

Town of Aurora
Consolidated Financial Statements
December 31, 2004

Grant Thornton 

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Grant Thornton LLP
Chartered Accountants
Management Consultants

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, 2004 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the Town's management. 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 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, 2004 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Grant Thornton LLP

Markham, Canada
October 4, 2005

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Chartered Accountants

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Town of Aurora

Consolidated Statement of Financial Position

As at December 31

2004

2003

Assets

Cash and short term investments (Note 2)	\$ 27,673,498	\$ 28,184,899
Taxes receivable	4,455,945	3,483,320
User charges receivable	1,520,143	1,305,255
Accounts receivable	1,550,907	1,066,450
Investment in Borealis Hydro Electric Holdings Inc. (Notes 3 and 13)	<u>27,112,557</u>	<u>26,751,491</u>
	<u>62,313,050</u>	<u>60,791,415</u>

Liabilities

Accounts payable and accrued liabilities	9,777,754	4,801,513
Deposits and deferred revenue	4,452,482	5,368,888
Deferred revenue - Obligatory reserve funds (Note 4)	6,810,333	8,898,648
Employee future benefits liabilities (Note 5)	<u>425,646</u>	<u>394,646</u>
	<u>21,466,215</u>	<u>19,463,695</u>

Net Financial Assets	\$ <u>40,846,835</u>	\$ <u>41,327,720</u>
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MUNICIPAL POSITION

Fund Balances

Operating Fund (Page 14)	\$ 869,800	\$ 622,523
Capital Fund (Page 15)	7,178,547	7,375,472
Reserves and Reserve Funds (Page 16)	5,685,931	6,578,234
Equity in Borealis Hydro Electric Holdings Inc.(Note 3)	<u>27,112,557</u>	<u>26,751,491</u>

Municipal position	\$ <u>40,846,835</u>	\$ <u>41,327,720</u>
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Contingencies (Note 10)

Approved by:

Mayor

Clerk

See accompanying notes to the consolidated financial statements.

Town of Aurora Consolidated Statement of Financial Activities

Year Ended December 31	Budget 2004	Actual 2004	Actual 2003
	(Unaudited)		
Revenues			
Taxation (Note 6)	\$ 16,938,532	\$ 17,788,102	\$ 15,794,985
User charges	19,275,063	16,643,811	17,363,663
Grants	576,140	187,638	415,456
Other (Note 8)	4,718,819	7,743,408	6,223,657
Net income – Borealis Hydro Electric Holdings Inc. (Note 3)	-	361,066	414,219
	<u>41,508,554</u>	<u>42,724,025</u>	<u>40,211,980</u>
Expenditures			
Operating			
General government	4,414,688	4,367,003	4,295,876
Protection to persons and property	6,854,896	6,816,591	5,921,005
Transportation services	3,211,946	3,099,584	3,068,420
Environmental services	7,362,028	7,619,240	6,724,735
Leisure and cultural services	7,831,845	8,022,158	7,246,632
Planning and development	891,971	780,058	781,517
	<u>30,567,374</u>	<u>30,704,634</u>	<u>28,038,185</u>
Capital			
General government	400,000	616,136	5,522,722
Protection to persons and property	-	12,900	74,305
Transportation services	2,608,000	4,899,302	2,038,769
Environmental services	3,353,000	1,386,874	757,196
Leisure and cultural services	24,942,978	5,516,768	1,808,704
Planning and development	150,000	37,297	108,979
	<u>31,453,978</u>	<u>12,469,277</u>	<u>10,310,675</u>
Total expenditures (Note 7)	<u>62,021,352</u>	<u>43,173,911</u>	<u>38,348,860</u>
Net revenues (expenditures)	(20,512,798)	(449,886)	1,863,120
Financing and transfers			
Issuance of long term debenture	19,050,000	-	-
Changes in employee benefit obligation	-	(31,000)	(230,846)
Change in fund balances	<u>\$ (1,462,798)</u>	<u>\$ (480,886)</u>	<u>\$ 1,632,274</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora
Consolidated Statement of Changes in Financial Position
Year Ended December 31 2004 2003

