

**The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2015**

The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2015

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Aurora, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Aurora as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

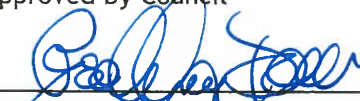
Barrie, Ontario
June 28, 2016

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

December 31	2015	2014
(Dollar amounts presented in '000's)		
		Restated (Note 2)
Financial assets		
Cash (note 4)	\$ 16,702	\$ 8,106
Taxes receivable	6,677	6,163
User fees receivable	3,666	3,344
Accounts receivable	6,638	6,281
Portfolio investments (note 6)	83,951	68,444
Land listed for sale (note 7)	3,654	9,500
	<u>121,288</u>	<u>101,838</u>
Liabilities		
Notes payable and bank indebtedness (note 8)	9,370	-
Accounts payable and accrued liabilities	14,350	14,290
Deposits (note 9)	4,478	4,024
Deferred revenue (note 10)	36,181	29,732
Employee benefits liabilities (note 11)	984	963
Net long-term liabilities (note 12)	2,577	4,286
	<u>67,940</u>	<u>53,295</u>
Net financial assets	<u>53,348</u>	<u>48,543</u>
Non-financial assets		
Tangible capital assets (note 25)	434,742	395,727
Prepaid expenses	101	86
	<u>434,843</u>	<u>395,813</u>
Accumulated surplus (note 13)	<u>\$ 488,191</u>	<u>\$ 444,356</u>

Contingencies and contractual obligations (notes 19 and 20)

Approved by Council


 _____ Mayor


 _____ Chief Administrative Officer

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

For the year ended December 31	Budget 2015	2015	2014
(Dollar amounts presented in '000's)			Restated (Note 2)
	(note 5)		
Revenue			
Taxation (note 14)	\$ 37,677	\$ 38,115	\$ 35,249
User fees	40,462	46,607	40,681
Grants (note 15)	1,995	2,680	2,493
Gain on disposal of land available for sale	-	3,385	-
Loss on disposal of tangible capital assets	-	(461)	(63)
Assumed infrastructure assets	-	15,796	8,618
Other (note 16)	6,883	13,250	9,676
	<u>87,017</u>	<u>119,372</u>	<u>96,654</u>
Expenses			
General government	12,102	12,006	12,078
Protection to person and property	12,210	12,654	12,254
Transportation services	11,081	8,399	8,236
Environmental services	22,337	21,478	20,176
Leisure and cultural services	18,165	19,056	16,883
Planning and development	2,016	1,944	1,916
	<u>77,911</u>	<u>75,537</u>	<u>71,543</u>
Annual surplus	<u>9,106</u>	<u>43,835</u>	<u>25,111</u>
Accumulated surplus, beginning of year	444,356	444,356	437,926
Prior period adjustment (note 2)	-	-	(18,681)
Accumulated surplus, beginning of year, as restated	<u>444,356</u>	<u>444,356</u>	<u>419,245</u>
Accumulated surplus, end of year	<u>\$ 453,462</u>	<u>\$ 488,191</u>	<u>\$ 444,356</u>

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

For the year ended December 31	Budget 2015	2015	2014
(Dollar amounts presented in '000's)			Restated (Note 2)
	(note 5)		
Annual surplus	\$ 9,106	\$ 43,835	\$ 25,111
Amortization of tangible capital assets	11,659	11,659	10,907
Net proceeds on disposal of tangible capital assets	-	47	54
Loss on disposal of tangible capital assets	-	461	63
Acquisition of tangible capital assets	(35,386)	(35,386)	(19,752)
Assumed infrastructure assets	-	(15,796)	(8,618)
Change in prepaid expenses	-	(15)	(15)
Change in net financial assets	(14,621)	4,805	7,750
Net financial assets, beginning of year	48,543	48,543	59,474
Prior period adjustment (note 2)	-	-	(18,681)
Accumulated surplus, beginning of year, as restated	48,543	48,543	40,793
Net financial assets, end of year	\$ 33,922	\$ 53,348	\$ 48,543

