

Financial Statements

Toronto Public Library Board

December 31, 2001

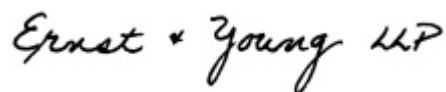
AUDITORS' REPORT

To the Members of the
Toronto Public Library Board

We have audited the statement of financial position of the **Toronto Public Library Board** as at December 31, 2001 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board'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 financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2001 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "Ernst & Young LLP".

Toronto, Canada,
March 11, 2002.

Chartered Accountants

Toronto Public Library Board

STATEMENT OF FINANCIAL POSITION

As at December 31

	2001 \$	2000 \$
ASSETS		
Financial assets		
Cash and short-term investments	15,802,086	14,907,119
Accounts receivable		
City of Toronto <i>[note 3]</i>	3,126,406	22,233,550
Other	2,985,065	3,997,174
Total financial assets	21,913,557	41,137,843
LIABILITIES AND LIBRARY POSITION		
Liabilities		
Accounts payable and accrued liabilities <i>[notes 7 and 8]</i>	12,499,778	36,888,267
Employee benefits <i>[note 4]</i>	35,020,489	40,428,000
Interest on long-term liabilities	321,046	319,615
Long-term payable with City of Toronto <i>[note 5]</i>	1,000,000	—
Long-term debt with City of Toronto <i>[note 6]</i>	5,664,270	5,700,378
Total liabilities	54,505,583	83,336,260
Library position		
Operating fund <i>[schedule 1]</i>	—	—
Capital fund <i>[schedule 2]</i>	9,322,571	3,873,241
Reserve funds <i>[schedule 3]</i>	1,556,483	2,115,314
Total fund balances	10,879,054	5,988,555
Amounts to be recovered <i>[note 8]</i>	(43,471,080)	(48,186,972)
Total library position	(32,592,026)	(42,198,417)
Total liabilities and library position	21,913,557	41,137,843

See accompanying notes

On behalf of the Board:

Board Chair

City Librarian

Toronto Public Library Board

STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	2001		2000
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES			
Grants			
Municipal <i>[note 12]</i>	121,322,873	121,217,920	140,842,035
Province of Ontario	5,697,110	5,877,474	5,641,705
Federal government <i>[note 10]</i>	—	1,485,773	622,910
User charges <i>[note 11]</i>	4,911,450	3,723,490	3,520,839
Investment income	825,237	1,366,774	1,794,665
Donations and other grants <i>[note 9]</i>	—	2,329,618	2,073,179
Other income	989,208	995,659	922,390
	133,745,878	136,996,708	155,417,723
EXPENDITURES			
Staff costs <i>[notes 4 and 7]</i>	83,988,650	84,515,790	115,413,918
Purchase of services	16,991,373	16,925,282	17,127,709
Library materials	13,555,477	14,279,533	13,759,566
Buildings	8,360,000	4,768,757	2,037,625
Equipment and furnishings <i>[notes 9 and 10]</i>	2,221,939	3,008,604	3,102,441
Materials and supplies	2,283,836	2,245,260	2,393,521
Taxes and other	254,000	272,379	31,073
Interest on long-term debt	1,374,711	1,374,712	1,453,063
	129,029,986	127,390,317	155,318,916
Net change in library position	4,715,892	9,606,391	98,807
FINANCING			
Long-term payable from City of Toronto	1,000,000	1,000,000	—
New debt from City of Toronto	1,600,000	1,600,000	2,000,000
Debt principal repayment including interest earned on own sinking fund <i>[note 6]</i>	(1,636,108)	(1,636,108)	(1,685,277)
Employee benefits and vacation pay <i>[notes 4 and 8]</i>	(5,679,784)	(5,679,784)	1,815,920
Net increase (decrease) in amounts to be recovered	(4,715,892)	(4,715,892)	2,130,643
Increase in fund balance	—	4,890,499	2,229,450
Total fund balances, beginning of year	—	5,988,555	3,759,105
Total fund balances, end of year	—	10,879,054	5,988,555

