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# **Consolidated financial statements of The Corporation of the Town of Ajax**

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December 31, 2023

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## Independent Auditor's Report

To the Members of Council of  
The Corporation of the Town of Ajax

### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Ajax (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2023, and the results of its operations, change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants

Licensed Public Accountants

June 17, 2024

**The Corporation of the Town of Ajax**  
**Consolidated statement of financial position**  
As at December 31, 2023

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	Notes	2023	2022
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	4	<b>55,200,271</b>	100,807,683
Investments	5	<b>157,443,124</b>	85,969,453
Inventories for resale		<b>15,581</b>	37,106
Taxes receivable		<b>21,020,820</b>	15,195,447
Accounts receivable		<b>12,345,858</b>	12,702,507
Loan receivable	7	<b>1,901,316</b>	1,827,486
Investment in government business enterprise	8	<b>75,666,655</b>	77,000,346
		<b>323,593,625</b>	293,540,028
<b>Liabilities</b>			
Accounts payable and other liabilities	9	<b>39,901,073</b>	35,304,252
Deferred revenue	10	<b>71,641,657</b>	57,942,635
Accrued interest on municipal debt		<b>59,187</b>	66,097
Long-term payable	11	<b>511,403</b>	511,403
Municipal debt	12	<b>7,766,000</b>	8,673,000
Employee benefits payable	13	<b>9,392,603</b>	8,907,575
Landfill post-closure liability		—	405,087
Asset retirement obligation	14	<b>581,151</b>	—
		<b>129,853,074</b>	111,810,049
Contingencies and commitments	16		
Net financial assets		<b>193,740,551</b>	181,729,979
<b>Non-financial assets</b>			
Tangible capital assets	18	<b>588,038,805</b>	583,203,044
Construction in progress	18	<b>14,478,923</b>	12,714,903
Inventories of supplies		<b>423,058</b>	495,943
Prepaid expenses		<b>1,958,105</b>	2,087,772
<b>Accumulated surplus</b>	15	<b>604,898,891</b>	598,501,662
		<b>798,639,442</b>	780,231,641

The accompanying notes are an integral part of the consolidated financial statements.

**The Corporation of the Town of Ajax**  
**Consolidated statement of operations**  
Year ended December 31, 2023

	Notes	Budget \$ <b>(Note 17)</b>	2023 \$	2022 \$
<b>Revenue</b>				
Net taxation	19	<b>87,294,500</b>	<b>87,549,113</b>	78,624,313
Taxation from other governments		<b>589,700</b>	<b>814,291</b>	776,281
User charges		<b>15,660,200</b>	<b>18,183,701</b>	14,386,526
Government grants		<b>1,309,100</b>	<b>7,768,251</b>	3,336,171
Gaming and casino revenue		<b>4,000,000</b>	<b>4,720,132</b>	5,102,103
Obligatory reserve funds earned	19	<b>11,728,300</b>	<b>20,767,115</b>	15,239,313
Investment income		<b>2,097,100</b>	<b>8,318,836</b>	4,959,846
Penalties and interest on taxes receivable		<b>2,000,000</b>	<b>3,033,416</b>	2,535,649
Donations and contributions from developers	18	—	—	11,682,945
Income from government business enterprise	8	<b>1,418,900</b>	<b>1,162</b>	4,624,136
Other		<b>398,700</b>	<b>1,700,935</b>	2,232,558
(Loss) gain on disposal of tangible capital assets		—	<b>(431,909)</b>	93,372
		<b>126,496,500</b>	<b>152,425,043</b>	143,593,213
<b>Expenses</b>	19			
General government		<b>21,493,100</b>	<b>26,751,833</b>	21,665,161
Protection to persons and property		<b>27,190,400</b>	<b>27,346,706</b>	24,551,451
Transportation services		<b>29,799,900</b>	<b>26,368,460</b>	22,455,249
Environmental services		<b>4,250,200</b>	<b>4,875,800</b>	6,034,408
Health, social and family services		<b>108,600</b>	<b>123,291</b>	141,118
Recreation and culture services		<b>39,618,000</b>	<b>42,919,723</b>	39,662,543
Planning and development		<b>5,551,300</b>	<b>5,631,429</b>	9,746,256
		<b>128,011,500</b>	<b>134,017,242</b>	124,256,186
<b>Annual surplus (deficit)</b>		<b>(1,515,000)</b>	<b>18,407,801</b>	19,337,027
Accumulated surplus, beginning of year		<b>780,231,641</b>	<b>780,231,641</b>	760,894,614
<b>Accumulated surplus, end of year</b>		<b>778,716,641</b>	<b>798,639,442</b>	780,231,641

