

Attachment 2

The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2022

The Corporation of the Town of Aurora
Consolidated Financial Statements
For the year ended December 31, 2022

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

December 31	2022	2021
(Dollar amounts presented in '000's)		Restated (Note 2)
Financial assets		
Cash (note 3)	\$ 10,674	\$ 12,161
Taxes receivable	9,716	11,546
User fees receivable	5,885	5,919
Accounts receivable	12,785	14,125
Portfolio investments (note 5)	170,169	155,972
	<u>209,229</u>	<u>199,723</u>
Liabilities		
Bank indebtedness (note 6)	25,576	9,338
Accounts payable and accrued liabilities	20,370	28,873
Deposits (note 6)	9,069	7,701
Deferred revenue (note 8)	59,682	51,007
Employee benefits liabilities (note 9)	1,981	1,830
Net long-term liabilities (note 10)	10,093	11,452
	<u>126,771</u>	<u>110,201</u>
Net financial assets	<u>82,458</u>	<u>89,522</u>
Non-financial assets		
Tangible capital assets (note 21)	552,861	528,309
Prepaid expenses	521	217
	<u>553,382</u>	<u>528,526</u>
Accumulated surplus (note 11)	<u>\$ 635,840</u>	<u>\$ 618,048</u>

Subsequent events (notes 6 and 10)
Contingencies and contractual obligations (notes 17 and 18)

Approved by Council

_____ Mayor

_____ Chief Administrative Officer

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

For the year ended December 31	Budget 2022	2022	2021
(Dollar amounts presented in '000's)			Restated (Note 2)
	(note)		
Revenue			
Taxation (note 12)	\$ 54,637	\$ 54,806	\$ 51,875
User fees	38,923	41,447	51,601
Grants (note 13)	2,363	11,109	11,233
Loss on tangible capital asset disposal	-	(2,201)	(354)
Assumed infrastructure assets	-	11,599	17,591
Other (note 14)	7,453	12,371	14,389
	<u>103,376</u>	<u>129,131</u>	<u>146,335</u>
Expenses			
General government	19,433	19,340	18,145
Protection to person and property	18,799	18,761	14,804
Transportation services	12,381	12,298	11,094
Environmental services	36,081	32,240	35,291
Leisure and cultural services	26,820	26,568	22,393
Planning and development	2,304	2,132	2,608
	<u>115,818</u>	<u>111,339</u>	<u>104,335</u>
Annual surplus (deficit)	<u>(12,442)</u>	<u>17,792</u>	<u>42,000</u>
Accumulated surplus, beginning of year	618,048	618,048	577,758
Prior period adjustment (note 2)	-	-	(1,710)
Accumulated surplus, beginning of year, as restated	-	618,048	576,048
Accumulated surplus, end of year	<u>\$ 605,606</u>	<u>\$ 635,840</u>	<u>\$ 618,048</u>

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

For the year ended December 31	Budget 2022	2022	2021
(Dollar amounts presented in '000's)			Restated (Note 2)
	(note)		
Annual surplus (deficit)	\$ (12,442)	\$ 17,792	\$ 42,000
Amortization of tangible capital assets	19,107	19,107	17,467
Net proceeds on disposal of tangible capital assets	-	132	250
Loss on disposal of tangible capital assets	-	2,201	354
Acquisition of tangible capital assets	-	(34,393)	(32,867)
Assumed infrastructure assets	-	(11,599)	(17,591)
Prior period adjustment (note 2)	-	-	1,710
Change in prepaid expenses	-	(304)	(138)
Change in net financial assets	6,665	(7,064)	11,185
Net financial assets, beginning of year	89,522	89,522	80,047
Prior period adjustment (note 2)	-	-	(1,710)
Net financial assets, beginning of year, as restated	-	-	78,337
Net financial assets, end of year	\$ 96,187	\$ 82,458	\$ 89,522

