

Consolidated Financial Statements

Town of Aurora

December 31, 2003

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the
Town of Aurora

We have audited the consolidated statement of financial position of the Corporation of the **Town of Aurora** as at December 31, 2003 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Town's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2003 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Markham, Canada,
June 4, 2004

Chartered Accountants

Town of Aurora

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	2003	2002
	\$	\$
Financial assets		
Cash and short-term investments <i>[note 2]</i>	28,184,899	20,022,895
Taxes receivable	3,483,320	3,909,483
User charges receivable	1,305,255	1,516,746
Accounts receivable	1,066,450	1,277,698
Investment in Borealis Hydro Electric Holdings Inc. <i>[note 3]</i>	26,878,896	26,464,677
Total assets	60,918,820	53,191,499
Liabilities		
Accounts payable and accrued liabilities	4,801,513	4,434,616
Deposits and deferred revenue	5,368,888	3,733,134
Deferred revenue - Obligatory reserve funds <i>[note 4]</i>	8,898,648	5,037,099
Employee future benefits liabilities <i>[note 5]</i>	394,646	163,800
Total liabilities	19,463,695	13,368,649
Net Assets	41,455,125	39,822,850
MUNICIPAL POSITION		
Fund Balances (Note 6)		
Operating fund	622,523	502,809
Capital fund	7,375,472	(361,984)
Reserves and Reserve funds <i>[note 7]</i>	6,578,234	13,217,348
Equity in Borealis Hydro Electric Holdings Inc. <i>[note 3]</i>	26,878,896	26,464,677
Fund balances and municipal position	41,455,125	39,822,850

See accompanying notes

Town of Aurora

**CONSOLIDATED STATEMENT OF
FINANCIAL ACTIVITIES**

Year ended December 31

	Budget 2003 \$	Actual 2003 \$	Actual 2002 \$
	(Unaudited)		
REVENUES			
Taxation [note 8]	15,783,247	15,794,985	14,805,610
User charges [note 10]	11,834,018	17,363,663	13,905,454
Grants [note 11]	73,919	415,456	112,160
Other [note 12]	2,972,047	6,223,657	5,111,259
Net income – Borealis Hydro Electric Holdings Inc.[note 3]	—	414,219	(63,913)
Total revenues	30,663,231	40,211,980	33,870,570
EXPENDITURES			
Current			
General government	4,017,885	4,295,876	3,459,176
Protection to persons and property	5,863,924	5,921,005	4,324,205
Transportation services	2,495,877	3,068,420	2,493,071
Environmental services	6,978,567	6,724,735	7,238,421
Leisure and cultural services	7,157,540	7,246,632	6,669,155
Planning and development	776,210	781,517	656,429
	27,290,003	28,038,185	24,840,457
Capital			
General government	860,000	5,522,722	288,984
Protection to persons and property	82,013	74,305	34,336
Transportation services	4,423,500	2,038,769	1,941,036
Environmental services	840,000	757,196	2,489,359
Leisure and cultural services	3,247,000	1,808,704	2,033,738
Planning and development	—	108,979	91,545
	9,452,513	10,310,675	6,878,998
Total expenditures [note 9]	36,742,516	38,348,860	31,719,455
Net revenues (expenditures)	(6,079,285)	1,863,120	2,151,115
FINANCING and TRANSFERS			
Transfers between funds	5,938,460	—	—
Principal repayment on debt	—	—	(2,614,400)
Changes in employee benefit obligation	—	(230,846)	(163,800)
Change in fund balances	(140,825)	1,632,274	(627,085)

See accompanying notes

Town of Aurora

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2003 \$	2002 \$
OPERATING ACTIVITIES		
Net revenues (expenditures)	1,632,274	1,987,314
Increase in employee benefit obligations	230,846	163,800
(Increase) decrease in equity in Borealis Hydro Electric Holdings Inc.	(414,219)	63,913
	1,448,901	2,051,227
Changes in non-cash working capital balances related to operations:		
Decrease in taxes receivable	426,163	683,547
Increase in user charges receivable	211,491	152,946
Decrease (increase) in accounts receivable	211,248	(379,050)
Increase (decrease) in accounts payable and accrued liabilities	366,897	(2,676,953)
Increase in deposits and deferred revenues	1,635,755	260,059
Decrease in obligatory reserve funds	3,861,549	373,104
Cash provided by operating activities	8,162,004	628,680
FINANCING ACTIVITIES		
Mortgage repayments	—	(2,614,400)
Cash used in financing activities	—	(2,614,400)
Net increase (decrease) in cash during the year	8,162,004	(1,985,720)
Cash and short-term investments, beginning of year	20,022,895	22,008,615
Cash and short-term investments, end of year	28,184,899	20,022,895