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

For the year ended December 31	2015	2014
(dollar amounts presented in '000's)		Restated (note 2)
Operating transactions		
Annual surplus	\$ 43,835	\$ 25,111
Non-cash charges to operations:		
Amortization of tangible capital assets	11,659	10,907
Gain on disposal of land listed for sale	(3,385)	-
Loss on disposal of tangible capital assets	461	63
Assumed infrastructure assets	(15,796)	(8,618)
Changes in non-cash operating working capital:		
Taxes receivable	(514)	840
User fees receivable	(322)	17
Accounts receivable	(357)	159
Land listed for sale	5,295	(227)
Accounts payable and accrued liabilities	60	2,441
Deposits	454	(1,124)
Deferred revenue	6,449	(3,536)
Employee benefits liabilities	21	145
Prepaid expenses	(15)	(15)
Total Operating Transactions	47,845	26,163
Capital transactions		
Acquisition of tangible capital assets	(35,386)	(19,752)
Net proceeds on disposal of land listed for sale	3,936	-
Net proceeds on disposal of tangible capital assets	47	54
Total Capital Transactions	(31,403)	(19,698)
Investing transactions		
Increase in portfolio investments	(15,507)	(5,719)
Financing transactions		
Principal repayment on long-term liabilities	(1,709)	(1,642)
Advances of notes payable and bank indebtedness	9,370	-
Total Financing Transactions	7,661	(1,642)
Increase / (Decrease) in cash	8,596	(896)
Cash, beginning of year	8,106	9,002
Cash, end of year	\$ 16,702	\$ 8,106

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2015

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies

The Corporation of the Town of Aurora (the "Town") is a municipality in the Province of Ontario. The Town conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

Management's Responsibility

The consolidated financial statements of the Town are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of The Chartered Professional Accountants of Canada.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the Town and comprise all of the organizations that are accountable for the administration of their financial affairs and resources to the Town and are owned or controlled by the Town. These boards include:

The Aurora Public Library Board

All inter-organizational and inter-fund transactions and balances are eliminated.

Basis of Accounting

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

Cash

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 90 days or less.

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except to the extent possible that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulated liabilities are settled.

Tangible Capital Assets

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates.

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

December 31, 2015

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

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

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

Non-pension Post-employment Benefits, Compensated Absences & Termination Benefits

The Town accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Town has adopted the following valuation methods and assumptions:

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

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

December 31, 2015

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Pension agreements

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

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

Deposits

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

Deferred Revenue

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

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

Use of Estimates

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

Assumed Infrastructure Assets

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

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

December 31, 2015

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized as follows:

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

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

Investment income earned on the Town's reserve fund balances is added to the associated funds and forms part of the respective period ending reserve fund balance. Reserve fund balances in a credit position are similarly charged interest.

- e) Development related fees and charges are recognized over the period of services or when required expenses occur if applicable.
-

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

December 31, 2015

(Dollar amounts presented in '000's)

2. Restatement of Prior Period

Development Charge Revenue Re-Statement:

Development charge (DC) revenues can only be utilized for specifically defined eligible expenditures as set out in the Development Charge Act. Eligible DC expenditures relate to the one-time costs that are put in place for the necessary infrastructure that is required in order to maintain a consistent level of town services to a growing community. In support of this goal, strategically the Town at times will put in place this noted infrastructure ahead of the growing community's incremental demand. Occasionally this may mean that the costs of this infrastructure exceeded the DC fees collected at the time. Historically, the Town has fully recognized DC revenues equivalent to the eligible expenditures that it has incurred each year.

Development charges are recorded as deferred revenue as they are collected, and then recognized as part of the Town's annual revenue when the associated infrastructure costs are incurred. In prior years the Town recognized more DC revenue than was available in deferred DC fee balances. The recognition of DC revenues in 2014 is herein being restated by a prior period adjustment in order to report less recognized DC revenue for 2014 than what was previously reported as follows:

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

	<u>2014</u>
Statement of Financial Position:	
Increase in liabilities	<u>\$ 16,522</u>
Decrease in accumulated surplus	<u>\$ 16,522</u>
Statement of Operations:	
Decrease in accumulated surplus, beginning of year	\$ 18,681
Increase in user fee revenue and annual surplus	<u>(2,159)</u>
Decrease in accumulated surplus, end of year	<u>\$ 16,522</u>

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

December 31, 2015

(Dollar amounts presented in '000's)

3. Change in Accounting Policy

On January 1, 2015 the Town of Aurora adopted the new requirements of the Chartered Professional Accountants of Canada related to Section PS3260 - Liability for Contaminated Sites standard. This section establishes standards on how to account for and report a liability associated with the remediation of contaminated sites. The standard was adopted prospectively from the date of adoption. The adoption of the new PS3260 standard has not resulted in any changes to the measurement and recognition of liabilities in the Town of Aurora's December 31, 2015, financial statements.

