

Town of Aurora
Consolidated Financial Statements
December 31, 2005

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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, 2005 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, 2005 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.

Markham, Canada
May 5, 2006

Chartered Accountants

Town of Aurora

Consolidated Statement of Financial Position

As at December 31

2005

2004

Assets

Cash and short term investments (Note 2)	\$ 58,316,323	\$ 27,673,498
Taxes receivable	6,689,674	4,455,945
User charges receivable	2,454,609	1,520,143
Other receivables	3,528,323	1,550,907
Investment in Borealis Hydro Electric Holdings Inc. (Note 3)	<u>1</u>	<u>27,112,557</u>
	<u>70,988,930</u>	<u>62,313,050</u>

Liabilities

Payables and accruals	11,793,745	9,777,754
Deposits and deferred revenue	4,667,537	4,452,482
Deferred revenue - Obligatory reserve funds (Note 4)	1,542,752	6,810,333
Employee future benefits obligation (Note 5)	552,022	425,646
Long term debt (Note 6)	<u>16,915,000</u>	<u>-</u>
	<u>35,471,056</u>	<u>21,466,215</u>

Net Financial Assets	<u>\$ 35,517,874</u>	<u>\$ 40,846,835</u>
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Municipal position

Fund balances

Operating fund (Schedule 1)	\$ 1,290,642	\$ 869,800
Capital fund (Schedule 2)	8,420,872	7,178,547
Reserves and reserve funds (Schedule 3)	42,721,359	5,685,931
Equity in Borealis Hydro Electric Holdings Inc. (Note 3)	<u>1</u>	<u>27,112,557</u>
	<u>52,432,874</u>	<u>40,846,835</u>

Amounts to be recovered from future revenues	<u>(16,915,000)</u>	<u>-</u>
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	<u>\$ 35,517,874</u>	<u>\$ 40,846,835</u>
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Contingencies (Note 12)

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 2005 (Unaudited)	Actual 2005	Actual 2004
Revenues			
Taxation (Note 7)	\$ 19,341,077	\$ 20,152,742	\$ 17,788,102
User charges	14,720,135	20,340,754	16,643,811
Grants	231,420	296,242	187,638
Other (Note 9)	4,727,765	8,381,048	7,743,408
Proceeds from sale of Borealis Hydro Electric Holdings Inc. (Note 3)	-	35,239,528	-
Net income – Borealis Hydro Electric Holdings Inc. (Note 3)	-	-	361,066
	<u>39,020,397</u>	<u>84,410,314</u>	<u>42,724,025</u>
Expenditures			
Operating			
General government	4,735,880	4,729,065	4,367,003
Protection to persons and property	5,913,329	5,851,939	6,816,591
Transportation services	3,186,113	3,523,561	3,099,584
Environmental services	8,415,357	8,464,553	7,619,240
Leisure and cultural services	9,070,197	8,965,293	8,022,158
Planning and development	1,095,297	1,043,247	780,058
	<u>32,416,173</u>	<u>32,577,658</u>	<u>30,704,634</u>
Capital			
General government	481,515	279,677	616,136
Protection to persons and property	410,000	-	12,900
Transportation services	4,969,200	4,271,460	4,899,302
Environmental services	650,000	3,465,559	1,386,874
Leisure and cultural services	3,959,200	21,846,703	5,516,768
Planning and development	150,000	59,286	37,297
	<u>10,619,915</u>	<u>29,922,685</u>	<u>12,469,277</u>
Total expenditures (Note 8)	<u>43,036,088</u>	<u>62,500,343</u>	<u>43,173,911</u>
Net revenues (expenditures)	(4,015,691)	21,909,971	(449,886)
Financing and transfers			
Issuance of long term debt	-	16,915,000	-
Changes in employee future benefits obligation	-	(126,376)	(31,000)
Change in fund balances	<u>\$ (4,015,691)</u>	<u>\$ 38,698,595</u>	<u>\$ (480,886)</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora

Consolidated Statement of Changes in Financial Position

Year Ended December 31

2005

2004

Increase (decrease) in cash and short term investments

Operating		
Net revenues (expenditures)	\$ 21,909,971	\$ (449,886)
Less: Increase in employee future benefits obligation	(126,376)	(31,000)
Increase in equity in Borealis Hydro Electric Holdings Inc.	-	(361,066)
	<u>21,783,595</u>	<u>(841,952)</u>
Uses		
Increase in taxes receivable	(2,233,729)	(972,625)
Increase in user charges receivable	(934,466)	(214,888)
Increase in other receivables	(1,977,416)	(484,457)
Decrease in deposits and deferred revenues	-	(916,406)
Decrease in obligatory reserve funds	(5,267,581)	(2,088,315)
	<u>(10,413,192)</u>	<u>(4,676,691)</u>
Sources		
Increase in payables and accruals	2,015,991	4,976,242
Increase in deposits and deferred revenues	215,055	-
Increase in employee future benefits obligation	126,376	31,000
	<u>2,357,422</u>	<u>5,007,242</u>
Net changes in cash from operations	<u>13,727,825</u>	<u>(511,401)</u>
Financing		
Issuance of long term debt	<u>16,915,000</u>	-
Net increase (decrease) in cash during the year	<u>30,642,825</u>	(511,401)
Cash and short term investments, beginning of year	<u>27,673,498</u>	<u>28,184,899</u>
Cash and short term investments, end of year	<u>\$ 58,316,323</u>	<u>\$ 27,673,498</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

Nature of operations

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

Basis of presentation

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, except for government business enterprise which is accounted for by the modified equity basis of accounting, comprise all of the organizations, local board and committees that are accountable for the administration of their financial affairs and resources to the Town and which 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.

Accounting for region and school board transactions

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.

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.

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.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

1. Summary of significant accounting policies (continued)

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.

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. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

Employee future benefits

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. The Town also estimates future benefits relating to accumulated sick credits and overtime as they are earned.

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.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

1. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized in the financial statements as revenues in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

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 2005 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 cost of \$43,883,545 (2004 - \$4,922,037), 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.

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.

On October 31, 2005 the Town sold its investment in Aurora Hydro Connections Limited. The amount received has been applied in the following manner:

	<u>2005</u>
Repayment of promissory note	\$ 12,736,000
Redemption of outstanding shares	12,385,600
Dividend received	<u>10,117,928</u>
	<u>\$ 35,239,528</u>

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

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

The Town of Aurora's investment in Borealis Hydro Electric Holdings Inc. at December 31, 2005 is reported as follows:

	<u>2005</u>	<u>2004</u>
Share capital		
Borealis Hydro Electric Holdings Inc. - 1,000 common shares	\$ 1	\$ 12,385,600
Retained earnings	-	1,990,957
Long term debt – unsecured promissory note	<u>-</u>	<u>12,736,000</u>
Total investment	\$ <u>1</u>	\$ <u>27,112,557</u>

Details of the continuity of the investment are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 27,112,557	\$ 26,751,491
Net income for the year	8,126,972	361,066
Proceeds on sale of Hydro investment	<u>(35,239,528)</u>	<u>-</u>
Balance, end of year	\$ <u>1</u>	\$ <u>27,112,557</u>

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

	<u>2005</u>	<u>2004</u>
Financial Position		
Assets		
Current	\$ 1	\$ 11,495,055
Capital	-	20,757,031
Other	<u>-</u>	<u>1,636,389</u>
	<u>1</u>	<u>33,888,475</u>
Liabilities		
Current	-	5,895,582
Other	-	880,336
Long term debt to Town of Aurora	<u>-</u>	<u>12,736,000</u>
	<u>-</u>	<u>19,511,918</u>
Net assets	\$ <u>1</u>	\$ <u>14,376,557</u>

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

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

Results of Operations

	<u>2005</u>	<u>2004</u>
Revenues	\$ 34,563,745	\$ 34,772,056
Operating expenses	<u>30,913,043</u>	<u>32,982,330</u>
Income before interest and amounts in lieu of income taxes	3,650,702	1,789,726
Interest and amounts in lieu of income taxes	<u>1,985,942</u>	<u>1,428,660</u>
Net income	1,664,760	361,066
Gain on sale of Aurora Hydro	<u>6,462,212</u>	<u>-</u>
Net Income	\$ <u>8,126,972</u>	\$ <u>361,066</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:

	<u>2005</u>	<u>2004</u>
Interest paid on promissory note	\$ 770,942	\$ 923,360
Rent – 215 Industrial Parkway South	85,479	100,034
Energy purchases	825,094	700,839
Dividend received	\$ 10,117,928	\$ -

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>2005</u>	<u>2004</u>
Development charges	\$ (1,093,191)	\$ 1,720,880
Park purposes	<u>2,219,246</u>	<u>1,742,968</u>
	1,126,055	3,463,848
Development charges transferred to capital but unexpended at the end of the year	<u>416,697</u>	<u>3,346,485</u>
	\$ <u>1,542,752</u>	\$ <u>6,810,333</u>

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

5. Employee future benefits obligation

	<u>2005</u>	<u>2004</u>
Employee future benefits	\$ 389,607	\$ 356,146
Accrued sick leave	131,715	38,800
Accrued overtime	<u>30,700</u>	<u>30,700</u>
	<u>\$ 552,022</u>	<u>\$ 425,646</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>2005</u>	<u>2004</u>
Employee future benefits	\$ <u>389,607</u>	\$ <u>356,146</u>
Employee future benefits, beginning of year	\$ 356,146	\$ 325,146
Add: Benefit expense	20,954	19,768
Interest cost	21,721	19,843
Less: Expected benefits paid for the period	<u>(9,214)</u>	<u>(8,611)</u>
Employee future benefits, end of year	<u>\$ 389,607</u>	<u>\$ 356,146</u>

The main assumptions used in the December 31, 2003 actuarial valuation were:

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 2005 and decrease thereafter to 5.0% per year.