The accompanying notes are an integral part of the consolidated financial statements.

**The Corporation of the Town of Ajax**  
**Consolidated statement of change in net financial assets**  
Year ended December 31, 2023

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	<b>Budget</b> \$	<b>2023</b> \$	2022 \$
	<b>(Note 17)</b>		
<b>Annual surplus (deficit)</b>			
Acquisition of tangible capital assets	<b>(1,515,000)</b>	<b>18,407,801</b>	19,337,027
Amortization of tangible capital assets	<b>(25,500,500)</b>	<b>(31,279,894)</b>	(17,238,404)
(Gain) loss on disposal of tangible capital assets	<b>25,978,000</b>	<b>25,896,706</b>	25,258,237
	—	<b>431,909</b>	(93,372)
Proceeds on disposal of tangible capital assets	—	<b>115,518</b>	137,172
	<b>(1,037,500)</b>	<b>13,572,040</b>	27,400,660
Additions to construction in progress	—	<b>(9,744,267)</b>	(9,599,508)
Transfer of construction in progress to tangible capital assets	—	<b>7,936,740</b>	636,231
Construction in progress expensed	—	<b>43,507</b>	21,986
	—	<b>(1,764,020)</b>	(8,941,291)
Acquisition inventory of supplies	—	<b>(423,058)</b>	(495,943)
Use/consumption of inventory of supplies	—	<b>495,943</b>	315,600
Acquisition of prepaid expenses	—	<b>(1,958,105)</b>	(2,087,772)
Use/consumption of prepaid expenses	—	<b>2,087,772</b>	1,811,875
	—	<b>202,552</b>	(456,240)
Net change in net financial assets	<b>(1,037,500)</b>	<b>12,010,572</b>	18,003,129
Net financial assets, beginning of year	<b>181,729,979</b>	<b>181,729,979</b>	163,726,850
<b>Net financial assets, end of year</b>	<b>180,692,479</b>	<b>193,740,551</b>	181,729,979

The accompanying notes are an integral part of the consolidated financial statements.

**The Corporation of the Town of Ajax**  
**Consolidated statement of cash flows**  
Year ended December 31, 2023

	Notes	<b>2023</b> \$	<b>2022</b> \$
<b>Operating activities</b>			
Annual surplus		<b>18,407,801</b>	19,337,027
Items not involving cash			
Income from investment in government business enterprise	8	(1,162)	(4,624,136)
Amortization of tangible capital assets		<b>25,896,706</b>	25,258,237
Loss (gain) on disposal of tangible capital assets		<b>431,909</b>	(93,372)
Value of contributed tangible capital assets recognized as revenue		—	(11,682,945)
		<b>44,735,254</b>	28,194,811
Changes in non-cash assets and liabilities			
Inventories for resale		21,525	(30,127)
Taxes receivable		(5,825,373)	(983,982)
Accounts receivable		356,649	(1,078,037)
Loan receivable	7	(73,830)	(70,964)
Accounts payable and other liabilities		4,596,821	4,083,326
Deferred revenue		<b>13,699,022</b>	11,960,704
Inventories of supplies		72,885	(180,343)
Prepaid expenses		129,667	(275,897)
Employee benefits payable		485,028	302,974
Landfill post-closure liability		(405,087)	8,660
Asset retirement obligation		581,151	—
		<b>58,373,712</b>	41,931,125
<b>Capital transactions</b>			
Acquisition of tangible capital assets (net of contributed tangible capital assets)		(31,279,894)	(5,555,459)
Increase in construction in progress		<b>(1,764,020)</b>	(8,941,291)
Proceeds on disposal of tangible capital assets		<b>115,518</b>	137,172
		<b>(32,928,396)</b>	(14,359,578)
<b>Investing activities</b>			
Purchase of investments		(71,473,671)	(85,969,453)
Dividend from investment in government business enterprise	8	1,334,853	2,056,509
		<b>(70,138,818)</b>	(83,912,944)
<b>Financing activities</b>			
Municipal debt repaid		(907,000)	(882,000)
Decrease in accrued interest on municipal debt		(6,910)	(5,996)
		<b>(913,910)</b>	(887,996)
Net change in cash		(45,607,412)	(57,229,393)
Cash, beginning of year		<b>100,807,683</b>	158,037,076
<b>Cash, end of year</b>	4	<b>55,200,271</b>	100,807,683