4. Cash

The Town's bank accounts are held at one chartered bank. The bank accounts earn interest at composite prime rate minus 1.75%. As at December 31, 2015, the rate is 0.95% (2014 - 1.25%).

The Town has an overdraft credit facility agreement with TD Bank, to be used for day to day operations. The maximum credit limit is \$1,000 with interest calculated using the composite prime rate minus 0.25%. As at December 31, 2015, the rate is 2.45% (2014 - 2.75%) and the outstanding balance is \$Nil (2014 - \$Nil).

5. Budget Reconciliation

The Budget for 2015 adopted by Council on May 26, 2015 was prepared on a basis not consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards now require financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2015 budget adopted by Council with adjustments as follows:

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

December 31, 2015

(Dollar amounts presented in '000's)

5. Budget Reconciliation (continued)

	Revenue	Expense	Net
Council approved budget:			
Operating - Town & Library	\$ 56,021	\$ 56,021	\$ -
Operating - water/sewer	19,250	19,250	-
Capital (for multiple years)	17,933	17,933	-
Total Council approved budget	93,204	93,204	-
Less: Multiple years capital debt principal payments ¹	(17,933)	(17,933)	-
	-	(1,703)	1,703
Plus: 2015 Non-TCA capital budget change	-	1,893	(1,893)
	593	593	-
transfers to/from other funds ²	(4,173)	(9,802)	5,629
transfers from deferred revenue	15,326	-	15,326
amortization expense ³	-	11,659	(11,659)
Adjusted budget per the consolidated statement of operations	\$ 87,017	\$ 77,911	\$ 9,106

¹ "Debt principal payments" are considered a repayment of a long-term liability and are not considered an expense under accrual accounting - only the related interest portion remains a valid expense under accrual accounting.

² "Transfers to/from other funds" represents transfer to/from reserves for expenditures and is not considered a revenue source under accrual accounting.

³ Under accrual accounting, costs related to the acquisition of "Tangible Capital Assets" are recorded on the balance sheet - only the amortization of existing Tangible Capital Assets is included as an expense.

6. Portfolio Investments

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

Portfolio investments of \$83,951 (2014 - \$68,444) have a market value of \$85,093 (2014 - \$71,287).

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

December 31, 2015

(Dollar amounts presented in '000's)

7. Land Listed for Sale

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

In 2015, the servicing of one of the above noted three parcels of land was completed with a total of \$4,464 being invested net of all recoveries over the course of the past four years. These noted services as well as the associated land under these services' related value were formally transferred to the Town's tangible capital asset balance in 2015.

Subsequent to the year end, a portion of one of these parcels was sold. The details of this transaction can be found in note 21.

8. Notes Payable and Bank Indebtedness

For the purposes of constructing a new Joint Operations Centre, the Town arranged for a construction line of credit through Infrastructure Ontario. The line of credit is fully open, bears a monthly variable interest rate, interest is paid monthly, and the line of credit is to be refinanced within 120 days of completion of the project. It is the Town's intent to pay down the line of credit to the extent possible as planned project funding sources materialize prior to refinancing. During 2016, subsequent to the completion of the facility, the 120 day refinancing period was extended by Infrastructure Ontario to allow more time for the Town to receive anticipated revenues in the short term. Refinancing of any balance then remaining is now to occur prior to January 31, 2018.

As of December 31, 2015 the Town has received \$9,370 of advances from Infrastructure Ontario related to this line of credit.

Subsequent to year end, the Town drew upon the line of credit in the amount of \$2,308 bringing its cumulative outstanding balance to \$11,678 in relation to its Joint Operations Centre construction.