See accompanying notes

Toronto Public Library Board

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2001	2000
	\$	\$
OPERATIONS		
Net change in library position	9,606,391	98,807
Sources (uses)		
Decrease (increase) in accounts receivable	20,119,253	(17,317,576)
Increase (decrease) in accounts payable and accrued liabilities	(24,388,489)	20,319,414
Increase (decrease) in employee benefits	(5,407,511)	1,838,000
Increase in interest on long-term liabilities	1,431	51,369
Net increase (decrease) in cash from operations	(68,925)	4,990,014
FINANCING ACTIVITIES		
Long-term payable with City of Toronto	1,000,000	—
New debt from City of Toronto	1,600,000	2,000,000
Debt principal repayment including interest earned on sinking fund	(1,636,108)	(1,685,277)
Net increase in cash from financing activities	963,892	314,723
Net change in cash and short-term investments during the year	894,967	5,304,737
Cash and short-term investments, beginning of year	14,907,119	9,602,382
Cash and short-term investments, end of year	15,802,086	14,907,119

See accompanying notes

SCHEDULE OF CURRENT OPERATIONS

Year ended December 31

	2001		2000
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES			
Grants			
Municipal <i>[note 12]</i>	113,416,873	113,411,920	138,090,035
Province of Ontario	5,697,110	5,877,474	5,641,705
Federal government	—	393,773	31,910
User charges <i>[note 11]</i>	4,911,450	3,723,490	3,520,839
Investment income	250,000	399,811	685,275
Interest earned on sinking fund	509,298	509,298	602,276
Donations	—	383,372	68,895
Other income	989,208	942,852	901,360
Total revenues	125,773,939	125,641,990	149,542,295
EXPENDITURES			
Staff costs <i>[notes 4 and 7]</i>	83,988,650	84,515,790	115,413,918
Purchase of services	16,991,373	16,925,282	17,127,709
Materials and supplies	2,283,836	2,245,260	2,393,521
Library materials	(8,320)	39,821	6,180
Equipment and furnishings	10,000	41,697	16,833
Taxes and other	254,000	272,379	31,073
Interest on long-term debt	1,374,711	1,374,712	1,453,063
Total expenditures	104,894,250	105,414,941	136,442,297
Net revenues	20,879,689	20,227,049	13,099,998
FINANCING AND TRANSFERS			
Debt principal repayment including interest earned on sinking fund <i>[note 6]</i>	(1,636,108)	(1,636,108)	(1,685,277)
Transfer from reserve funds - sick leave	—	652,640	402,156
Transfer to capital fund			
Library materials	(13,563,797)	(13,563,797)	(13,568,297)
Equipment and furnishings	—	—	(64,500)
Employee benefits and vacation pay <i>[notes 4 and 8]</i>	(5,679,784)	(5,679,784)	1,815,920
Net financing and transfers	(20,879,689)	(20,227,049)	(13,099,998)
Change in current fund balance <i>[note 12]</i>	—	—	—
Current fund balance, beginning of year	—	—	—
Current fund balance, end of year	—	—	—

See accompanying notes

SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31

	2001		2000
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES			
Grants			
Municipal	7,906,000	7,806,000	2,752,000
Federal government <i>[note 10]</i>	—	1,092,000	591,000
Investment income	65,939	363,856	384,583
Donations and other grants <i>[note 9]</i>	—	1,946,246	2,004,284
Other income	—	52,807	21,030
	7,971,939	11,260,909	5,752,897
EXPENDITURES			
Library materials	13,563,797	14,239,712	13,753,386
Buildings	8,360,000	4,768,757	2,037,625
Equipment and furnishings <i>[notes 9 and 10]</i>	2,211,939	2,966,907	3,085,608
	24,135,736	21,975,376	18,876,619
Net deficiency	(16,163,797)	(10,714,467)	(13,123,722)
FINANCING AND TRANSFERS			
Long-term payable with City of Toronto	1,000,000	1,000,000	—
New debt from City of Toronto	1,600,000	1,600,000	2,000,000
Transfer from current fund			
Library materials	13,563,797	13,563,797	13,568,297
Equipment and furnishings	—	—	64,500
Net financing and transfers	16,163,797	16,163,797	15,632,797
Change in capital fund balance	—	5,449,330	2,509,075
Capital fund, beginning of year	—	3,873,241	1,364,166
Capital fund, end of year	—	9,322,571	3,873,241