The accompanying notes are an integral part of the consolidated financial statements.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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## **1. Summary of significant accounting of policies**

### *Management responsibility*

The consolidated financial statements (the "financial statements") of Corporation of the Town of Ajax (the "Town") are the representations of management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada (CPA Canada).

### *Basis of accounting*

The focus of these consolidated financial statements is on the financial position of the Town and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the Town as well as non-financial assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and are the difference between financial assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

Significant accounting policies adopted by the Town are as follows:

#### *(a) Reporting entity*

##### *(i) Consolidated financial statements*

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of the activities of all committees of Council and the Town of Ajax Public Library Board, which is controlled by the Town. The activities of the Ajax Downtown Business Improvement Area and the Pickering Village Business Improvement Area were consolidated until dissolved in 2022.

All material inter-fund transactions and balances are eliminated on consolidation.

##### *(ii) Investment in Elexicon Corporation*

The Town's investment in Elexicon Corporation is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, Elexicon Corporation's accounting policies 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 earnings or loss of Elexicon Corporation in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Dividends that the Town may receive from Elexicon Corporation and other capital transactions are reflected as adjustments in the investment asset account.

##### *(iii) Operations of School Boards and the Region of Durham*

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Durham are not reflected in these consolidated financial statements.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**1. Summary of significant accounting of policies (continued)**

*Basis of accounting (continued)*

*(b) Basis of accounting*

*(i) Accrual basis of accounting*

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

*(ii) Tax revenue*

Tax revenue is recognized on all taxable properties within the Town included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Town as it relates to supplementary or omitted assessments using tax rates authorized by Council for the Town's own purposes in the period for which the tax is levied.

*(iii) Government transfers*

Government transfers are recognized as revenue by the Town in the period during which the transfer is authorized and any eligibility criteria are met, unless they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

*(iv) Cash and cash equivalents*

Temporary investments consist of investments in high interest savings accounts recorded at face value. Accrued interest is included in accounts receivable.

*(v) Financial instruments*

Financial instruments reported on the Town's statement of financial position are measured as follows.

Financial Instrument	Measurement Method
Cash and cash equivalents	Cost
Investments	Cost
Taxes receivable	Cost
Accounts receivable	Cost
Loan receivable	Amortized cost
Accounts payable and accrued liabilities	Cost
Long-term payable	Cost
Municipal debt	Amortized cost

Financial instruments measured at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Write-downs on financial assets are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**1. Summary of significant accounting of policies (continued)**

*Basis of accounting (continued)*

(b) *Basis of accounting (continued)*

(vi) *Inventory*

Inventory is valued at cost which is determined on a weighted-average basis.

(vii) *Loans receivable*

Loans receivable are recorded at cost less any amount for valuation allowance. A valuation allowance would be made if collection is in doubt. Interest on loans receivable is accrued in accordance with the terms of the agreements, to the extent that it is considered collectible.