Dental costs

Dental costs were assumed to increase at an average increase of 5.0% in 2005 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 2005. 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 2005 benefit liability was estimated extrapolating from the amount of full time salaries and wages.

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

6. Long Term Debt

	<u>2005</u>	<u>2004</u>
Long term debt, end of year	\$ <u>16,915,000</u>	\$ <u>-</u>

In June, 2005, the Town Council approved the issuance of two debentures to fund the construction of the Town's new recreation complex. The debentures are repayable over ten and twenty year terms and repayments are to commence in 2006. Interest rates vary from 3.10% to 4.37%.

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

2006	\$ 1,191,470
2007	1,240,500
2008	1,289,796
2009	1,342,372
2010	1,397,237
2011 and thereafter	<u>10,453,625</u>
	<u>\$ 16,915,000</u>

7. Net taxation charges

	<u>2005</u>	<u>2004</u>
Total taxation consists of the following:		
Total taxes levied by the Town	\$ 73,911,862	\$ 68,039,944
Less:		
Taxes levied on behalf of the Boards of Education	24,647,231	23,432,232
Taxes levied on behalf of the Region of York	<u>29,111,889</u>	<u>26,819,610</u>
	<u>\$ 20,152,742</u>	<u>\$ 17,788,102</u>

8. Classification of expenditures by object

	<u>2005</u>	<u>2004</u>
Expenditures by object consist of the following:		
Salaries, wages and benefits	\$ 12,780,679	\$ 11,524,849
Contracted services	16,547,748	15,895,227
Materials and supplies	3,249,231	3,284,558
Capital and other	<u>29,922,685</u>	<u>12,469,277</u>
	<u>\$ 62,500,343</u>	<u>\$ 43,173,911</u>

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

9. Other revenue	<u>2005</u>	<u>2004</u>
Operating		
Penalties and interest on taxes	\$ 669,846	\$ 563,679
Fines	508,535	356,203
Licenses and fees	1,766,567	2,495,206
Interest income	1,846,421	1,523,960
Other	<u>404,333</u>	<u>888,459</u>
	<u>5,195,702</u>	<u>5,827,507</u>
Capital		
Sale of land	-	1,305,712
Proceeds from other municipalities	2,369,321	-
Proceeds from developers	361,713	-
Other	<u>59,527</u>	<u>210,843</u>
	<u>2,790,561</u>	<u>1,516,555</u>
Reserves and Reserve Funds		
Interest income	321,682	349,588
Other	<u>73,103</u>	<u>49,758</u>
	<u>394,785</u>	<u>399,346</u>
	<u>\$ 8,381,048</u>	<u>\$ 7,743,408</u>

10. 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 2005 ranged from 6.0% to 9.8% (2004 – 6.0% - 9.8%) depending on level of earnings. The 2005 operating expense for OMERS was \$569,762 (2004 - \$480,909).

11. Central York Fire Services

Effective January 1 2002, the Town 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. The Town's share of costs for the year was \$5,180,809 (2004 - \$4,625,494).

Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2005

12. 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.

13. Insurance coverage

The Town 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 \$58,161 (2004 - \$46,680).

The Town has made provisions for reserves for self insurance claims under \$10,000 which as at December 31, 2005 amounted to \$342,386 (2004 - \$333,550). These reserves are reported on the consolidated statement of financial activities under reserves set aside by Council.

The Town is a member of the Ontario Municipal Insurance Exchange, which is a licensed group for liability insurance coverage. 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. The contribution for the year was \$216,689 (2004 - \$201,283).

14. Comparative figures

Certain comparative figures in these financial statements have been reclassified to conform with the 2005 presentation.