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

For the year ended December 31	2022	2021
(dollar amounts presented in '000's)		Restated (Note 2)
Operating transactions		
Annual surplus	\$ 17,792	\$ 42,000
Non-cash charges to operations:		
Amortization of tangible capital assets	19,107	17,467
Loss on disposal of tangible capital assets	2,201	354
Assumed infrastructure assets	(11,599)	(17,591)
Changes in non-cash operating working capital:		
Taxes receivable	1,830	3,682
User fees receivable	34	740
Accounts receivable	1,340	(5,448)
Accounts payable and accrued liabilities	(8,503)	3,603
Deposits	1,368	4,109
Deferred revenue	8,675	1,097
Employee benefits liabilities	151	140
Prepaid expenses	(304)	(138)
Total Operating Transactions	32,092	50,015
Capital transactions		
Acquisition of tangible capital assets	(34,393)	(32,867)
Net proceeds on disposal of tangible capital assets	132	250
Total Capital Transactions	(34,261)	(32,617)
Investing transactions		
Purchase of portfolio investments, net	(14,197)	(25,791)
Financing transactions		
Advances / (principal repayments) on long-term liabilities	(1,359)	3,870
Advances of bank indebtedness	16,238	6,638
Total Financing Transactions	14,879	10,508
Increase (decrease) in cash	(1,487)	2,115
Cash, beginning of year	12,161	10,046
Cash, end of year	\$ 10,674	\$ 12,161

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(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.

(a) 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.

(b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the Town and the Aurora Public Library Board (the "Board"). The Board is accountable for the administration of its financial affairs and resources to the Town and it owned by the Town. All inter-organizational and inter-fund transactions and balances are eliminated.

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

(c) Non-consolidated entities

The following regional municipality and local boards are not consolidated and should be contacted directly if examination of their annual financial statements is desired:

- The Regional Municipality of York ("Region of York");
- The York Region District School Board;
- The York Catholic District School Board;
- Aurora Business Improvement Area Inc.

The Town collects and administers tax levies on behalf of these entities. These tax levies are not recorded in the Town's financial statements.

(d) 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.

(e) 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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

(f) Tangible Capital Assets

Tangible capital assets are non-financial assets that are not generally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment 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.

Buildings	10 - 50 years
Landscaping & Other	5 - 20 years
Vehicles	7 - 15 years
Other	
Computer and other	4 - 10 years
Machinery and Equipment	7 - 20 years
Library Collection	7 years
Facilities (excluding Buildings)	5 - 50 years
Transportation Infrastructure	
Roads	20 - 36 years
Signage	1 - 36 years
Bridges and Other Structures	15 - 40 years
Environmental Infrastructure	
Underground and Other Networks	15 - 100 years

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

Tangible capital assets under construction are not amortized until such time that they are available for productive use.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that a tangible capital asset no longer contributes to the Town's ability to provide goods and services or that the value of the future economic benefits associated with the tangible capital assets is below the carrying value. Tangible capital assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of carrying amount or fair market value less costs to sell, and are no longer amortized. The tangible capital assets classified as held-for-sale would be presented separately in the appropriate asset section of the statement of financial position. No impairment was identified during the year.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

1. Summary of Significant Accounting Policies (continued)

(g) 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.

(h) 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.

(i) 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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

(j) 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 (obligatory reserve funds).

(k) 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the allowance for doubtful accounts, taxes receivable, post-employment benefits liabilities, accrued liabilities, the net amount of development charges, the estimated useful lives of tangible capital assets, fair value of assumed infrastructure assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

(l) Assumed Infrastructure Assets

Subdivision streets, lighting, sidewalks, drainage, and other infrastructure and in some instances park fixtures and trail networks are required to be provided by subdivision developers. Upon completion they are assumed by the Town and recorded at fair value at the date of assumption. The Town is generally not involved in the construction of these assets. In some instances, the Town may construct these assets on the developer's behalf on a fully cost recoverable basis. Under either scenario the Town does not budget for the contributions from the developer or the capital expenditure.

(m) Revenue Recognition

Revenues are recognized as follows:

- a) Taxation revenue is recognized as revenue when it is authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Related penalties and interest are recognized as revenue in the year that they are earned. As the Town's total taxes receivable are based on management's best estimates at the time, it is possible for the final amount collected to differ as a result of property value reassessments arising from audits, appeals or court decisions.
- b) User fees and other revenues are reported when a performance obligation has been satisfied through the delivery of a good or service or when authority to claim or retain an economic inflow exists and a past transaction or event that gives rise to an asset has been identified.
- c) Grants
 - Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.
 - Unconditional grant revenue is recognized when monies are receivable.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

- d) Investment income earned on surplus funds is reported as revenue in the period earned.