(viii) *Tangible capital assets ("TCA")*

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on the straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for use as follows:

Land improvements	15-40 years
Buildings	20-50 years
Computer hardware/software	5 years
Vehicles and rolling equipment	7-20 years
Furniture fixtures and equipment	5-20 years
Road network	20-75 years
Storm water network	25-75 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use. Land is not amortized.

Tangible capital assets received as contributions, excluding road allowances, are recorded at their fair value at the date contributed, and that amount is also recorded as revenue. Contributed road allowances are recorded at nominal value.

(ix) *Intangible assets*

Intangible assets are not recognized as assets in the consolidated financial statements.

(x) *Asset retirement obligations*

Asset retirement obligations (ARO's) are provisions for legal obligations for the retirement of the Town's tangible capital assets that are either in productive use or no longer in productive use.

An ARO liability is recognized when, as at the financial reporting date:

- (a) there is a statutory, contractual, or legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transaction or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**1. Summary of significant accounting of policies (continued)**

*Basis of accounting (continued)*

*(b) Basis of accounting (continued)*

*(x) Asset retirement obligations (continued)*

The Town recognizes asset retirement obligations in the period in which it incurs a statutory, contractual, or legal obligation associated with the retirement of tangible capital assets resulting from acquisition, construction, development, and or normal operation of tangible capital assets.

The liabilities are measured initially at management's best estimate of the cost required to settle the retirement obligation. For tangible capital assets that are still in productive use, the estimated retirement costs are capitalized and amortized on the same basis as the related tangible capital asset. For assets that are no longer in productive use, the liability is expensed in the period.

In subsequent periods, the asset retirement obligations estimates are adjusted, if necessary, for changes in the liability estimate or timing of the future cash flows, as applicable. Actual costs incurred are charged against the asset retirement obligation to the extent of the liability recorded. Differences between actual costs incurred and the liability, if any are recognized in the Consolidated Statement of Operations when remediation is complete.

*(xi) Liability for contaminated sites*

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Town is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. If the likelihood of the Town's obligation to incur these costs is either not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the consolidated financial statements.

*(xii) Deferred revenue*

Deferred revenue represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

*(xiii) Post-employment benefits*

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service. Actuarial gains and losses are amortized over the estimated average remaining service life ("EARSL").

The Town is an employer member of the Ontario Municipal Employee Retirement Fund ("OMERS"), which is a multi-employer, defined benefit pension plan (the "Plan"). The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Town uses defined contribution plan accounting principles for this Plan. The Town records as pension expense the amount paid to OMERS for the year plus any amounts owing to OMERS at the end of the year.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**1. Summary of significant accounting of policies (continued)**

*Basis of accounting (continued)*

(b) *Basis of accounting (continued)*

(xiv) *Use of estimates*

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Accounts involving significant estimates include allowance for doubtful accounts, accrued liabilities, employee benefits payable, landfill post-closure liability, liability for contaminated sites and estimates relating to tangible capital assets. Actual results could differ from these estimates.

**2. Adoption of new policies**

- (a) PS 1201 - Financial Statement Presentation, PS 3041 - Portfolio Investments, PS 2601 - Foreign Currency Translation, and PS 3450 - Financial Instruments, are interdependent standards and require concurrent adoption. PS 1201 provides guidance and presentation requirements for financial statements and the inclusion of a new statement of remeasurement of gains and losses. PS 3041 has removed the distinction between temporary and portfolio investments and includes pooled investment funds within the standard's scope. PS 2601 requires that both monetary, and fair valued, non-monetary assets and liabilities, denominated in a foreign currency, be adjusted to reflect exchange rates in effect at the financial statement date. Any unrealized gains or losses will be recognized in the new statement of remeasurement of gains and losses. PS 3450 covers accounting and reporting of financial instruments, including derivatives. Unrealized gains and losses will be presented in the new statement of remeasurement of gains and losses.

The adoption of the new standards is applied prospectively, and comparative information has not been restated. A statement of remeasurement gains and losses has not been included as there are no unrealized gains or losses to report.