See accompanying notes

SCHEDULE OF RESERVE FUNDS

Year ended December 31

	2001		2000
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES			
Investment income	—	93,809	122,531
Transfer to current fund	—	(652,640)	(402,156)
Change in reserve funds balance	—	(558,831)	(279,625)
Reserve funds balance, beginning of year	—	2,115,314	2,394,939
Reserve funds balance, end of year	—	1,556,483	2,115,314
RESERVE FUNDS ANALYZED AS FOLLOWS			
Sick leave		1,390,749	1,956,149
Employee benefits		152,532	145,963
Building and legal fees		13,202	13,202
Total reserve funds		1,556,483	2,115,314

See accompanying notes

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO, TRUSTS AND FOUNDATIONS

The Toronto Public Library Board [the "Board"] is a local board of the City of Toronto [the "City"] deemed to be a public library board established under the Public Libraries Act. In addition to its functions under the Public Libraries Act, the Board provides a reference and research service that reflects the unique needs of the urban area; maintains a comprehensive collection of books, periodicals, films and other material for the purpose of the reference and research service, and provides library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, reserve funds and the capital fund of the Board. Trust funds administered by the Board amounting to \$1,906,310 [2000 - \$1,872,784] are not included in these financial statements *[note 14]*.

The Toronto Public Library Foundation [the "Foundation"] has responsibility for all fundraising for the Toronto Public Library [the "Library"]. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets of \$455,822 [2000 - \$746,465] are not included in these financial statements *[note 14]*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with 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 are as follows:

Basis of accounting

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

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. The employee benefits liabilities and related costs charged to the statement of financial activities depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

Board's best information and judgment. Due to the complexities in valuating the plans within a government entity, PSAB suggests that a valuation be done once every three years. As such, the current information is based on the valuation as of December 31, 1998 and, as such, many of the estimates and assumptions at that time may change significantly with the next detailed evaluation.

Short-term investments

Short-term investments are recorded at cost and consist of money market instruments, such as bonds, treasury bills and bankers' acceptances, which are readily cashable on short notice. The market value of these investments approximates cost.

Inventories

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

Capital assets

The historical cost and accumulated amortization of capital assets are not reported. Purchases of capital assets are recorded on the statement of financial activities as expenditures in the year of acquisition.

Employee benefit plans

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are made;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance; accrued obligations and related costs of funded benefits are net of plan assets;
- past service costs from plan amendments are amortized on a straight-line basis over the expected average remaining service period of employees active at the date of amendment;

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

- net actuarial gains and losses related to compensated absences are amortized over the average expected period during which benefits will be paid;
- for other benefits plans, the excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value for plan assets is amortized on a straight-line basis over the average remaining service period of active employees;
- the costs of the workplace safety and insurance obligations are actuarially determined and are expensed.

3. ACCOUNTS RECEIVABLE FROM CITY OF TORONTO

Accounts receivable from the City consist of the following:

	2001 \$	2000 \$
Operating receivable	1,075,386	374,565
Provision for pay equity settlements <i>[note 7]</i>	541,985	19,778,003
Accrued interest on long-term liabilities	321,046	319,615
Reserve funds deposited with the City of Toronto	1,187,989	1,761,367
	3,126,406	22,233,550

4. EMPLOYEE BENEFITS

The Board has a number of defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

Information about the Board's employee obligations, other than the multi-employer defined benefit plan noted below, is as follows:

	2001 \$	2000 \$
Accrued benefit obligations		
Balance, beginning of year	40,428,000	38,590,000
Current year adjustment	(7,571,197)	—
Current service cost	2,138,326	3,050,000
Interest cost	1,882,000	2,568,000
Expected benefits paid	(1,856,640)	(3,780,000)
Balance, end of year	35,020,489	40,428,000

	2001 \$	2000 \$
Components of employee benefits		
Post-retirement benefits	15,260,000	14,510,000
Disabled employees benefits	3,918,000	3,388,000
Income benefits	1,396,000	1,210,000
Sick leave benefits	14,030,621	9,410,000
Workers' Compensation	415,868	11,910,000
Employee benefits	35,020,489	40,428,000

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and assumes responsibility for financing its workplace safety insurance costs. All previous Schedule 1 liabilities have been settled and has resulted in the actuarial liability being reduced by \$11,581,458 in the current year. The remaining obligation of \$415,868 represents the estimate of future benefit costs under Schedule 2.