See accompanying notes

Town of Aurora

**CONSOLIDATED SCHEDULE OF OPERATING FUND
ACTIVITIES - SCHEDULE 1**

Year ended December 31

	Budget 2003 \$	Actual 2003 \$	Actual 2002 \$
	(Unaudited)		
REVENUES			
Taxation <i>[note 8]</i>	15,783,247	15,794,985	14,805,610
User charges <i>[note 10]</i>	11,834,018	10,527,670	10,549,542
Grants <i>[note 11]</i>	73,919	121,036	112,160
Other <i>[note 12]</i>	2,972,047	5,646,570	4,084,699
Total revenues	30,663,231	32,090,261	29,552,011
EXPENDITURES			
General government	4,017,885	4,295,876	3,459,176
Protection to persons and property	5,863,924	5,921,005	4,324,205
Transportation services	2,495,877	3,068,420	2,493,071
Environmental services	6,978,567	6,724,735	7,238,421
Leisure and cultural services	7,157,540	7,246,632	6,669,155
Planning and development	776,210	781,517	656,429
Total expenditures	27,290,003	28,038,185	24,840,457
Net revenues	3,373,228	4,052,076	4,711,554
FINANCING and TRANSFERS			
Change in employee benefit obligations	—	(230,846)	(163,800)
Transfer (to) from reserves	(1,643,369)	(1,390,087)	(2,643,072)
Transfer (to) from reserve funds	(714,509)	(737,536)	(592,903)
Transfer (to) from capital funds	(1,518,159)	(1,573,893)	(1,260,670)
Net financing and transfers	(3,876,037)	(3,932,362)	(4,660,445)
CHANGE IN OPERATING FUND	(502,809)	119,714	51,109
OPERATING FUND BALANCE, BEGINNING OF YEAR	502,809	502,809	451,700
OPERATING FUND BALANCE, END OF YEAR	—	622,523	502,809

See accompanying notes

Town of Aurora

**CONSOLIDATED SCHEDULE OF CAPITAL FUND
ACTIVITIES - SCHEDULE 2**

Year ended December 31

	Budget 2003 \$	Actual 2003 \$	Actual 2002 \$
	(Unaudited)		
REVENUES			
User charges <i>[note 10]</i>	—	1,228,893	2,212,644
Grants <i>[note 11]</i>	—	294,420	—
Other <i>[note 12]</i>	—	146,000	230,571
Total revenues	—	1,669,313	2,443,215
EXPENDITURES			
General government	860,000	5,522,722	288,984
Protection to persons and property	82,013	74,305	34,336
Transportation services	4,423,500	2,038,769	1,941,036
Environmental services	840,000	757,196	2,489,359
Leisure and cultural services	3,247,000	1,808,704	2,033,738
Planning and development	—	108,979	91,545
Total expenditures	9,452,513	10,310,675	6,878,998
Net revenues	(9,452,513)	(8,641,362)	(4,435,783)
FINANCING and TRANSFERS			
Transfer from (to) operating fund	2,055,485	1,573,893	1,260,670
Transfer from (to) reserves	3,299,542	4,438,825	1,281,559
Transfer from (to) reserve funds	4,459,470	10,366,100	5,386,116
Mortgage proceeds / repayments	—	—	(2,614,400)
Net financing and transfers	9,814,497	16,378,818	5,313,945
CHANGE IN CAPITAL FUND	361,984	7,737,456	878,162
CAPITAL FUND BALANCE, BEGINNING OF YEAR	(361,984)	(361,984)	(1,240,148)
CAPITAL FUND BALANCE, END OF YEAR	—	7,375,472	(361,984)

See accompanying notes

Town of Aurora

**CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE
FUNDS ACTIVITIES - SCHEDULE 3**

Year ended December 31

	Actual 2003 \$	Actual 2002 \$
REVENUES		
User charges <i>[note 10]</i>	5,607,100	1,143,268
Other <i>[note 12]</i>	431,088	795,989
Total revenues	6,038,188	1,939,257
FINANCING and TRANSFERS		
Transfer from (to) operating fund	2,127,623	(3,235,975)
Transfer from (to) capital fund	(14,804,925)	6,667,675
Total net transfers	(12,677,302)	3,431,700
CHANGE IN RESERVE AND RESERVE FUND BALANCE	(6,639,114)	(1,492,443)
RESERVE AND RESERVE FUND BALANCE, BEGINNING OF YEAR	13,217,348	14,709,791
RESERVE AND RESERVE FUND BALANCE, END OF YEAR	6,578,234	13,217,348

See accompanying notes

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.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Town are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ["PSAB"] of The Canadian Institute of Chartered Accountants.