(b) PS 3280 - Asset Retirement Obligations

The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings. The new accounting standard also includes solid waste landfill sites active and post-closure obligations and has resulted in a withdrawal of the existing Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. Previously, with the exception of the landfill closure and post-closure liability, the Town reported obligations related to the retirement of tangible capital assets in the period when the asset was retired.

The new standard was adopted on a prospective basis with no restatement of prior year comparative amounts. The adoption of this standard has impacted the Town's consolidated financial statements effective January 1, 2023 by increasing (decreasing) the following balances:

Asset retirement obligations	\$565,467
Tangible capital assets	\$160,380
Landfill post-closure liability	(\$405,087)

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**3. Operations of school boards and the Region of Durham**

Further to Note 1 (a) (iii) requisitions are made by the Region of Durham and School Boards requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized as follows:

	Region \$	School board \$
Taxation	146,170,030	49,034,525
Payments in lieu of taxes	<u>752,237</u>	<u>406,861</u>
	<u>146,922,267</u>	<u>49,441,386</u>

**4. Cash and cash equivalents**

	2023 \$	2022 \$
Unrestricted		
Cash	<b>10,494,327</b>	18,736,536
High Interest Savings Accounts	<b>18,223,767</b>	45,744,855
	<b>28,718,094</b>	64,481,391
Restricted (Note 6)		
Cash	<b>20,424,720</b>	26,237,830
High Interest Savings Accounts	<b>6,057,457</b>	10,088,462
	<b>26,482,177</b>	36,326,292
	<b>55,200,271</b>	100,807,683

Cash is held on deposit and in High Interest Savings Accounts ("HISA") with the Royal Bank and ONE Fund (closed in July 2023). Cash earns interest on a monthly basis at an interest rate based on average balances, and will fluctuate based on the bank's prime rate. The rate of return on the HISA accounts ranged from 4.85% to 5.70% in 2023.

**5. Investments**

	2023 \$	2022 \$
Unrestricted		
Guaranteed Investment Certificates	<b>46,247,154</b>	—
Pooled funds - bonds	<b>28,108,195</b>	27,373,362
Pooled funds - equity	<b>37,307,928</b>	35,485,157
	<b>111,663,277</b>	62,858,519
Restricted (Note 6)		
Guaranteed Investment Certificates	<b>45,779,847</b>	23,110,934
	<b>45,779,847</b>	23,110,934
	<b>157,443,124</b>	85,969,453

The Corporation holds six Guaranteed Investment Certificates purchased from the Royal Bank and six purchased from the Bank of Montreal. The rate of return on the GICs currently held ranges between 6.34% to 6.60% in 2023 (5.22% in 2022). Pooled investment fund units have a market value of \$71,264,882 as at December 31, 2023 (\$63,411,162 in 2022).

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**6. Restricted assets**

	<b>2023</b> \$	2022 \$
Cash and cash equivalents (Note 4)	<b>26,482,177</b>	36,326,292
Investments (Note 5)	<b>45,779,847</b>	23,110,934
Interest receivable	<b>157,217</b>	174,215
Due to operating fund	<b>(8,038,867)</b>	(4,070,456)
	<b>64,380,374</b>	55,540,985

Restricted assets represent assets of obligatory reserve funds and certain deferred grants (Note 10).

**7. Loan receivable**

The Town of Ajax holds a loan receivable of \$1,901,316 (\$1,827,486 in 2022) bearing interest at 4%. The loan, including interest, was initially due on August 31, 2019 and is secured by a registered first mortgage. As at December 31, 2023, the loan remains outstanding and the Town anticipates it will be collectible. Given that the loan is secured against real property, the value of which is expected to be adequate to cover the amount outstanding, the Town does not anticipate any collectability issues with the balance.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**8. Investment in government business enterprise**

(a) *The Town has a 21.828% interest in Elexicon Corporation*

Elexicon Corporation serves as the electrical distribution utility for a number of communities and conducts non-regulated utility service ventures through its subsidiaries. Elexicon Corporation, as a government business enterprise, is accounted for on the modified equity basis in these consolidated financial statements. The following table provides condensed supplementary consolidated financial information for the corporation and its subsidiaries for the year ended December 31. The amounts are disclosed in thousands of dollars:

	<b>2023 (000's) \$</b>	2022 (000's) \$
<b>Assets</b>		
Current	<b>116,654</b>	106,273
Capital and intangibles	<b>720,727</b>	661,146
Other	<b>708</b>	1,505
Total assets	<b>838,089</b>	768,924
Regulatory balances	<b>56,310</b>	58,573
Total assets and regulatory balances	<b>894,399</b>	827,497
<b>Liabilities</b>		
Current	<b>175,942</b>	316,892
Long-term debt	<b>253,465</b>	89,209
Other	<b>196,842</b>	148,489
Total liabilities	<b>626,249</b>	554,590
<b>Shareholders' equity</b>		
Share capital	<b>97,692</b>	97,692
Contributed capital	<b>25</b>	25
2019 Contributed surplus	<b>79,301</b>	79,301
Accumulated other comprehensive loss	<b>2,511</b>	3,130
Retained earnings	<b>77,239</b>	82,730
Total equity	<b>256,768</b>	262,878
Regulatory balances	<b>11,382</b>	10,029
Total liabilities, equity and regulatory balances	<b>894,399</b>	827,497
<b>Comprehensive Income</b>		
Commodity revenue	<b>421,522</b>	430,139
Commodity expenses	<b>(412,905)</b>	(434,592)
Distribution revenue	<b>97,459</b>	84,574
Operating expenses	<b>(82,206)</b>	(75,016)
Other expense	<b>(19,631)</b>	909
Accumulated other comprehensive loss	<b>(619)</b>	4,387
Net movements in regulatory balances, net of tax	<b>(3,615)</b>	10,783
Total comprehensive income for the year	<b>5</b>	21,184

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**8. Investment in Elexicon Corporation (continued)**

(b) *Equity in Elexicon Corporation*

The Town's equity in Elexicon Corporation is as follows at the end of 2023:

	<b>2023</b> \$	2022 \$
Balance, beginning of year	<b>77,000,346</b>	74,432,719
Equity share of net earnings for the year from Elexicon Corporation	1,162	4,624,136
Dividend received	(1,334,853)	(2,056,509)
Balance, end of year	<b>75,666,655</b>	77,000,346

(c) *Promissory notes receivable*

The following promissory notes are receivable and form part of the investment in government business enterprise:

	<b>2023</b> \$	2022 \$
Elexicon Corporation	5,550,000	5,550,000
Elexicon Connections Inc.	14,060,000	14,060,000
	<b>19,610,000</b>	19,610,000

The notes issued by Elexicon Corporation and Elexicon Connections Inc. are due on demand.

Commencing April 1, 2019 for a ten-year period, interest on the notes will be determined based on the deemed long-term interest rate prescribed by the Ontario Energy Board in its most recent cost of capital parameter update ("OEB rate"). As of April 1, 2019, the OEB rate was determined at 4.13%.

On the tenth-year anniversary of the notes, the interest rate will be adjusted to the OEB rate in effect at that time. Thereafter, the interest rate will be adjusted to the OEB rate in effect at the earlier of:

- (i) The five year anniversary of the most recent interest rate adjustment of these notes, and
- (ii) The date on which Elexicon Energy Inc. files a cost-of-service application with the Ontario Energy Board.

The Town may demand full or partial repayment with sixty days' notice of the principal and accrued interest.

(d) *Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows*

(i) *Insurance claims*

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to the Corporation.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**8. Investment in Elexicon Corporation (continued)**

(d) *Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows (continued)*

(i) *Insurance claims (continued)*

Insurance premiums charged to each member utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility's claims experience. The maximum coverage is \$40,000,000 per occurrence for liability insurance, \$21,000,000 for vehicle insurance and \$206,572,000 for property insurance, plus \$12,000,000 excess coverage on top of the regular liability and vehicle coverage.