Increase (decrease) in cash and cash equivalents

Operating activities		
Net revenues (expenditures)	\$ (480,886)	\$ 1,632,274
Increase in employee benefit obligations	31,000	230,846
Increase in equity in Borealis Hydro Electric Holdings Inc.	<u>(361,066)</u>	<u>(414,219)</u>
	<u>(810,952)</u>	<u>1,448,901</u>
Changes in non-cash working capital balances related to operations:		
(Increase) decrease in taxes receivable	(972,625)	426,163
(Increase) decrease in user charges receivable	(214,888)	211,491
(Increase) decrease in accounts receivable	(484,457)	211,248
Increase in accounts payable and accrued liabilities	4,976,242	366,897
(Decrease) increase in deposits and deferred revenues	(916,406)	1,635,755
(Decrease) increase in obligatory reserve funds	<u>(2,088,315)</u>	<u>3,861,549</u>
	<u>299,551</u>	<u>6,713,103</u>
Net increase (decrease) in cash during the year	(511,401)	8,162,004
Cash and short term investments, beginning of year	<u>28,184,899</u>	<u>20,022,895</u>
Cash and short term investments, end of year	\$ <u>27,673,498</u>	\$ <u>28,184,899</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

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. Summary of 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

Accrual 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.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

1. Summary of significant accounting policies (continued)

Inventories

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

Non-financial assets

Non-financial assets are recorded in the period the goods or services are acquired.

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.

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Vacation entitlements are accrued for as entitlements 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. 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.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

1. Summary of significant accounting policies (continued)

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 2004 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.

Reserves and reserve funds

Certain amounts, as approved by the Town Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to/from reserves and reserve funds are an adjustment to the respective fund when approved.

Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the municipality. The municipality is not involved in the construction and does not budget for either the contributions from the developer or the capital expenditure.

Investment income

Investment income earned on surplus operating funds, capital funds, and reserves and reserve funds are reported as revenue in the period earned. Investment income earned on development charges (obligatory reserve funds) is added to the fund balance and forms part of the deferred revenue balance.

2. Short term investments

Short term investments, recorded at a cost of \$4,922,037 (2003 - \$5,809,648), have a market value approximating cost. These investments consist of interest-bearing certificates that are liquid in nature and are included as part of cash and short-term investments.

Town of Aurora Notes to the Consolidated Financial Statements

December 31, 2004

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, 2004 is reported as follows:

	<u>2004</u>	<u>2003</u>
Share capital		
Borealis Hydro Electric Holdings Inc. - 1,000 common shares	\$ 12,385,600	\$ 12,385,600
Retained earnings	1,990,957	1,757,296
Prior period adjustment re: change in accounting policy	-	(127,405)
Long term debt – unsecured promissory note	<u>12,736,000</u>	<u>12,736,000</u>
Total investment	\$ <u>27,112,557</u>	\$ <u>26,751,491</u>

Details of the continuity of the investment are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 26,751,491	\$ 26,464,677
Net income for the year	361,066	414,219
Prior period adjustment: re: change in accounting policy	<u>-</u>	<u>(127,405)</u>
Balance, end of year	\$ <u>27,112,557</u>	\$ <u>26,751,491</u>

Borealis Hydro Electric Holdings Inc. issued 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.

Change in accounting policy

Effective January 1, 2004, Borealis Hydro Electric Holdings Inc. adopted the employee future benefits obligation policy. The Corporation is required to recognize a liability for the future benefits of certain employees when they are no longer providing active service.