Significant accounting policies adopted by the Town are as follows:

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the Town, and except for government business enterprise which are accounted for by the modified equity basis of accounting, 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.

The Aurora Public Library Board is fully consolidated in these consolidated financial statements. All inter-organizational and inter-fund transactions and balances are eliminated.

The taxation, other revenues, expenditures, assets and liabilities with respect to the Boards of Education within the Regional Municipality of York are not reflected in the Town's consolidated financial statements.

Investment in Borealis Hydro Electric Holdings Inc.

The Town's investment in Borealis Hydro Electric Holdings Inc. is accounted for on a modified equity basis, consistent with the generally accepted accounting principles as recommended by PSAB for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Borealis Hydro Electric Holdings Inc. in its consolidated statement of financial activities with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from Borealis Hydro Electric Holdings Inc. will be reflected as reductions in the investment asset account.

Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Inventories

Expenditures on materials and supplies are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition.

Capital assets

The historical cost and accumulated amortization of capital assets are not recorded for Town purposes. Capital assets acquired are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition.

Pensions agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (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.

Employee future benefits

Employee future benefits include health and basic dental coverage that the Town of Aurora pays on behalf of its current and retired employees. The Town records these future benefits as they are earned during the employee's tenure of service. The Town also estimates future benefits relating to accumulated sick credits and overtime as they are earned.

Deferred revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These accounts will be recognized as revenues in the fiscal year the services are performed.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenditures during the period. Actual results could differ from these estimates.

Budget figures

The approved operating and capital budgets for 2003 are reflected on the Consolidated Statement of Financial Activities. The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year actuals.

2. SHORT TERM INVESTMENTS

Short term investments, recorded at a cost of \$5,809,648 (2002 - \$6,453,862), have a market value approximating cost. These investments consist of interest-bearing certificates and are included as part of cash and short-term investments.

3. INVESTMENT IN BOREALIS HYDRO ELECTRIC HOLDINGS INC.

The following represents condensed financial information for Borealis Hydro Electric Holdings Inc. which has been accounted for on a modified equity basis consistent with the generally accepted accounting principles as recommended by PSAB for government business enterprises.

The Town of Aurora's investment in Borealis Hydro Electric Holdings Inc. at December 31, 2003 is reported as follows:

	2003	2002
	\$	\$
Share Capital		
Borealis Hydro Electric Holdings Inc. - 1,000 common shares	12,385,600	12,385,600
Retained earnings	1,757,296	1,343,077
Long-term Debt – Unsecured Promissory Note	12,736,000	12,736,000
Total investment	26,878,896	26,464,677

Details of the continuity of the investment are as follows:

	2003	2002
	\$	\$
Balance, beginning of year	26,464,677	26,528,590
Net income (loss) for the year	414,219	(63,913)
Balance, end of year	26,878,896	26,464,677

Borealis Hydro Electric Holdings Inc. issued in April 2002 an unsecured promissory note in the amount of \$12,736,000, effective November 1, 2000, to the Town. The note bears interest at a simple annual rate equal to the rate of interest that Borealis is, from time to time, permitted by the OEB to recover in its rates [currently 7.25% per annum]. Interest is due and payable on the last day of each of March, June, September and December, commencing December 31, 2001.