(ii) *Contractual obligation – Hydro One Networks Inc.*

The Corporation's subsidiary, Elexicon Energy Inc. ("EEI"), is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet VCI's anticipated electricity load growth. Construction of the project was completed during 2007 and VCI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, EEI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950,000.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and is expected to perform another true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

(iii) *Prudential support*

Purchasers of electricity in Ontario, through the Independent Electricity System Operator ("IESO"), are required to provide security to mitigate the risk of default based on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. The Corporation has provided a \$64,000,000 guarantee to the IESO on behalf of EEI.

(iv) *General claims*

From time to time, the Corporation is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation's consolidated financial position and results of operations or cash flows.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2023

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**8. Investment in Elexicon Corporation (continued)**

(e) *Lease commitments*

Future minimum non-cancellable lease payment obligations under finance leases are as follows:

	\$
2024	124,000
2025	95,000
2026	71,000
2027	<u>44,000</u>
	<u>334,000</u>

**9. Liability for contaminated site**

The Town has recorded an unfunded liability of \$647,000 (\$647,000 in 2022) in accounts payable and accrued liabilities for the estimated remediation costs associated with a Town owned site with identified contaminates in the soil. The liability estimate for the site identified was based on an environmental assessment conducted by a third party engineering firm. At this time, the Town does not anticipate obtaining any recoveries in respect of the estimated liability.

**10. Deferred revenue**

The obligatory reserve funds and other deferred revenue balances are summarized below:

	2023 \$	2022 \$
Obligatory reserve funds		
Development charges	<b>47,670,532</b>	34,710,272
Canada Community-Building Fund	<b>7,910,986</b>	12,906,422
Recreational land	<b>5,445,190</b>	5,307,041
Cash-in-lieu of parking	<b>7,833</b>	7,436
Community benefit charges	<b>265,611</b>	36,144
Building approvals	<b>3,505,327</b>	3,182,827
	<b>64,805,479</b>	56,150,142
Other unearned revenues	<b>6,836,178</b>	1,792,493
	<b>71,641,657</b>	57,942,635

The other changes during the 2023 year in obligatory reserve funds which are reflected directly in the deferred revenue balance are analyzed as follows:

	Development Charges Act \$	Canada Community Building Fund \$	Recreational land \$	Cash-in-lieu of parking \$	Community benefit charges \$	Building approvals \$	2023 Total \$
Opening balance	34,710,272	12,906,422	5,307,041	7,436	36,144	3,182,827	56,150,142
Restricted funds received/receivable	<b>21,537,861</b>	<b>3,960,599</b>	<b>143,678</b>	—	<b>259,418</b>	—	25,901,556
Interest earned	2,484,564	724,643	305,685	397	5,607	—	3,520,896
Revenue recognized	<b>(11,062,165)</b>	<b>(9,680,678)</b>	<b>(311,214)</b>	—	<b>(35,558)</b>	<b>322,500</b>	<b>(20,767,115)</b>
Closing balance	<b>47,670,532</b>	<b>7,910,986</b>	<b>5,445,190</b>	<b>7,833</b>	<b>265,611</b>	<b>3,505,327</b>	<b>64,805,479</b>

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**10. Deferred revenue (continued)**

	Development Charges Act \$	Canada Community Building Fund \$	Recreational land \$	Cash-in-lieu of parking \$	Community benefit charges \$	Building approvals \$	2022 Total \$
Opening balance	26,179,487	11,418,813	4,248,103	7,266	—	2,928,527	44,782,196
Restricted funds received/receivable	20,340,461	3,795,574	1,132,767	—	36,000	—	25,304,802
Interest earned	889,194	293,748	119,202	170	144	—	1,302,458
Revenue recognized	(12,698,870)	(2,601,713)	(193,031)	—	—	254,300	(15,239,314)
Closing balance	34,710,272	12,906,422	5,307,041	7,436	36,144	3,182,827	56,150,142

**11. Long-term payable**

The Town has an interest-free long-term obligation payable in 2025 to a third party in relation to a development agreement.

**12. Municipal debt**

The municipality has assumed responsibility for the payment of principal and interest charges on certain debt issued by the Regional Municipality of Durham and internally.