As a result of the adoption of this policy, the Corporation has recorded a charge against retained earnings as at January 1, 2004 of \$127,405 and recorded a liability for the same amount.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

3. Investment in Borealis Hydro Electric Holdings Inc. (continued)

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

	<u>2004</u>	<u>2003</u>
Financial Position		
Assets		
Current	\$ 11,495,055	\$ 8,731,759
Capital	20,757,031	21,427,373
Other	<u>1,636,389</u>	<u>3,101,700</u>
	<u>33,888,475</u>	<u>33,260,832</u>
Liabilities		
Current	5,895,582	4,340,026
Other	880,336	2,169,315
Long term debt to Town of Aurora	<u>12,736,000</u>	<u>12,736,000</u>
	<u>19,511,918</u>	<u>19,245,341</u>
Net assets	\$ <u>14,376,557</u>	\$ <u>14,015,491</u>
Results of Operations		
Revenues	\$ 34,772,056	\$ 33,630,919
Operating expenses	<u>32,982,330</u>	<u>32,183,340</u>
Income before interest and amounts in lieu of income taxes	1,789,726	1,447,579
Interest and amounts in lieu of income taxes	<u>1,428,660</u>	<u>1,033,360</u>
Net income	\$ <u>361,066</u>	\$ <u>414,219</u>

Related party transactions

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	\$ 923,360
Rent – 215 Industrial Parkway South	100,034	97,120
Energy purchases	700,839	675,159

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

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:

	<u>2004</u>	<u>2003</u>
Development charges	\$ 1,720,880	\$ 7,443,585
Park purposes	<u>1,742,968</u>	<u>864,622</u>
	3,463,848	8,308,207
Development charges transferred to capital but unexpended at the end of the year	<u>3,346,485</u>	<u>590,441</u>
	<u>\$ 6,810,333</u>	<u>\$ 8,898,648</u>

5. Employee future benefit obligations

	<u>2004</u>	<u>2003</u>
Employee future benefits	\$ 356,146	\$ 325,146
Accrued sick leave	38,800	38,800
Accrued overtime	<u>30,700</u>	<u>30,700</u>
	<u>\$ 425,646</u>	<u>\$ 394,646</u>

Employee future benefits are health and dental benefits that are provided to early retirees, future retirees, and employees currently on a long term disability. The Town recognizes these post-retirement costs as they are earned during the employee's tenure of service. The last actuarial valuation carried out was December 31, 2003.

Information about the Town's post retirement benefits plan is as follows:

	<u>2004</u>	<u>2003</u>
Employee future benefits payable	\$ <u>356,146</u>	\$ <u>325,146</u>
Employee future benefits, beginning of year	\$ 325,146	\$ 295,981
Add: Benefit expense	19,768	18,650
Interest cost	19,843	18,072
Less: Expected benefits paid for the period	<u>(8,611)</u>	<u>(7,557)</u>
Employee future benefits, end of year	<u>\$ 356,146</u>	<u>\$ 325,146</u>

Town of Aurora
Notes to the Consolidated Financial Statements
December 31, 2004

5. Employee future benefit obligations (continued)

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

Interest (discount) rate

The present value 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 a average increase of 5.0% in 2004 and thereafter.

Actuarial evaluations for accounting purposes are performed every three years using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2003. The average remaining service period of the active employees covered by the benefit plan is thirteen years for 2004. As there have been no significant changes in staff composition or claims history, nor have there been any major deviations from the assumptions made for the December 31, 2003 valuation, the 2004 benefit liability was estimated extrapolating from the amount of full time salaries and wages.

6. Net taxation charges	<u>2004</u>	<u>2003</u>
Total taxation consists of the following:		
Total taxes levied by the Town	\$ 68,039,944	\$ 61,603,915
Less:		
Taxes levied on behalf of the Boards of Education	23,432,232	21,701,743
Taxes levied on behalf of the Region of York	<u>26,819,610</u>	<u>24,107,187</u>
	<u>\$ 17,788,102</u>	<u>\$ 15,794,985</u>

7. Classification of expenditures by object	<u>2004</u>	<u>2003</u>
Expenditures by object consist of the following:		
Salaries, wages and benefits	\$ 11,524,849	\$ 11,223,337
Contracted services	15,895,227	13,377,544
Materials and supplies	3,284,558	3,321,222
Capital and other	<u>12,469,277</u>	<u>10,426,757</u>
	<u>\$ 43,173,911</u>	<u>\$ 38,348,860</u>