Town of Aurora

Schedule 1- Consolidated Operating Fund Activities

Year Ended December 31	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Revenue			
Taxation (Note 7)	\$ 19,341,077	\$ 20,152,742	\$ 17,788,102
User charges	14,720,135	13,250,339	11,633,503
Grants	231,420	199,798	187,638
Other (Note 9)	4,402,765	5,195,702	5,827,507
	<u>38,695,397</u>	<u>38,798,581</u>	<u>35,436,750</u>
Expenditures			
General government	4,735,880	4,729,065	4,367,003
Protection to persons and property	5,913,329	5,851,939	6,816,591
Transportation services	3,186,113	3,523,561	3,099,584
Environmental services	8,415,357	8,464,553	7,619,240
Leisure and cultural services	9,070,197	8,965,293	8,022,158
Planning and development	1,095,297	1,043,247	780,058
	<u>32,416,173</u>	<u>32,577,658</u>	<u>30,704,634</u>
Net revenue	<u>6,279,224</u>	<u>6,220,923</u>	<u>4,732,116</u>
Financing and transfers			
Change in employee benefit obligations	-	(126,376)	(31,000)
Transfer to Reserves and Reserve Funds	(5,227,224)	(3,835,735)	(2,962,478)
Transfer to Capital Fund	(1,052,000)	(1,837,970)	(1,491,361)
	<u>(6,279,224)</u>	<u>(5,800,081)</u>	<u>(4,484,839)</u>
Change in Operating Fund	-	420,842	247,277
Operating Fund balance, beginning of year	<u>869,800</u>	<u>869,800</u>	<u>622,523</u>
Operating Fund balance, end of year	\$ <u>869,800</u>	\$ <u>1,290,642</u>	\$ <u>869,800</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora

Schedule 2 - Consolidated Capital Fund Activities

Year Ended December 31	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Revenue			
User charges	\$ -	\$ 4,089,291	\$ 5,583,007
Grants	-	96,444	-
Other (Note 9)	<u>325,000</u>	<u>2,790,561</u>	<u>1,516,555</u>
	<u>325,000</u>	<u>6,976,296</u>	<u>7,099,562</u>
Expenditures			
General government	481,515	279,677	616,136
Protection to persons and property	410,000	-	12,900
Transportation services	4,969,200	4,271,460	4,899,302
Environmental services	650,000	3,465,559	1,386,874
Leisure and cultural services	3,959,200	21,846,703	5,516,768
Planning and development	<u>150,000</u>	<u>59,286</u>	<u>37,297</u>
	<u>10,619,915</u>	<u>29,922,685</u>	<u>12,469,277</u>
Net expenditure	<u>(10,294,915)</u>	<u>(22,946,389)</u>	<u>(5,369,715)</u>
Financing and transfers			
Issuance of long term debenture	-	16,915,000	-
Transfer from Operating Fund	1,052,000	1,837,970	1,491,361
Transfer from Reserves	3,541,815	2,559,790	2,203,123
Transfer from Reserve Funds	<u>5,701,100</u>	<u>2,875,954</u>	<u>1,478,306</u>
	<u>10,294,915</u>	<u>24,188,714</u>	<u>5,172,790</u>
Change in Capital Fund balance	-	1,242,325	(196,925)
Capital Fund balance, beginning of year	<u>7,178,547</u>	<u>7,178,547</u>	<u>7,375,472</u>
Capital Fund balance, end of year	<u>\$ 7,178,547</u>	<u>\$ 8,420,872</u>	<u>\$ 7,178,547</u>

See accompanying notes to the consolidated financial statements.

Town of Aurora

Schedule 3 - Consolidated Reserves and Reserve Funds Activities

Year Ended December 31	Actual 2005	Actual 2004
Revenue		
User charges	\$ 1,822,834	\$ 2,921,993
Net change in obligatory Reserve Funds	1,178,290	(3,494,692)
Proceeds from sale of Borealis Hydro Electric Holdings Inc.	35,239,528	-
Other (Note 9)	394,785	399,346
	<u>38,635,437</u>	<u>(173,353)</u>
Financing and transfers		
Transfer from Operating Fund	3,835,735	2,962,478
Transfer to Capital Fund	(5,435,744)	(3,681,428)
	<u>(1,600,009)</u>	<u>(718,950)</u>
Change in Reserve and Reserve Fund balance	37,035,428	(892,303)
Reserve and Reserve Fund balance, beginning of year	<u>5,685,931</u>	<u>6,578,234</u>
Reserve and Reserve Fund balance, end of year	<u>\$ 42,721,359</u>	<u>\$ 5,685,931</u>
Reserves and Reserve Funds are comprised of:		
Reserves, set aside by Council for specific purposes		
Acquisition of capital assets	\$ 2,189,411	\$ 2,004,107
Working capital	-	-
Contingencies	1,675,959	1,642,946
Engineering	1,795,463	1,841,237
Other management	273,230	126,710
	<u>5,934,063</u>	<u>5,615,000</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement	<u>36,787,296</u>	<u>70,931</u>
Total reserves and reserve funds	<u>\$ 42,721,359</u>	<u>\$ 5,685,931</u>

See accompanying notes to the consolidated financial statements.