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Board's employment. The liability for the accumulated sick leave days represents the extent to which the eligible employees have vested and could be taken in cash by them on termination. This benefit is detailed and reported in these financial statements as an actual amount as tracked by the Board and as a result the previous actuarial valuation of this has been adjusted by a current year increase of \$4,010,261.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

In addition, the Board provides health, dental, life insurance and long-term disability benefits to employees. The same benefits are provided to retirees until age 65 and reduced benefits thereafter.

	2001 \$	2000 \$
Components of expense		
Current service cost	2,138,326	3,050,000
Interest cost	1,882,000	2,568,000
Expense	4,020,326	5,618,000

The benefit plans as noted above are all unfunded; however, the Board has established certain reserve funds in order to mitigate the future impact of these obligations as detailed on the schedule of reserve funds. The balance of the sick leave reserve fund is \$1,390,749 [2000 - \$1,956,149] and the employee benefits reserve fund is \$152,532 [2000 - \$145,963].

In addition to the above noted benefits, the Board makes contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"], which is a multi-employer plan, on behalf of most of its employees. OMERS is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Due to significant surpluses, OMERS has declared a temporary contribution holiday for all active employees and participating employees, effective August 1, 1998 through June 30, 2002. As a result of this contribution holiday, no contributions were required on account of current service in 2001 and 2000. The amount contributed for past service for the year ended December 31, 2001 was \$27,926 [2000 - \$27,926] and is included as an expenditure in the schedule of current operations.

The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations are as follows:

	2001 %	2000 %
Discount rate	6.0 - 6.5	6.0 - 6.5
Rate of compensation increase	3.0	3.0

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care benefits was assumed. The rate was assumed to decrease gradually to 4% to 2003 and remain at that level thereafter.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

5. LONG-TERM PAYABLE WITH CITY OF TORONTO

During the year, the Board entered into an Energy Service Agreement with the City and DukeSolutions Canada Inc. ["DukeSolutions"]. DukeSolutions will implement energy efficiency improvements to Library facilities for a total cost of \$3,208,935. The first \$1,000,000 in improvements will be financed by an interest free loan from the Better Building Partnership Program of the City. The Board agrees to repay the City in 30 installments of \$33,333 over a 15-year period, with the first installment due six months after the completion of the project.

The Board agrees to pay Canada Life Assurance Company, through a Tri-Party agreement between DukeSolutions, Canada Life and the Toronto Public Library, the remaining \$2,208,935 in accordance with the payment schedule from the energy savings agreement which will be ultimately funded by the energy savings over the matching 15 year period.

The amount of \$1,000,000 was spent as at December 31, 2001.

6. LONG-TERM DEBT WITH CITY OF TORONTO

The long-term debt with the City consists of the following:

	2001	2000
	\$	\$
Debenture debt		
Principal amount	16,649,149	15,109,901
Accumulated sinking fund	(10,984,879)	(9,409,523)
	5,664,270	5,700,378

The debenture debt has a weighted average interest rate of 8.25% and maturities range from 2002 through 2011.

Repayments of the long-term debt are due as follows:

	\$
2002	981,663
2003	933,842
2004	940,742
2005	557,039
2006	442,663
Thereafter	1,808,321
	5,664,270

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

During the year, interest earned of \$509,298 [2000 - \$602,276] on the accumulated sinking funds held by the City was recorded as investment income offset by including this amount as part of the debt principal repayments within the financing section on the statement of financial activities.

7. PAY EQUITY

The total pay equity settlement for employees of the former City of Toronto Public Library Board amount to \$33,214,000 of which only \$417,503 remains outstanding at year end and is included in accounts payable and accrued liabilities. An amount of \$541,985 related to this settlement is also included in accounts receivable from the City [note 3]. All other settlements have been paid.

8. AMOUNTS TO BE RECOVERED

Amounts to be recovered include the gross amount of the following liabilities at year end:

	2001 \$	2000 \$
Employee benefits [note 4]	35,020,489	40,428,000
Employee vacation pay [included in accounts payable and accrued liabilities]	1,786,321	2,058,594
	36,806,810	42,486,594
Capital outlay financed by long-term liabilities and to be recovered in future years	5,664,270	5,700,378
Capital outlay financed by long-term payable and to be recovered in future years	1,000,000	—
	43,471,080	48,186,972

Since the City funds the net requirements of the current operations of the Board, the amounts shown above for employee benefits will ultimately be received from the City, net of amounts which have been funded through reserve funds [schedule 3].