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

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

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

2. Restatement of Prior Period

Work in Progress Balance Re-Statement:

In 2019, the Town commenced construction of a new Headquarters and training centre (the "project") in support of its shared fire services provider, Central York Fire Services (CYFS). The two beneficiary municipalities being the Towns of Aurora and Newmarket, as well as CYFS entered into an agreement to share the costs of this new construction (the "Agreement"). According to the Agreement, the cost sharing percentages between the Towns of Aurora and Newmarket are 40.4% and 59.6%, respectively. Throughout the construction period, CYFS also provided additional funding to both parties. Up until the end of 2021, as the Project lead the Town of Aurora captured the Project's full gross cost within its tangible capital asset work in progress balance instead of its net cost after applying any cost recoveries from the Town of Newmarket. In addition, the cost recoveries from the Town of Newmarket were incorrectly recorded as revenue.

This oversight was discovered in 2022 at the time of this Project's capitalization; thus necessitating a restatement of the Town's prior period's work in progress balance and revenue.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

2. Restatement of Prior Period (continued)

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

	Balance previously Reported	Restatement Adjustment	Restated Balance
Statement of Financial Position:			
Decrease in tangible capital assets as at \$ Jan. 1, 2021	497,632	\$ (1,710)	\$ 495,922
Decrease in tangible capital assets as at Dec. 31, 2021	534,266	(5,957)	528,309
Decrease in accumulated surplus as at Dec. 31, 2021	\$ 624,005	\$ (5,957)	\$ 618,048
Statement of Operations:			
Decrease in accumulated surplus, Jan. 1, 2021	\$ 577,758	\$ (1,710)	\$ 576,048
Decrease in grant revenue for the year ended Dec. 31, 2021	13,658	(2,425)	11,233
Decrease in other revenue for the year ended Dec. 31, 2021	16,211	(1,822)	14,389
Decrease in accumulated surplus, as at Dec. 31, 2021	\$ 624,005	\$ (5,957)	\$ 618,048
Decrease in annual surplus for the year ended Dec. 31, 2021	\$ 46,247	\$ (4,247)	\$ 42,000
Statement of Cash Flows			
Decrease in annual surplus for the year ended Dec. 31, 2021	46,247	(4,247)	42,000
Decrease in acquisition of TCA for the year ended Dec. 31, 2021	(37,114)	4,247	(32,867)

3. Cash

The Town's bank accounts are held at a chartered bank. The bank accounts earn interest at composite prime rate minus 1.95. As at December 31, 2022, the rate is 4.50% (2021 - 0.70%).

The Town has an overdraft credit facility agreement with a chartered 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, 2022, the rate is 6.20% (2021 - 2.20%) and the outstanding balance is \$Nil (2021 - \$Nil).

The Town has letters of credit outstanding with the bank as at December 31, 2022 of \$486,208 (2021 - \$486,208), which were required by its utilities provider for security on a development project.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

4. Budget Reconciliation

The Budget for 2022 adopted by Council on December 14, 2021 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 2022 budget adopted by Council with adjustments as follows:

	Revenue	Expense	Net
Council approved budget:			
Operating - Town & Library	\$ 78,413	\$ 78,413	\$ -
Operating - water/sewer	29,773	29,773	-
Capital (for multiple years)	-	12,982	(12,982)
Total Council approved budget	108,186	121,168	(12,982)
Less: Multiple years capital	-	(12,982)	12,982
debt principal payments ¹	-	(1,139)	1,139
Plus: 2022 Non-TCA capital	-	4,917	(4,917)
transfers to/from other funds ²	(4,827)	(15,253)	10,426
transfers from deferred revenue	17	-	17
amortization expense ³	-	19,107	(19,107)
Adjusted budget per the consolidated statement of operations	\$ 103,376	\$ 115,818	\$ (12,442)

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

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

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

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

5. Portfolio Investments

Portfolio investments are comprised of fixed income securities that are primarily federal, provincial and municipal government bonds, debentures and promissory notes and bearer deposits that mature after more than 90 days. Portfolio investments are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments. If there is a loss of value that is other than a temporary decline in value, the respective investment will be written down to market value to recognize the loss in the consolidated statement of operations.

