



Consolidated Financial Statements

The Corporation of the Town of Aurora

December 31, 2007

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Auditors' report

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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, 2007 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, 2007 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
April 4, 2008

Chartered Accountants
Licensed Public Accountants

The Corporation of the Town of Aurora

Consolidated Statement of Financial Position

As at December 31

2007

2006

Assets

Cash and cash equivalents (Note 1)	\$ 31,907,130	\$ 41,789,424
Temporary Investments (Note 2)	33,210,366	16,779,672
Taxes receivable	5,579,100	5,831,161
User charges receivable	3,674,091	2,390,428
Accounts receivable	1,830,957	2,054,320
Investment in Borealis Hydro Electric Holdings Inc. (Note 3)	<u>1</u>	<u>1</u>
	<u>76,201,645</u>	<u>68,845,006</u>

Liabilities

Accounts payable and accrued liabilities	7,442,170	6,901,022
Deposits and deferred revenue	3,895,709	3,476,604
Deferred revenue - Obligatory reserve funds (Note 4)	10,769,471	6,346,464
Employee future benefits liabilities (Note 5)	649,146	588,121
Long term debt (Note 6)	<u>14,483,031</u>	<u>15,723,531</u>
	<u>37,239,527</u>	<u>33,035,742</u>

Net Financial Assets	\$ <u>38,962,118</u>	\$ <u>35,809,264</u>
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MUNICIPAL POSITION

Fund Balances

Operating Fund (Page 13)	\$ 362,217	\$ 301,717
Capital Fund (Page 14)	9,728,285	6,527,021
Reserves and Reserve Funds (Page 15)	43,354,646	44,704,056
Equity in Borealis	<u>1</u>	<u>1</u>
	<u>53,445,149</u>	<u>51,532,795</u>
To be recovered from future revenues (Note 6)	<u>(14,483,031)</u>	<u>(15,723,531)</u>
Municipal position	\$ <u>38,962,118</u>	\$ <u>35,809,264</u>

Contingencies (Note 11)

Approved by:

See accompanying notes to the consolidated financial statements.

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

Year Ended December 31	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Revenues			
Taxation (Note 7)	\$ 23,508,769	\$ 23,503,783	\$ 22,084,678
User charges	19,488,485	20,550,537	15,453,337
Grants	748,516	832,427	1,045,802
Other (Note 8)	<u>6,344,037</u>	<u>7,736,034</u>	<u>8,142,160</u>
	<u>50,089,807</u>	<u>52,622,781</u>	<u>46,725,977</u>
Expenditures			
Operating			
General government	5,731,144	5,264,080	4,978,281
Protection to persons and property	7,861,091	7,650,207	6,145,523
Transportation services	2,856,364	3,218,341	2,609,604
Environmental services	11,425,421	9,730,413	9,591,956
Leisure and cultural services	11,993,163	11,653,286	11,428,788
Planning and development	<u>1,245,247</u>	<u>1,201,492</u>	<u>1,206,617</u>
	<u>41,112,430</u>	<u>38,717,819</u>	<u>35,960,769</u>
Capital			
General government	675,575	218,608	509,642
Protection to persons and property	-	-	329,429
Transportation services	5,766,576	5,971,067	3,839,910
Environmental services	2,182,979	1,899,820	1,146,241
Leisure and cultural services	6,466,137	2,518,008	4,524,704
Planning and development	<u>170,000</u>	<u>83,581</u>	<u>87,792</u>
	<u>15,261,267</u>	<u>10,691,084</u>	<u>10,437,718</u>
Total expenditures (Note 9)	<u>56,373,697</u>	<u>49,408,903</u>	<u>46,398,487</u>
Net revenues (expenditures)	(6,283,890)	3,213,878	327,490
Financing and transfers			
Principal repayment of long term debt	(1,240,500)	(1,240,500)	(1,191,470)
Changes in employee benefit obligation	<u>-</u>	<u>(61,025)</u>	<u>(36,099)</u>
Change in fund balances	<u>\$ (7,524,390)</u>	<u>\$ 1,912,353</u>	<u>\$ (900,079)</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora

Consolidated Statement of Changes in Financial Position

Year Ended December 31

2007

2006

Increase (decrease) in cash and cash equivalents

Operating activities		
Net revenue	\$ <u>3,213,878</u>	\$ <u>327,490</u>
Uses:		
Increase in user charges receivable	(1,283,663)	-
Increase in temporary investments	(16,430,694)	-
Decrease in accounts payable and accrued liabilities	-	(4,892,723)
Decrease in deposits and deferred revenues	-	(1,190,933)
	<u>(17,714,357)</u>	<u>(6,083,656)</u>
Sources:		
Decrease in taxes receivable	252,061	858,513
Decrease in user charges receivable	-	64,181
Decrease in temporary investments	-	14,575,725
Decrease in accounts receivable	223,363	1,474,003
Increase in obligatory reserve funds	4,423,007	4,803,712
Increase in accounts payable and accrued liabilities	541,148	-
Increase in deposits and deferred revenues	419,105	-
	<u>5,858,684</u>	<u>21,776,134</u>
Net cash from operations	(8,641,793)	16,019,968
Financing		
Principal repayment of long term debt	<u>(1,240,500)</u>	<u>(1,191,470)</u>
Net increase in cash during the year	(9,882,294)	14,828,498
Cash and short term investments, beginning of year	<u>41,789,424</u>	<u>26,960,926</u>
Cash and short term investments, end of year	\$ <u>31,907,130</u>	\$ <u>41,789,424</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

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.

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.

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.

Cash Equivalents

Cash equivalents consist of Government of Canada treasury bills, provincial government treasury bills and promissory notes, bankers' acceptances and bearer deposits that mature within 90 days. They are recorded at cost, which approximates their quoted market value.

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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

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.

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 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.

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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

1. Summary of significant accounting policies (continued)

Budget figures

The approved operating and capital budgets for 2007 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. Temporary investments

Temporary investments are recorded at cost which approximates their quoted market value. These investments consist of interest-bearing certificates that are liquid in nature and are included as part of temporary investments. These investments have a term beyond 90 days in length.

3. Investment in Borealis Hydro Electric Holdings Inc.

The Town's investment in Borealis Hydro Electric Holdings Inc. is as follows:

	<u>2007</u>		<u>2006</u>
Share capital			
Borealis Hydro Electric Holdings Inc. - 1,000 common shares	\$ 1	\$	1
Retained earnings	-		-
Long term debt – unsecured promissory note	-		-
Total investment	<u>\$ 1</u>	\$	<u>1</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

3. Investment in Borealis Hydro Electric Holdings Inc.

Details of the continuity of the investment are as follows:

Balance, beginning of year	\$	1	\$	1
Net income for the year		-		-
Proceeds on sale of Hydro investment		<u>-</u>		<u>-</u>
Balance, end of year	\$	<u>1</u>	\$	<u>1</u>

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>2007</u>	<u>2006</u>
Development charges	\$ 1,313,147	\$ (525,183)
Park purposes	6,714,692	4,668,703
Building Code Act, 1992	1,160,042	668,653
Federal Gas Tax	<u>181,870</u>	<u>174,224</u>
	9,369,751	4,986,397
Development charges transferred to capital but unexpended at the end of the year	<u>1,399,720</u>	<u>1,360,067</u>
	\$ 10,769,471	\$ 6,346,464

5. Employee future benefit obligations

	<u>2007</u>	<u>2006</u>
Employee future benefits	\$ 486,731	\$ 425,706
Accrued sick leave	131,715	131,715
Accrued overtime	<u>30,700</u>	<u>30,700</u>
	\$ 649,146	\$ 588,121

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, 2007.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

5. Employee future benefit obligations (continued)

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

	<u>2007</u>	<u>2006</u>
Employee future benefits payable	\$ <u>486,731</u>	\$ <u>425,706</u>
Employee future benefits, beginning of year	\$ 425,706	\$ 389,607
Add: Benefit expense	45,642	22,211
Interest cost	25,932	23,747
Less: Expected benefits paid for the period	<u>(10,549)</u>	<u>(9,859)</u>
Employee future benefits, end of year	\$ <u>486,731</u>	\$ <u>425,706</u>

The main assumptions employed for the actuarial valuation prepared at December 31, 2007 are as follows:

General Inflation

Future general inflation levels were assumed to increase at 2.0% per year.

Interest (discount) rate

The present value of the post employment benefit liability was determined using a discount rate of 5.0%.

Health costs

Health costs were assumed to increase at an average increase of 7.7% per year reducing to 4.0% per year over 11 years.

