832
Changes in non-cash working capital items		
Short-term investments	(13,891)	(1,109)
Accounts receivable and accrued interest	17,630	(28,421)
Prepaid expenses	1,658	(4,004)
Accounts payable and accrued expenses	2,177	1,038
Deferred revenue	<u>(2)</u>	<u>(27,077)</u>
	<u>8,048</u>	<u>(58,741)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(861)</u>	<u>(3,015)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	7,187	(61,756)
<b>CASH, beginning of year</b>	<u>31,344</u>	<u>93,100</u>
<b>CASH, end of year</b>	<u>\$ 38,531</u>	<u>\$ 31,344</u>

See accompanying notes to the financial statements

BATEMAN, GRAHAM & FITZPATRICK  
CHARTERED PROFESSIONAL ACCOUNTANTS

**AURORA HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. OPERATIONS**

Aurora Historical Society is a non profit organization, incorporated without share capital, devoted to the preservation and sharing of Aurora's history. The organization is funded by various government agencies, charitable organizations, donations and fundraising efforts.

The organization is exempt from federal and provincial income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles, the most significant of which are summarized as follows:

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the year. These amounts are reviewed periodically and any adjustments are reported in earnings in the period they become known. The principal estimates used in the preparation of these financial statements include useful life and valuation of fixed assets and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Revenue recognition**

Revenues from government ministries and foundations are recognized when due under terms of any related contracts. Amounts received but applicable to future periods are recognized as deferred revenues.

Donations and other revenues are recorded as received.

**Fixed assets**

Fixed assets are stated at cost. Depreciation is calculated on the diminishing balance basis over the estimated useful lives of the assets. The percentages used are as follows:

Equipment	- 20%
Computer equipment	- 30%

**Contributed services and materials**

Donated services received by the organization are not recognized in the financial statements because of the difficulty in determining their fair value.

Donated materials received by the organization are recognized in the financial statements at fair market value.



**AURORA HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Financial Instruments**

*Measurements of financial instruments*

The organization initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

*Impairment*

Financial assets measured at cost are tested annually for impairment. If there are indicators of impairments, the amount of the write-down is recognized in net income.

**3. SHORT-TERM INVESTMENTS**

Short-term investments are comprised of cashable GIC's of \$60,000 (2016 - \$46,109), maturing August 13, 2018 (2016 - August 8, 2017). The interest rate is prime minus 2.1% (2016 - 1.30 to 1.35%).

**4. FIXED ASSETS**

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment			
Balance, beginning of year	\$ 22,903	14,376	8,527
Dispositions	<u>2,371</u>	<u>2,296</u>	<u>75</u>
	20,532	12,080	8,452
Depreciation	<u>1,692</u>	<u>1,692</u>	<u>1,692</u>
	<u>\$ 20,532</u>	<u>13,772</u>	<u>6,760</u>
Computer equipment			
Balance, beginning of year	\$ 8,483	7,373	1,110
Additions	<u>861</u>	<u>-</u>	<u>861</u>
	9,344	7,373	1,971
Depreciation	<u>466</u>	<u>466</u>	<u>466</u>
	<u>\$ 9,344</u>	<u>7,839</u>	<u>1,505</u>
Hillary House land and building			
Balance, beginning and end of year	<u>\$ 1</u>	<u>-</u>	<u>1</u>
Hillary House, The Koffler Museum			
Balance, beginning and end of year	<u>\$ 1</u>	<u>-</u>	<u>1</u>
<b>TOTALS</b>	<u>\$ 29,878</u>	<u>\$ 21,611</u>	<u>\$ 8,267</u>

**AURORA HISTORICAL SOCIETY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**5. FINANCIAL RISK**

*Liquidity risk*

Liquidity risk is that the organization will be unable to fulfill its obligations on a timely basis or at reasonable cost. Management manages liquidity risk by monitoring its operations requirements to ensure it has sufficient funds to fulfill its obligations.

*Interest rate risk*

Interest rate risk is the risk that the value or future cash flows of a financial instrument might be adversely affected by a change in the interest rates. The investments are exposed to interest rate risk arising from fluctuations in interest rates on its interest bearing cash and investment balances. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities.

**6. DEFERRED REVENUE**

Under the terms of agreements with funding organizations, all funds received must be utilized in a prescribed manner. As a result of this stipulation, the organization recognizes funds received but not yet disbursed in the prescribed manner as deferred revenue.