As of December 31, 2022, the Town's investments measured at amortized cost exceed market value, representing a temporary decline in market value but no decline in the amortized cost value is reported. There is no impairment due to the low-risk nature of the investments, the high credit ratings of the issuers, and the Town's intention to hold these investments to their maturities.

Portfolio investments of \$170,169 (2021 - \$155,972) have a market value of \$169,690 (2021 - \$165,830).

6. Bank Indebtedness

For the purposes of constructing Town Square consisting of a new multi-purpose building, new outdoor square, bridge between the existing library and new multi-purpose building and enhancements to existing nearby buildings, the Town has arranged for a construction line of credit through Infrastructure Ontario. The line of credit is fully open, bears a monthly variable interest rate and interest is paid monthly. As of December 31, 2022, the interest rate is 4.41% (2021 - 0.96%). The line of credit is to be refinanced within 120 days of completion of the project. It is the Town's intent to refinance any balance remaining on its line of credit upon substantial completion of this project.

As of December 31, 2022 the Town has received a total of \$25,575,800 in advances from Infrastructure Ontario resulting in an outstanding balance of \$25,575,800 related to this line of credit.

Subsequent to year end, \$14,875,600 of this line of credit balance was repaid, leaving a remaining balance of \$10,700,200.

7. Deposits

	2022	2021
Opening Balance	7,701	3,592
Receipts	3,799	4,706
Refunds	(2,431)	(597)
Ending Balance	9,069	7,701

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

December 31, 2022

(Dollar amounts presented in '000's)

8. Deferred Revenue

		2022			
		Beginning Balance	Cash Receipts	Revenue Recognized	Ending Balance
Deferred Revenue - Obligatory:					
Development charges	\$	18,698	8,284	(3,089)	\$ 23,893
Parkland purposes		19,773	5,364	(10)	25,127
Federal Gas Tax		5,193	1,845	(3,371)	3,667
Provincial Grants		2,485	1,070	(2,022)	1,533
Revenue Deferral-General:		4,858	8,517	(7,913)	5,462
	\$	51,007	25,080	(16,405)	\$ 59,682

		2021			
		Beginning Balance	Cash Receipts	Revenue Recognized	Ending Balance
Deferred Revenue - Obligatory:					
Development charges	\$	23,402	11,095	(15,799)	\$ 18,698
Parkland purposes		14,787	5,054	(68)	19,773
Federal Gas Tax		7,529	3,609	(5,945)	5,193
Provincial Grants		1,817	1,750	(1,082)	2,485
Revenue Deferral-General:		2,375	6,967	(4,484)	4,858
	\$	49,910	28,475	(27,378)	\$ 51,007

9. Employee Benefits Liabilities

	2022	2021
Post-employment benefits	\$ 1,168	\$ 1,118
Accrued sick leave	727	638
	1,895	1,756
WSIB benefits	86	74
	\$ 1,981	\$ 1,830

Post-employment benefits and accrued sick leave

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

December 31, 2022

(Dollar amounts presented in '000's)

9. Employee Benefits Liabilities (continued)

The accrued benefit obligations for the Town's post-employment benefits and accrued sick leave liabilities as at December 31, 2022 are as follows:

	2022	2021
Accrued benefit obligation, beginning of year	\$ 2,091	\$ 2,038
Add: Benefit expense	186	176
Interest cost	73	71
Less: Benefits paid for the period	(197)	(194)
Accrued benefit obligation, end of year	2,153	2,091
Unamortized actuarial losses	(258)	(335)
Accrued benefit liability	<u>\$ 1,895</u>	<u>\$ 1,756</u>

The accrued benefit obligations for the Town's post-employment benefits liability and accrued sick leave as at December 31, 2022 are based on actuarial valuations for accounting purposes as at December 31, 2019 with projections to December 31, 2022. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2022	2021
Expected future inflation rates	1.75%	1.75%
Discount on accrued benefit obligations	3.50%	3.50%
Drug costs escalation	6.75%	6.75%
Other health care costs escalation	6.75%	6.75%
Dental costs escalation	3.75%	3.75%

Amortization of actuarial losses during the year was \$76,744 (2021 - \$76,621)

The amount of benefits paid by the Town during the year was \$58 (2021 - \$73).