9. Deposits

	Beginning Balance 2015	2015 Inflows	2015 Outflows	Ending Balance 2015
Refundable Damage Deposits	\$ 4,024	1,746	(1,292)	\$ 4,478

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

December 31, 2015

(Dollar amounts presented in '000's)

10. Deferred Revenue

	Beginning Balance 2015	2015 Inflows	2015 Outflows	Ending Balance 2015
	Restated (Note 2)			
Development charges	\$ 7,623	21,088	(13,116)	\$ 15,595
Parkland purposes	14,508	1,913	(7,825)	8,596
Building Code Act, 1992	403	-	(403)	-
Federal Gas Tax	2,286	1,541	(1,286)	2,541
Revenue Deferral - General	2,194	3,638	(1,345)	4,487
	27,014	28,180	(23,975)	31,219
Deferred Revenue transferred to capital but unexpensed at the end of the year	2,718	11,172	(8,928)	4,962
	<u>\$ 29,732</u>	<u>39,352</u>	<u>(32,903)</u>	<u>\$ 36,181</u>

11. Employee Benefits Liabilities

	2015	2014
Post-employment benefits	\$ 663	\$ 638
Accrued sick leave	166	183
	829	821
WSIB benefits	155	142
	<u>\$ 984</u>	<u>\$ 963</u>

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

December 31, 2015

(Dollar amounts presented in '000's)

11. Employee Benefits Liabilities (Continued)

Post-employment benefits

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on a long term disability. The Town recognizes these post-employment costs as they are earned during the employee's tenure of service. The accrued benefit obligations for the Town's post-employment benefits and accrued sick leave liabilities as at December 31, 2015 are as follows:

	2015	2014
Accrued benefit obligation, beginning of year	\$ 1,285	\$ 1,318
Add: Benefit expense	67	63
Interest cost	57	60
Less: Benefits paid for the period	(152)	(156)
Accrued benefit obligation, end of year	1,257	1,285
Unamortized actuarial losses	(428)	(464)
Accrued benefit liability	\$ 829	\$ 821

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2015 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2015	2014
Expected future inflation rates	2.0%	2.0%
Discount on accrued benefit obligations	4.75%	4.75%
Health care costs escalation	5.33%	5.67%
Dental costs escalation	4.0%	4.0%

The amount of benefits paid by the Town during the year was \$25 (2014 - \$38).

Workplace Safety and Insurance Board (WSIB) benefits

The Town is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety and insurance costs. The accrued WSIB benefit obligations for the Town's WSIB benefits liability as at December 31, 2015 are based on actuarial valuations for accounting purposes as at December 31, 2013 with projections to December 31, 2016. These actuarial valuations were based on assumptions about future events.

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

December 31, 2015

(Dollar amounts presented in '000's)

12. Net Long-term Liabilities

	2015	2014
Debenture, bearing interest at rates varying from 3.1% to 4.1%, maturing in September 2015. Principal is repayable in annual installments, and interest is payable in semi-annual installments.	\$ -	\$ 1,502
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	2,574	2,776
Capital leases, bearing interest at 3.80%, maturing in July 2016. Principal and interest is repayable in quarterly installments.	3	8
	\$ 2,577	\$ 4,286

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

2016	\$ 213
2017	220
2018	229
2019	239
2020	250
Thereafter	1,426
	\$ 2,577

The interest expense related to the above long-term debt was \$163 (2014 - \$230).

The debentures were issued by The Regional Municipality of York in the name of the Town to fund the construction of a recreation complex. The long-term liabilities have been approved by municipal and regional by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

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

December 31, 2015

(Dollar amounts presented in '000's)

13. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2015	2014
		Restated (note 2)
Non Financial Surpluses		
General revenue	\$ (13,346)	\$ (11,166)
Land listed for sale	3,654	9,500
Invested in tangible capital assets	434,742	395,727
Less: financed by long-term liabilities	(2,577)	(4,286)
Total non-financial surpluses	422,473	389,775
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability - Water Rate Funded	4,958	3,902
Infrastructure Sustainability - Tax Rate Funded	9,341	9,809
	14,299	13,711
Reserve funds, set aside for specific purposes by Council	14,790	5,282
Proceeds of sale of Aurora Hydro	36,629	35,588
Total reserves and reserve funds	65,718	54,581
Accumulated surplus	\$ 488,191	\$ 444,356