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

9. REVENUE FROM DONATIONS AND OTHER GRANTS

Revenue from donations and other grants consists of the following:

	2001 \$	2000 \$
Toronto Public Library Foundation	1,537,895	148,642
Bill and Melinda Gates Foundation	749,300	1,836,700
Catherine and Maxwell Meighan Foundation	—	6,801
Chawkers Foundation	—	6,500
Other	42,423	74,536
	2,329,618	2,073,179

In 2000, the Library received \$2,586,000 for the purchase of new computer equipment representing a grant from the Bill and Melinda Gates Foundation distributed by the Province of Ontario. The amount of \$1,836,700 was spent as at December 31, 2000 and an additional \$669,300 was spent as at December 31, 2001. The project will be completed in 2002. In addition, the Library received \$323,831 from the Foundation for the Millennium Trust account.

10. URBAN COMMUNITY ACCESS PROGRAM FUNDING FOR ONTARIO PUBLIC LIBRARIES

The Library received \$1,683,000 in 2000 for training, connectivity fees, Internet workstations, and local content development as a grant from Industry Canada administered by the Ontario Ministry of Citizenship, Culture and Recreation. The amount of \$591,000 was spent as at December 31, 2000 and an additional \$1,087,600 was spent as at December 31, 2001.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

11. REVENUE FROM USER CHARGES

Revenue from user charges consists of the following:

	2001 \$	2000 \$
Fines	2,530,328	2,417,011
Photocopier receipts	670,730	628,450
Equipment and facility rentals	431,828	347,905
Online search	65,879	72,331
Interlibrary loan	11,710	10,583
Non-resident user fees	6,728	5,413
Program registration fees	6,287	13,194
Other charges	—	13,330
Photography	—	12,622
	3,723,490	3,520,839

12. ACCUMULATED NET REVENUE

The City funds the net requirements of the current operations of the Board. Consequently, the Board does not identify accumulated funds within the schedule of current operations. The municipal grant approved through the budgetary process was reduced to reflect the effect of the current year's operating surplus of \$4,953.

13. LEASE COMMITMENTS

As at December 31, 2001, the Board is committed to the following annual operating lease payments for Library equipment and facilities as follows:

	\$
2002	2,617,464
2003	1,562,760
2004	1,362,445
2005	1,358,786
2006	928,919
Thereafter	36,701
	7,867,075

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

14. TRUST FUNDS OF THE TORONTO PUBLIC LIBRARY BOARD AND THE TORONTO PUBLIC LIBRARY FOUNDATION

Certain trust funds are administered by the Board but are maintained separately within the books and records of the Trust Funds of the Board. At the year end, Trust Funds totalled \$1,906,310 [2000 - \$1,872,784] and consist of the following:

	2001 \$	2000 \$
Osborne & L.H. Smith Collections	1,030,265	982,384
Catherine Fine	503,048	503,048
M.A. Isaac	80,209	80,209
Charles G. Sanderson	67,212	67,212
Toronto Public Library Centennial Grant	36,058	34,949
Dr. C.R. Sanderson	32,825	32,825
Friends of Toronto Public Library	12,118	29,118
Stanley Tobin	27,157	27,157
Other	25,178	23,878
M.G. Bagshaw	23,415	23,415
D.J. Hayes	20,514	20,514
Norman Blaine Gash	17,318	17,318
Norman J. McLean	16,081	16,081
Microsoft	7,677	7,441
Senator J.M. Lewis	7,235	7,235
	1,906,310	1,872,784

In addition, the Board benefits from the fundraising efforts of the Foundation. The Foundation has net assets of \$455,822 [2000 - \$746,465] which consist of the following:

	2001 \$	2000 \$
General fund	10,357	19,954
Restricted fund [externally restricted donations]	430,465	726,511
Endowment fund	15,000	—
	455,822	746,465

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

15. BUDGET FIGURES

The approved operating and capital budgets for 2001 are reflected on the schedule of current operations, schedule of capital operations and the 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's actual amounts. The Board did not budget for the reserve funds in 2001 and, therefore, no figures are shown on that schedule.