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, 2022 are based on actuarial valuations for accounting purposes as at December 31, 2022 with projections to December 31, 2025. 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, 2022

(Dollar amounts presented in '000's)

10. Net Long-term Liabilities

	2022	2021
Debenture, bearing interest at 2.29%, maturing in March 2026. Principal and interest is repayable in semi-annual installments of \$184.	\$ 1,229	\$ 1,563
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in semi-annual installments of \$160.	892	1,165
Debenture, bearing interest at 2.85%, maturing in May 2023. Principal and interest is repayable in semi-annual installments of \$318 ⁽ⁱ⁾ .	3,217	3,749
Debenture, bearing interest at 2.65%, maturing in July 2041. Principal and interest is repayable in semi-annual installments of \$109.	3,245	3,375
Debenture, bearing interest at 2.42%, maturing in July 2036. Principal and interest is repayable in semi-annual installments of \$64.	1,510	1,600
	<u>\$ 10,093</u>	<u>\$ 11,452</u>

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

2023	\$ 1,399
2024	1,441
2025	1,485
2026	1,022
2027	863
Thereafter	<u>3,883</u>
	<u>\$ 10,093</u>

The interest expense related to the above long-term debt was \$312 (2021 - \$219).

The Town's debenture maturing in September 2025 was issued by The Regional Municipality of York in the name of the Town to fund the construction of a recreation complex. The remaining four debentures were issued by Infrastructure Ontario in the name of the Town of Aurora to fund the Town's conversion of all streetlights to LED, construction of Joint

Operations Centre, construction of Hallmark Baseball Diamonds and purchase and fit-up of the Aurora Sports Dome, respectively. These long-term liabilities have been approved by municipal and regional by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(i) Subsequent to year end, this debenture was fully repaid.

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

December 31, 2022

(Dollar amounts presented in '000's)

11. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2022	2021
		Restated (Note 2)
Non Financial Surpluses		
General revenue	\$ (32,064)	\$ (13,606)
Invested in tangible capital assets	552,861	528,309
Less: financed by long-term liabilities	(10,093)	(11,452)
Total non-financial surpluses	510,704	503,251
Reserves set aside by Council for Infrastructure		
Infrastructure Sustainability - Water Rate Funded	28,174	22,930
Infrastructure Sustainability - Tax Rate Funded	33,691	23,964
	61,865	46,894
Reserve funds, set aside for specific purposes by Council	29,976	34,064
Reserves for proceeds received from 2005 sale of Aurora Hydro	33,295	33,839
Total reserves and reserve funds	125,136	114,797
Accumulated surplus	\$ 635,840	\$ 618,048

12. Net Taxation

	2022	2021
Total taxes levies by the Town	\$ 54,806	\$ 51,875
Total taxes levies administered by the Town:		
Taxes levied on behalf of the Boards of Education	40,700	39,202
Taxes levied on behalf of the Region of York	63,243	60,144
Aurora Business Improvement Area	37	30
	\$ 103,980	\$ 99,376

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

December 31, 2022

(Dollar amounts presented in '000's)

13. Grants Revenue

	2022	2021
Federal	\$ 3,694	\$ 6,157
Provincial	5,190	4,614
Other	2,225	462
	<u>\$ 11,109</u>	<u>\$ 11,233</u>

14. Other Revenue

	2022	2021
Penalties and interest on taxes	\$ 1,565	\$ 1,702
Fines	253	187
Licenses, permits and fees	4,609	4,255
Interest income	4,687	3,687
Other	1,257	4,005
	<u>\$ 12,371</u>	<u>\$ 13,836</u>

15. Pension Agreements

OMERS provides pension services to almost 500,000 active and retired members and their approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets at that date of \$123,628 million indicating an actuarial deficit of \$6,678 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 2022 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$2,516 (2021 - \$2,411) was contributed to OMERS for current year services.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2022

(Dollar amounts presented in '000's)

16. Insurance Coverage

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

Claim costs during the year amounted to \$65 (2021 - \$37).