14. Net Taxation

	2015	2014
Total taxes levied by the Town	\$ 115,465	\$ 108,421
Less:		
Taxes levied on behalf of the Boards of Education	32,331	30,957
Taxes levied on behalf of the Region of York	45,019	42,215
	\$ 38,115	\$ 35,249

15. Grants Revenue

	2015	2014
Federal	\$ 1,498	\$ 2,068
Provincial	836	111
Other	346	314
	\$ 2,680	\$ 2,493

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

December 31, 2015

(Dollar amounts presented in '000's)

16. Other Revenue

	2015	2014
Penalties and interest on taxes	\$ 891	\$ 987
Fines	220	239
Licenses, permits and fees	6,268	3,313
Interest income	3,855	3,275
Other	2,016	1,862
	<u>\$ 13,250</u>	<u>\$ 9,676</u>

17. Pension Agreements

OMERS provides pension services to more than 461,000 active and retired members and their approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the town does not recognize any share of the OMERS pension surplus or deficit.

Contributions in 2015 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$1,889 (2014 - \$1,841) was contributed to OMERS for current year services.

18. Insurance Coverage

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

Claim costs during the year amounted to \$46 (2014 - \$69).

The Town has made provisions for reserves for self-insurance claims under \$10 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. In 2013, the Insurance stand alone reserve was collapsed into the Town's general Tax Rate Stabilization Reserve; this reserve will be similarly accessible for this purpose. The balance of the Tax Rate Stabilization Reserve as of December 31, 2015 was \$3,765.

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

December 31, 2015

(Dollar amounts presented in '000's)

19. Contingencies

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

20. Contractual Obligations

The Town committed contractual obligations on major capital projects of approximately \$6,261 during 2015, which have various contract completion dates.

Effective January 1, 2002, the Town entered into an agreement with the Town of Newmarket with respect to the provision of Fire and Emergency services. Under the Agreement, the Town of Newmarket assumed responsibility for the combined Central York Fire Services. The cost of these services is shared between the two municipalities on the basis of a pre-defined cost sharing formula. The Town's share of costs for the year was \$9,281 (2014 - \$8,809).

21. Subsequent Events

In addition, subsequent to year end, the Town sold a parcel of land on January 8, 2016 for a sale price of \$2,040. This parcel of land had been listed for sale at December 31, 2015 and is disclosed in note 7.

22. Segment Information

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

Taxation Revenue

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

Governance & Corporate Support

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

Fire & Emergency Services

Central York Fire Services provides fire and emergency services to the residents of Aurora and Newmarket. The cost the Town paid for these services is described in Note 20.

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

December 31, 2015

(Dollar amounts presented in '000's)

22. Segment Information (continued)

Building, Bylaw & Licensing Services

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

Roads & Related Services

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

Environmental Services

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

Community Programs & Events

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

Parks & Facilities

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

Public Library Services

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

Planning & Development

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

23. Comparative Amounts

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

24. Tangible Capital Assets Under Construction

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$27,742 (2014 - \$18,540) have not been amortized. Amortization of these assets will commence when these noted assets are put into service. This value excludes any developer constructed assets which have yet to be assumed.

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

December 31, 2015

(Dollar amounts presented in '000's)

25. Tangible Capital Assets

	2015										Total	
	General					Infrastructure						
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction			
Cost												
Balance, beginning of year	\$ 99,153	\$ 73,524	\$ 8,866	\$ 6,363	\$ 21,418	\$ 81,756	\$ 214,911	\$ 18,205	\$ 18,540	\$ 542,736		
Add: Additions during the year	10,489	965	299	718	100	1,718	2,963	498	17,636	35,386		
Add: Donations and transfers	5	7,003	-	12	4	5,102	10,073	1,797	(8,200)	15,796		
Less: Disposals during the year	-	(37)	(469)	(556)	-	(3)	(281)	(22)	(234)	(1,602)		
Balance, end of year	109,647	81,455	8,696	6,537	21,522	88,573	227,666	20,478	27,742	592,316		
Accumulated amortization												
Balance, beginning of year	-	29,875	4,276	3,995	8,197	29,902	57,897	12,867	-	147,009		
Add: Amortization during the year	-	2,354	667	643	769	2,740	3,761	725	-	11,659		
Less: Amortization on disposals	-	(37)	(255)	(556)	-	(3)	(222)	(22)	-	(1,094)		
Balance, end of year	-	32,192	4,688	4,082	8,966	32,639	61,436	13,570	-	157,574		
Net book value of tangible capital assets	\$ 109,647	\$ 49,263	\$ 4,008	\$ 2,455	\$ 12,556	\$ 55,934	\$ 166,230	\$ 6,908	\$ 27,742	\$ 434,742		