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

8. Other revenue	<u>2004</u>	<u>2003</u>
Operating		
Penalties and interest on taxes	\$ 563,679	\$ 549,323
Fines	356,203	330,646
Rents and leases	2,495,206	2,717,209
Interest income	1,523,960	1,676,987
Other	<u>888,459</u>	<u>372,404</u>
	<u>5,827,507</u>	<u>5,646,569</u>
Capital		
Sale of land	1,305,712	-
Other	<u>210,843</u>	<u>146,000</u>
	<u>1,516,555</u>	<u>146,000</u>
Reserves and Reserve Funds		
Interest income	349,588	424,268
Other	<u>49,758</u>	<u>6,820</u>
	<u>399,346</u>	<u>431,088</u>
	<u>\$ 7,743,408</u>	<u>\$ 6,223,657</u>

9. 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.

Contributions in 2003 ranged from of 2.1% and 2.6% depending on the proposed retirement age and level of earnings. In 2004, full contribution rates resumed at rates from 6.0% to 9.8%. The 2004 OMERS contributions were \$961,818 (2003 - \$320,946), of which \$480,909 (2003 - \$161,628) was an operating expense of the Town.

10. 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.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2004

11. Central York Fire Services

Effective January 1 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 Aurora 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.

12. Insurance coverage

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

Claim costs during the year amounted to \$46,680 (2003 - \$28,097).

The Municipality has made provisions for reserves for self insurance claims under \$10,000 which as at December 31, 2004 amounted to \$333,550 (2003 - \$325,415). 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 Statement of Financial Activities.

13. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with the 2004 presentation. The investment in Borealis Hydro Electric Holdings Inc. has been restated to account for a change in accounting policy, see Note 3.

14. Subsequent event

In March 2005, Borealis Hydro Electric Holdings Inc. entered into a share purchase agreement to sell all the common shares of Aurora Hydro Connections Limited, subject to approval by the OEB, which has been subsequently received on September 19, 2005. Proceeds, prior to any post-closing adjustments are \$34,500,000.

Town of Aurora
Schedule of Operating Fund Activities
Schedule 1

Year Ended December 31	Budget 2004	Actual 2004	Actual 2003
	(Unaudited)		
Revenue			
Taxation (Note 6)	\$ 16,938,532	\$ 17,788,102	\$ 15,794,985
User charges	11,868,439	11,633,503	10,527,670
Grants	226,140	187,638	121,037
Other (Note 8)	<u>4,577,627</u>	<u>5,827,507</u>	<u>5,646,569</u>
	<u>33,610,738</u>	<u>35,436,750</u>	<u>32,090,261</u>
Expenditures			
General government	4,414,688	4,367,003	4,295,876
Protection to persons and property	6,854,896	6,816,591	5,921,005
Transportation services	3,211,946	3,099,584	3,068,420
Environmental services	7,362,028	7,619,240	6,724,735
Leisure and cultural services	7,831,845	8,022,158	7,246,632
Planning and development	<u>891,971</u>	<u>780,058</u>	<u>781,517</u>
	<u>30,567,374</u>	<u>30,704,634</u>	<u>28,038,185</u>
Net revenue	<u>3,043,364</u>	<u>4,732,116</u>	<u>4,052,076</u>
Financing and transfers			
Change in employee benefit obligations	-	(31,000)	(230,846)
Transfer to Reserves and Reserve Funds	(1,693,906)	(2,962,478)	(2,127,623)
Transfer to Capital Fund	<u>(1,349,458)</u>	<u>(1,491,361)</u>	<u>(1,573,893)</u>
	<u>(3,043,364)</u>	<u>(4,484,839)</u>	<u>(3,932,362)</u>
Change in Operating Fund	-	247,277	119,714
Operating Fund balance, beginning of year	<u>622,523</u>	<u>622,523</u>	<u>502,809</u>
Operating Fund balance, end of year	\$ <u>622,523</u>	\$ <u>869,800</u>	\$ <u>622,523</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora
Schedule of Capital Fund Activities
Schedule 2