Dental costs

Dental costs were assumed to increase at an average increase of 4.0% in 2008 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, 2007.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

6. Long term debt	<u>2007</u>	<u>2006</u>
Debenture, bearing interest at rates varying from 3.1% to 4.1%, maturing in September 2015. Principal is repayable in annual instalments and interest is payable in half yearly instalments.	\$ 10,517,000	\$ 11,615,000
Debenture, bearing interest at 4.37%, maturing in September 2025. Principal and interest is repayable in half yearly instalments of \$160,272.	<u>3,966,031</u>	<u>4,108,531</u>
	<u>\$ 14,483,031</u>	<u>\$ 15,723,531</u>

The debentures were issued by The Regional Municipality of York, on behalf of the Town, to fund the construction of the Town's new recreation complex.

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

2008	\$ 1,289,796
2009	1,342,372
2010	1,397,237
2011	1,453,406
2012	1,511,892
Thereafter	<u>7,488,328</u>
	<u>\$ 14,483,031</u>

7. Net taxation charges	<u>2007</u>	<u>2006</u>
Total taxes levied by the Town	\$ 82,163,712	\$ 77,505,488
Less:		
Taxes levied on behalf of the Boards of Education	26,355,890	25,372,955
Taxes levied on behalf of the Region of York	<u>32,304,039</u>	<u>30,047,855</u>
	<u>\$ 23,503,783</u>	<u>\$ 22,084,678</u>

8. Other revenue	<u>2007</u>	<u>2006</u>
Operating		
Penalties and interest on taxes	\$ 782,678	\$ 757,463
Fines	502,878	477,233
Rents and leases	1,830,024	1,870,746
Interest income	1,351,043	1,227,649
Other	<u>676,502</u>	<u>593,587</u>
	<u>\$ 5,143,125</u>	<u>\$ 4,926,678</u>

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

8. Other revenue (continued)	<u>2007</u>	<u>2006</u>
Capital		
Proceeds from other municipalities	(62,158)	1,064,659
Proceeds from developers	(93,524)	247,000
Other	<u>634,302</u>	<u>265,187</u>
	<u>478,620</u>	<u>1,576,846</u>
Reserves and Reserve Funds		
Interest income	1,953,279	1,614,461
Other	<u>161,010</u>	<u>24,175</u>
	<u>2,114,289</u>	<u>1,638,636</u>
	<u>\$ 7,736,034</u>	<u>\$ 8,142,160</u>

9. Classification of expenditures by object	<u>2007</u>	<u>2006</u>
Expenditures by object consist of the following:		
Salaries, wages and benefits	\$ 15,512,565	\$ 14,526,143
Interest on long term debt	650,372	644,970
Contracted services	17,714,893	16,820,753
Materials and supplies	5,446,224	3,968,903
Capital and other	<u>10,084,849</u>	<u>10,437,718</u>
	<u>\$ 49,408,903</u>	<u>\$ 46,398,487</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 2007 ranged from 6.5% to 10.75% depending on the level of earnings. The 2007 operating expense for OMERS was \$746,847 (2006 - \$705,763).

11. 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.

The Corporation of the Town of Aurora

Notes to the Consolidated Financial Statements

December 31, 2007

12. 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 \$5,911,870 (2006 - \$5,600,878).

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 \$64,487 (2006 - \$53,614).

The Town has made provisions for reserves for self insurance claims under \$10,000 to be used for those claims that exceed the sum provided for in the annual budget. These reserves are reported on the Consolidated Statement of Financial Activities under reserves set aside by Council. As at December 31, 2007, these reserves amounted to \$270,361 (2006 - \$261,109).

The Town 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.

14. Tangible Capital Assets

Effective January 1, 2007, the Town adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the Town continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, the Town has not yet completed a listing of assets and their values. The accumulation of data is currently underway.