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

December 31, 2015
(Dollar amounts presented in '000's)

25. Tangible Capital Assets (continued)

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

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

December 31, 2015

(Dollar amounts presented in '000's)

	2015										
	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
Revenue	\$ 38,115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,115
Taxation	-	528	-	65	1,542	18,572	4,607	17,842	358	3,093	46,607
User fees	-	-	-	-	1,765	563	265	36	51	-	2,680
Grants	-	-	-	-	-	-	-	-	-	-	3,385
Gain on disposal of land listed for sale	-	3,385	-	-	-	-	-	-	-	-	3,385
Loss on disposal of tangible capital assets	-	(461)	-	-	-	-	-	-	-	-	(461)
Assumed infrastructure assets	-	15,796	-	-	-	-	-	-	-	-	15,796
Other	-	4,322	681	4,840	878	732	364	501	18	914	13,250
Total Revenue	38,115	23,570	681	4,905	4,185	19,867	5,236	18,379	427	4,007	119,372
Expenses	-	5,691	-	2,834	2,583	1,656	2,939	5,412	2,827	1,791	25,733
Salaries, wages and benefits	-	3,027	193	-	2,912	4,314	-	769	444	-	11,659
Amortization	-	434	1	30	1,064	753	136	2,384	130	12	4,944
Materials and supplies	-	2,807	9,314	282	1,822	14,755	1,025	2,324	210	120	32,659
Contracted services	-	-	-	-	-	-	-	163	-	-	163
Interest on long-term liabilities	-	47	-	-	18	-	81	113	99	21	379
Others	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	-	12,006	9,508	3,146	8,399	21,478	4,181	11,165	3,710	1,944	75,537
Annual Surplus (Deficit)	\$ 38,115	\$ 11,564	\$ (8,827)	\$ 1,759	\$ (4,214)	\$ (1,611)	\$ 1,055	\$ 7,214	\$ (3,283)	\$ 2,063	\$ 43,835

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

December 31, 2015

(Dollar amounts presented in '000's)

2014 Restated (note 2)

	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
Revenue	\$ 35,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,249
Taxation	-	299	-	335	4,913	21,034	2,418	8,134	481	3,067	40,681
User fees	-	-	-	-	1,643	256	67	482	45	-	2,493
Grants	-	(63)	-	-	-	-	-	-	-	-	(63)
Loss on disposal of tangible capital assets	-	8,618	-	-	-	-	-	-	-	-	8,618
Assumed infrastructure assets	-	4,675	228	2,544	101	357	199	734	47	791	9,676
Other	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	35,249	13,529	228	2,879	6,657	21,647	2,684	9,350	573	3,858	96,654
Expenses	-	5,770	-	2,775	2,599	1,616	2,574	5,123	2,744	1,774	24,975
Salaries, wages and benefits	-	2,838	176	-	2,656	4,053	-	743	441	-	10,907
Amortization	-	459	1	33	1,235	562	110	1,957	102	6	4,465
Materials and supplies	-	2,746	8,548	719	1,732	13,945	928	1,582	218	136	30,554
Contracted services	-	-	-	-	-	-	-	230	-	-	230
Interest on long-term liabilities	-	265	-	-	15	-	-	117	15	-	412
Other	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	-	12,078	8,725	3,527	8,237	20,176	3,612	9,752	3,520	1,916	71,543
Annual Surplus (Deficit)	\$ 35,249	\$ 1,451	\$ (8,497)	\$ (648)	\$ (1,580)	\$ 1,471	\$ (928)	\$ (402)	\$ (2,947)	\$ 1,942	\$ 25,111