Year Ended December 31	Budget 2004	Actual 2004	Actual 2003
	(Unaudited)		
Revenue			
User charges	\$ 7,406,624	\$ 5,583,007	\$ 3,862,674
Grants	350,000	-	294,420
Other (Note 8)	<u>141,192</u>	<u>1,516,555</u>	<u>146,000</u>
	<u>7,897,816</u>	<u>7,099,562</u>	<u>4,303,094</u>
Expenditures			
General government	400,000	616,136	5,522,722
Protection to persons and property	-	12,900	74,305
Transportation services	2,608,000	4,899,302	2,038,769
Environmental services	3,353,000	1,386,874	757,196
Leisure and cultural services	24,942,978	5,516,768	1,808,704
Planning and development	<u>150,000</u>	<u>37,297</u>	<u>108,979</u>
	<u>31,453,978</u>	<u>12,469,277</u>	<u>10,310,675</u>
Net expenditure	<u>(23,556,162)</u>	<u>(5,369,715)</u>	<u>(6,007,581)</u>
Financing and transfers			
Issuance of long term debenture	19,050,000	-	-
Transfer from Operating Fund	1,282,000	1,491,361	1,573,893
Transfer from Reserves	2,204,812	2,203,123	4,438,825
Transfer from Reserve Funds	<u>256,350</u>	<u>1,478,306</u>	<u>7,732,319</u>
	<u>22,793,162</u>	<u>5,172,790</u>	<u>13,745,037</u>
Change in Capital Fund balance	(763,000)	(196,925)	7,737,456
Capital Fund balance, beginning of year	<u>7,375,472</u>	<u>7,375,472</u>	<u>(361,984)</u>
Capital Fund balance, end of year	<u>\$ 6,612,472</u>	<u>\$ 7,178,547</u>	<u>\$ 7,375,472</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora
Schedule of Reserves and Reserve Funds Activities
Schedule 3

Year Ended December 31	Actual 2004	Actual 2003
Revenue		
User charges	\$ 2,921,993	\$ 10,697,543
Net change in obligatory Reserve Funds	(3,494,692)	(7,724,224)
Other (Note 8)	<u>399,346</u>	<u>431,088</u>
	<u>(173,353)</u>	<u>3,404,407</u>
Financing and transfers		
Transfer from Operating Fund	2,962,478	2,127,623
Transfer to Capital Fund	<u>(3,681,428)</u>	<u>(12,171,144)</u>
	<u>(718,950)</u>	<u>(10,043,521)</u>
Change in Reserve and Reserve Fund balance	(892,303)	(6,639,114)
Reserve and Reserve Fund balance, beginning of year	<u>6,578,234</u>	<u>13,217,348</u>
Reserve and Reserve Fund balance, end of year	<u>\$ 5,685,931</u>	<u>\$ 6,578,234</u>
Reserves and Reserve Funds are comprised of:		
Reserves, set aside by Council for specific purposes		
Acquisition of capital assets	\$ 2,004,107	\$ 1,429,886
Working capital	-	480,000
Contingencies	1,642,946	1,786,851
Engineering	1,841,237	1,352,922
Other management	<u>126,710</u>	<u>85,783</u>
	<u>5,615,000</u>	<u>5,135,442</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement		
Park purposes	1,742,969	864,622
Development charges for		
Corporate/administration	(429,333)	(281,576)
Fire	1,184,072	1,164,292
Leisure services	(195,032)	3,589,880
Library	807,502	734,204
Indoor recreation	(404,750)	-
Public works	1,770,008	1,608,951
Transportation	2,310,694	2,039,696
Water	(2,650,308)	(835,409)
Sewer	(671,973)	(576,453)
Reserve funds set aside by Council for specific purposes		
Capital projects	<u>70,930</u>	<u>1,442,792</u>
Total Reserve Funds before the following	<u>3,534,779</u>	<u>9,750,999</u>
Less amounts reallocated to obligatory Reserve Funds (Note 4)	<u>3,463,848</u>	<u>8,308,207</u>
	<u>70,931</u>	<u>1,442,792</u>
Total reserves and reserve funds	<u>\$ 5,685,931</u>	<u>\$ 6,578,234</u>

See accompanying notes to the consolidated financial statements.