3. INVESTMENT IN BOREALIS HYDRO ELECTRIC HOLDINGS INC. (cont.)

The following table provides condensed financial information in respect of Borealis Hydro Electric Holdings Inc.:

	2003	2002
	\$	\$
Financial Position		
Assets		
Current	8,731,759	9,240,813
Capital	21,427,373	20,425,503
Other	3,101,700	2,204,206
	33,260,832	31,870,522
Liabilities		
Current	4,340,026	4,460,315
Other	2,041,910	945,530
Long term debt to Town of Aurora	12,736,000	12,736,000
	19,117,936	18,141,845
Net assets	14,142,896	13,728,677
Results of Operations		
Revenues	33,630,919	37,059,353
Operating expenses	32,183,340	35,864,066
Income before interest and amounts in lieu of income taxes	1,447,579	1,195,287
Interest and amounts in lieu of income taxes	1,033,360	1,259,200
Net income (loss)	414,219	(63,913)

Related party transactions

	2003	2002
	\$	\$
Related party transactions between the Town of Aurora and Borealis Hydro Electric Holdings Inc. (wholly owned subsidiary of the Town) included the following :		
Interest paid on Promissory note	923,360	1,154,200
Rent – 215 Industrial Parkway South	99,289	96,396
Energy Purchases	675,159	812,647

4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of PSAB is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and, under certain circumstances, how these funds may be refunded.

Obligatory reserve funds consist of the following:

	2003 \$	2002 \$
Development charges	7,443,585	1,941,213
Park purposes	864,622	1,276,552
Development charges transferred to capital but unexpended at the end of the year	590,441	1,819,334
	8,898,648	5,037,099

5. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

Post employment benefits are health and dental benefits that the Town of Aurora pays on behalf of its current and retired employees. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. An actuarial estimate of future liabilities for employee future benefits has been completed and forms the basis for the estimated liability reported in these financial statements.

	2003 \$	2002 \$
Post employment benefits	325,146	94,300
Accrued Sick Leave	38,800	38,800
Accrued Overtime	30,700	30,700
	394,646	163,800

The main assumptions employed for the actuarial valuation prepared at December 31, 2003 are as follows:

Interest (discount) rate.

The present value as at December 31, 2003, of the post employment benefit liability was determined using a discount rate of 6.0%.

Health costs

Health costs were assumed to increase at an average increase of 10.0% for 2004 and decrease thereafter to 5.0% per year.

Dental costs

Dental costs were assumed to increase at an average increase of 5.0% in 2004 and thereafter.

The management of the Town has, using the best information available to it, estimated the liability for accrued sick leave and accrued overtime based on the value of the current obligation for past and current employees

.6. MUNICIPAL FUND BALANCES

The net change in fund balances consists of the following:

	2003	Net increase	2002
	\$	(decrease)	\$
Operating fund - for general reduction of taxation and user charges	622,523	119,714	502,809
Capital fund	7,375,472	7,737,456	(361,984)
Reserves and reserve funds <i>[note 7]</i>	6,578,234	(6,639,114)	13,217,348
Equity in Borealis Hydro Electric Holdings Inc. <i>[note 3]</i>	26,878,896	414,219	26,464,677
Total fund balances	41,455,125	1,632,275	39,822,850

7. RESERVES AND RESERVE FUNDS

Reserves and reserve funds are comprised of the following:

	2003 \$	2002 \$
Reserves set aside by Council for		
Acquisition of capital assets	1,429,886	3,301,235
Working capital	480,000	480,000
Contingencies	1,786,851	2,439,655
Engineering	1,352,922	1,534,658
Other management	85,783	272,476
Total reserves	5,135,442	8,028,024
Reserve funds set aside for specific purposes by legislation, regulation or agreement		
Park purposes	864,622	1,276,552
Development charges for		
Corporate/Administration	(281,576)	(558,282)
Fire	1,164,292	828,507
Leisure services	3,589,880	2,171,514
Library	734,204	415,859
Transit	—	60,957
Public works	1,608,951	792,903
Transportation	2,039,696	472,969
Water	(835,409)	(1,033,444)
Sewer	(576,453)	(1,209,770)
Reserve funds set aside by Council for specific purposes capital projects	1,442,792	5,189,324
Total reserve funds before the following	9,750,999	8,407,089
Less amounts reallocated to obligatory reserve funds <i>[note 4]</i>	8,308,207	3,217,765
Total reserve funds	1,442,792	5,189,324
Total reserves and reserve funds	6,578,234	13,217,348

8. NET TAXATION CHARGES

Total taxation consists of the following:

	2003 \$	2002 \$
Total taxes levied by the Town	61,603,915	59,092,257
Less		
Taxes levied on behalf of the Boards of Education	21,701,743	21,526,643
Taxes levied on behalf of the Region of York	24,107,187	22,760,004
Net taxation charges	15,794,985	14,805,610