15. Comparative figures

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

The Corporation of the Town of Aurora

Schedule of Operating Fund Activities

Schedule 1

Year Ended December 31	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Revenue			
Taxation (Note 7)	\$ 23,508,769	\$ 23,503,783	\$ 22,084,678
User charges	15,938,475	17,026,660	13,719,928
Grants	723,516	795,427	997,802
Other (Note 8)	6,046,537	5,143,125	4,926,678
	46,217,297	46,468,995	41,729,086
Expenditures			
General government	5,731,144	5,264,080	4,978,281
Protection to persons and property	7,861,091	7,650,207	6,145,523
Transportation services	2,856,364	3,218,341	2,609,604
Environmental services	11,425,421	9,730,413	9,591,956
Leisure and cultural services	11,993,163	11,653,286	11,428,788
Planning and development	1,245,247	1,201,492	1,206,617
	41,112,430	38,717,819	35,960,769
Net revenue	5,104,867	7,751,176	5,768,317
Financing and transfers			
Principal payment of long term debt	-	-	(1,191,470)
Change in employee benefit obligations	-	(61,025)	(36,099)
Transfer to Reserves and Reserve Funds	(2,408,239)	(4,609,255)	(4,201,461)
Transfer to Capital Fund	(2,696,628)	(3,020,396)	(1,328,212)
	(5,104,867)	(7,690,676)	(6,757,242)
Change in Operating Fund	-	60,500	(988,925)
Operating Fund balance, beginning of year	301,717	301,717	1,290,642
Operating Fund balance, end of year	\$ 301,717	\$ 362,217	\$ 301,717

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora Schedule of Capital Fund Activities Schedule 2

Year Ended December 31	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Revenue			
User charges	\$ 3,550,010	\$ 3,721,611	\$ 2,186,258
Grants	25,000	37,000	48,000
Other (Note 8)	297,500	478,620	1,576,846
	<u>3,872,510</u>	<u>4,237,231</u>	<u>3,811,104</u>
Expenditures			
General government	675,575	218,608	509,642
Protection to persons and property	-	-	329,429
Transportation services	5,766,576	5,971,067	3,839,910
Environmental services	2,182,979	1,899,820	1,146,241
Leisure and cultural services	6,466,137	2,518,008	4,524,704
Planning and development	170,000	83,581	87,792
	<u>15,261,267</u>	<u>10,691,084</u>	<u>10,437,718</u>
Net expenditure	(11,388,757)	(6,453,853)	(6,626,614)
Financing and transfers			
Principal payment of long term debt	(1,240,500)	(1,240,500)	
Transfer from Operating Fund	2,696,628	3,020,396	1,328,212
Transfer from Reserves	5,094,538	3,266,469	2,081,712
Transfer from Reserve Funds	4,838,091	4,608,752	1,322,839
	<u>11,388,757</u>	<u>9,655,117</u>	<u>4,732,763</u>
Change in Capital Fund balance	-	3,201,264	(1,893,851)
Capital Fund balance, beginning of year	<u>6,527,021</u>	<u>6,527,021</u>	<u>8,420,872</u>
Capital Fund balance, end of year	\$ <u>6,527,021</u>	\$ <u>9,728,285</u>	\$ <u>6,527,021</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Town of Aurora

Schedule of Reserves and Reserve Funds Activities

Schedule 3

Year Ended December 31	Actual 2007	Actual 2006
Revenue		
User charges	\$ 7,794,924	\$ 6,394,704
Net change in obligatory Reserve Funds	(7,992,657)	(6,847,553)
Other (Note 8)	<u>2,114,289</u>	<u>1,638,636</u>
	<u>1,916,556</u>	<u>1,185,787</u>
Financing and transfers		
Transfer from Operating Fund	4,609,255	4,201,461
Transfer to Capital Fund	<u>(7,875,221)</u>	<u>(3,404,551)</u>
	<u>(3,265,966)</u>	<u>796,910</u>
Change in Reserve and Reserve Fund balance	(1,349,410)	1,982,697
Reserve and Reserve Fund balance, beginning of year	<u>44,704,056</u>	<u>42,721,359</u>
Reserve and Reserve Fund balance, end of year	<u>\$ 43,354,646</u>	<u>\$ 44,704,056</u>

Reserves and Reserve Funds are comprised of:

Reserves, set aside by Council for specific purposes		
Acquisition of capital assets	\$ 2,613,992	\$ 1,334,444
Contingencies	1,429,759	2,008,640
Engineering	3,333,805	2,075,563
Discretionary	<u>32,884,021</u>	<u>33,734,398</u>
	<u>40,261,577</u>	<u>39,153,045</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement	<u>3,093,069</u>	<u>5,551,011</u>
	<u>\$ 43,354,646</u>	<u>\$ 44,704,056</u>

See accompanying notes to the consolidated financial statements.