The Town has made provisions for reserves for self-insurance claims under \$10 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Financial Statement Operations and Accumulated Surplus under reserves set aside by Council. In 2013, the Insurance stand alone reserve was collapsed into the Town's general Tax Rate Stabilization Reserve; this reserve will be similarly accessible for this purpose. The balance of the Tax Rate Stabilization Reserve as of December 31, 2022 was \$6,276 (2021 - \$9,306).

17. Contingencies

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

18. Contractual Obligations

The Town committed contractual obligations on major capital projects of approximately \$29,572 during 2022, 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 \$12,294 (2021 - \$11,956).

19. 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.

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

December 31, 2022

(Dollar amounts presented in '000's)

19. Segment Information (continued)

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 .

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.

20. Tangible Capital Assets Under Construction

Tangible capital assets under construction and other capital work in progress by the Town having a value of \$69,243 (2021 - \$76,815) 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, 2022

(Dollar amounts presented in '000's)

21. Tangible Capital Assets

	2022									
	General					Infrastructure				Total
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Bridges and Other Structures	Underground and Other Networks	Assets Under Construction	
Cost										
Balance, beginning of year	\$ 111,958	\$ 117,502	\$ 13,017	\$ 9,553	\$ 38,480	\$ 117,377	\$ 23,974	\$ 262,556	\$ 76,815	\$ 771,232
Add: Additions during the year	1	646	684	734	563	55	-	245	31,465	34,393
Add: Donations and transfers	-	21,464	-	-	6,723	10,453	1,899	8,638	(37,578)	11,599
Less: Disposals during the year	-	(120)	(574)	(353)	(1,054)	(180)	(28)	(504)	(1,459)	(4,272)
Balance, end of year	111,959	139,492	13,127	9,934	44,712	127,705	25,845	270,935	69,243	812,952
Accumulated amortization										
Balance, beginning of year	-	55,784	6,817	6,611	14,681	51,799	17,839	89,392	-	242,923
Add: Amortization during the year	-	5,636	1,048	845	1,513	4,603	606	4,856	-	19,107
Less: Amortization on disposals	-	(60)	(574)	(353)	(496)	(132)	(28)	(296)	-	(1,939)
Balance, end of year	-	61,360	7,291	7,103	15,698	56,270	18,417	93,952	-	260,091
Net book value of tangible capital assets	\$ 111,959	78,132	5,836	2,831	29,014	71,435	7,428	176,983	69,243	552,861

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

December 31, 2022

(Dollar amounts presented in '000's)

21. Tangible Capital Assets (continued)

	2021 Restated (Note 2)									
	General					Infrastructure				Total
	Land	Buildings	Vehicles	Computer and other	Facilities	Roads	Bridges and Other Structures	Underground and Other Networks	Assets Under Construction	
Cost										
Balance, beginning of year	\$ 111,958	\$ 116,325	\$ 11,820	\$ 9,096	\$ 31,007	\$ 108,381	\$ 23,207	\$ 251,067	\$ 61,923	\$ 724,784
Add: Additions during the year		1,363	2,131	774	59	46	-	85	28,409	32,867
Add: Donations and transfers	-	33	-	51	7,453	9,213	803	11,525	(11,458)	17,620
Less: Restatement Adjustment (note 2)	-	-	-	-	-	-	-	-	(1,710)	(1,710)
Less: Disposals during the year	-	(219)	(934)	(368)	(39)	(263)	(36)	(121)	(349)	(2,329)
Balance, end of year	111,958	117,502	13,017	9,553	38,480	117,377	23,974	262,556	76,815	771,232
Accumulated amortization										
Balance, beginning of year	-	50,667	6,770	6,071	13,516	48,269	17,190	84,669	-	227,152
Add: Amortization during the year	-	5,207	953	908	1,204	3,683	682	4,830	-	17,467
Less: Amortization on disposals	-	(90)	(906)	(368)	(39)	(153)	(33)	(107)	-	(1,696)
Balance, end of year	-	55,784	6,817	6,611	14,681	51,799	17,839	89,392	-	242,923
Net book value of tangible capital assets	\$ 111,958	\$ 61,718	\$ 6,200	\$ 2,942	\$ 23,799	\$ 65,578	\$ 6,135	\$ 173,164	\$ 76,815	\$ 528,309