9. CLASSIFICATION OF EXPENDITURES BY OBJECT

Expenditures by object consist of the following:

	2003 \$	2002 \$
Salaries, wages and benefits	11,223,337	9,939,008
Contracted services	13,377,544	12,263,397
Materials and supplies	3,321,222	2,531,024
Capital and other	10,426,757	6,986,026
	38,348,860	31,719,455

10. USER CHARGES

	Budget \$	2003 \$	2002 \$
Operating			
Fees and service charges	11,834,018	10,527,670	10,549,542
	11,834,018	10,527,670	10,549,542
Capital			
Lot levies and development charges	—	1,228,893	2,212,644
	—	1,228,893	2,212,644
Reserves and Reserve Funds			
Contributions from developers	—	10,697,543	3,729,017
Net change in Obligatory Reserve Funds	—	(5,090,443)	(2,585,749)
	—	5,607,100	1,143,268
Total	11,834,018	17,363,663	13,905,454

11. GRANTS

	Budget \$	2003 \$	2002 \$
Operating			
Province of Ontario	73,919	84,634	78,101
Government of Canada	—	16,556	7,454
Other	—	19,846	26,605
	73,919	121,036	112,160
Capital			
Province of Ontario	—	294,420	—
	—	294,420	—
Total	73,919	415,456	112,160

12. OTHER REVENUE

	Budget \$	2003 \$	2002 \$
Operating			
Penalties and interest on taxes	625,000	549,323	548,050
Fines	294,500	330,646	330,362
Rents and leases	272,000	2,717,209	1,511,211
Interest income	1,430,500	1,676,987	1,335,018
Other	350,047	372,404	360,058
	2,972,047	5,646,569	4,084,699
Capital			
Other	—	146,000	230,571
	—	146,000	230,571
Reserves and Reserve Funds			
Interest income	—	424,268	451,871
Other	—	6,820	344,118
	—	431,088	795,989
Total	2,972,047	6,223,657	5,111,259

13. PENSION AGREEMENTS

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

In June 1998, OMERS announced a contribution holiday as part of a multi-phase surplus management initiative. For the period commencing August 1998 and ending December 31, 2002, the Town was not required to make contributions to the plan on behalf of its staff. Under typical funding arrangements, the Town's contributions are expensed in the period due.

Contributions resumed on January 1, 2003 at rates of 2.1% and 2.6% depending on the level of earnings. Effective January 1, 2004, full contribution rates will resume ranging from 6.0% to 9.8% depending on the proposed retirement age and level of earnings.

14. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996 requires the municipality to disclose the names, positions, salaries and benefits of employees who were paid a salary of \$100,000 or more during the calendar year.

As required under the Act, applicable salaries and benefits paid to employees during 2003 are as follows:

<u>Employee</u>	<u>Position</u>	<u>Salary</u>	<u>Benefits</u>
Allison, Lawrence	Chief Administrative Officer	\$ 130,969	\$ 7,731
Panizza, Robert	Director of Corporate Services	105,784	260
Evelyn, Allan	Director of Finance / Treasurer	105,784	1,191
Jackson, Wayne	Director of Public Works	105,784	1,204
Downey, Allan	Director of Leisure Services	105,784	1,191
Abbott, Colleen	Chief Executive Officer, Aurora Public Library	105,749	231
Seibert, Susan	Director of Planning	105,784	1,191

15. 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, however, the Town's management believe that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

16. CENTRAL YORK FIRE SERVICES

2002, the Town of Aurora entered into a Joint Venture 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.

17. INSURANCE COVERAGE

The Municipality self insures for any individual claim up to \$10,000 and for any number of claims arising out of a single occurrence.

The Municipality has made provisions for reserves for self insurance claims under \$10,000 which as at December 31, 2003 amounted to \$325,415 (2002- 552,953). These reserves are reported on the Consolidated Statement of Financial Activities under Reserves Set Aside by Council.

The Town of Aurora is a member of the Ontario Municipal Insurance Exchange which became a licensed group for liability insurance coverage on October 1, 1996. Contributions have been made to the fund for claims in excess of \$10,000 and under \$50,000,000. These contributions have been reported as expenditures on the "Consolidated Statements of Financial Activities".

18. COMPARATIVE FIGURES

Certain comparative figures of prior year have been reclassified to conform with 2003 financial statement presentation.