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

December 31, 2022

(Dollar amounts presented in '000's)

	2022										
	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
Revenue											
Taxation	\$ 54,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,806
User fees	-	509	236	359	1,966	30,466	5,041	1,207	9	1,654	41,447
Grants	-	490	1,854	59	6,296	1,162	1,137	32	45	34	11,109
Loss on disposal of tangible capital assets	-	(50)	-	-	(460)	(629)	(194)	(868)	-	-	(2,201)
Assumed infrastructure assets	-	-	-	-	4,212	7,387	-	-	-	-	11,599
Other	-	5,083	(382)	3,165	622	1,230	469	882	24	1,278	12,371
Total Revenue	54,806	6,032	1,708	3,583	12,636	39,616	6,453	1,253	78	2,966	129,131
Expenses											
Salaries, wages and benefits	-	10,625	-	3,778	3,649	1,028	3,932	7,443	2,940	1,709	35,104
Amortization	-	6,701	318	-	4,807	5,239	-	1,513	529	-	19,107
Materials and supplies	-	207	-	60	1,519	2,618	343	562	293	6	5,608
Contracted services	-	1,483	14,392	213	2,316	23,212	1,395	6,546	276	382	50,215
Interest on long-term liabilities	-	-	-	-	-	-	-	676	-	-	676
Others	-	324	-	-	7	143	110	10	-	35	629
Total Expenses	-	19,340	14,710	4,051	12,298	32,240	5,780	16,750	4,038	2,132	111,339
Annual Surplus (Deficit)	\$ 54,806	\$ (13,308)	\$ (13,002)	\$ (468)	\$ 338	\$ 7,376	\$ 673	\$ (15,497)	\$ (3,960)	\$ 834	\$ 17,792

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

December 31, 2022

(Dollar amounts presented in '000's)

	2021										
	Taxation Revenue	Governance & Corporate Support	Fire & Emergency Services	Bylaw & Licensing Services	Roads & Related Services	Environmental Services	Community Programs & Events	Parks & Facilities	Public Library Services	Planning & Development	Consolidated
Revenue											
Taxation	\$ 51,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	51,875
User fees	-	720	560	497	1,288	29,638	3,012	10,870	2,757	2,259	51,601
Grants	-	268	-	50	6,232	616	3,931	91	45	-	11,233
Loss on disposal of tangible capital assets	-	-	-	-	(206)	(140)	-	(8)	-	-	(354)
Assumed infrastructure assets	-	-	-	-	7,532	10,009	-	50	-	-	17,591
Other	-	7,452	935	2,772	242	939	265	458	4	1,322	14,389
Total Revenue	51,875	8,440	1,495	3,319	15,088	41,062	7,208	11,461	2,806	3,581	146,335
Expenses											
Salaries, wages and benefits	-	8,099	-	3,585	3,583	984	3,154	6,664	2,693	1,702	30,464
Amortization	-	6,334	305	-	4,033	5,190	-	1,204	545	-	17,611
Materials and supplies	-	541	35	49	1,245	2,409	268	501	272	5	5,325
Contracted services	-	2,677	10,552	274	2,207	26,429	1,035	5,392	348	685	49,599
Interest on long-term liabilities	-	-	-	-	-	-	-	196	-	-	196
Other	-	494	-	3	26	280	89	32	-	216	1,140
Total Expenses	-	18,145	10,892	3,911	11,094	35,292	4,546	13,989	3,858	2,608	104,335
Annual Surplus (Deficit)	\$ 51,875	\$ (9,705)	\$ (9,397)	\$ (592)	\$ 3,994	\$ 5,770	\$ 2,662	\$ (2,528)	\$ (1,052)	\$ 973	\$ 42,000

22. Comparative Information

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess of revenue over expenses.