	2023 \$	2022 \$
Amount to be recovered from future revenue	<b>11,453,000</b>	13,250,000
Less: amount owed to operating fund	<b>(3,687,000)</b>	(4,577,000)
Net municipal debt	<b>7,766,000</b>	8,673,000

The above long-term debt has interest rates ranging from 2.5% to 3.55% per annum (1.95% to 5.12% in 2022) and maturity dates in 2026, 2028 and 2034. The annual required payment for 2023 was \$1,168,324 (\$1,168,745 in 2022) including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

	\$
2024	934,000
2025	963,000
2026	992,000
2027	1,024,000
2028	1,056,000
2029 and beyond	<u>2,797,000</u>
	<u>7,766,000</u>

The above debt issued in the name of the Town has been approved by by-law as required by legislation. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Interest paid or payable in 2023 and included in expenses is \$254,414 (\$286,745 in 2022).

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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### **13. Employee benefits payable**

The Town provides certain employee benefits which will require funding in the future.

	<b>2023</b>	2022
	\$	\$
Vacation payable	<b>2,343,897</b>	1,995,823
Post-employment benefits	<b>6,756,206</b>	6,655,952
Council severance	<b>292,500</b>	255,800
	<b>9,392,603</b>	8,907,575
Less: amount already funded from operations to mitigate the future impact of these obligations	<b>(596,842)</b>	(542,163)
Unfunded portion	<b>8,795,761</b>	8,365,412

*(a) Vacation payable*

Vacation pay owing at December 31, 2023 has been partially funded from operations and is included in employee benefits payable in these consolidated financial statements.

*(b) Post-employment benefits*

The Town sponsors a defined benefit plan for retirement benefits other than pensions for substantially all of its employees and Councillors. The plan provides extended health and dental as well as vision coverage to full-time employees and Councillors. The plan is unfunded and requires no contribution from employees or Councillors. Total employer contributions to retiree benefits during the year were \$396,575 (\$470,157 in 2022).

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. An actuarial full valuation was completed as at December 31, 2022 and an accrued benefit obligation of \$6,495,792 is based on an extrapolation from that valuation to December 31, 2023.

The post-employment benefit liability at December 31, 2023 includes the following components:

	<b>2023</b>	2022
	\$	\$
Actuarially determined accrued benefit obligation	<b>6,495,792</b>	5,708,032
Unamortized actuarial gains (losses)	<b>260,414</b>	947,920
	<b>6,756,206</b>	6,655,952

The current actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the Town's best estimates; however actual experience may vary from these estimates. The main actuarial assumptions employed for the valuation and current year extrapolation are as follows:

Expected inflation rate	2.50%
Discount rate	4.75%
Medical cost increases	
First year	6.50%
Decreasing over 5 years to	4.00%
Expected rate of dental cost increase	4.00%
Estimated average remaining service life of the employee group	13.8 years

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**13. Employee benefits payable (continued)**

(b) *Post-employment benefits (continued)*

The post-employment benefit expense is reported on the consolidated statement of operations in the various functional categories. Composition of the amount is as follows:

	<b>2023</b> \$	2022 \$
Current year benefit cost	<b>282,989</b>	369,723
Amortization of actuarial gains and (losses)	<b>(68,722)</b>	43,757
Interest on post-employment benefit liability	<b>282,562</b>	209,859
	<b>496,829</b>	623,339

(c) *Pension agreement*

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), a multi-employer pension plan, on behalf of members of its staff. The plan 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. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to 600,000 active and retired members and over 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 was \$4,910,654,60 (\$4,286,701 in 2022).

(d) *Council severance*

Part of the remuneration package includes eligibility of all Councillors to receive a severance payment of one month salary per year of continuous service, with a minimum of four years of continuous service, to a maximum payment of 24 months (18 months in 2022) should they not be re-elected. The estimated liability based on service and salary levels as at December 31, 2023 totaling \$292,500 (\$255,800 in 2022) has been fully funded from operations and included in employee benefits payable in these consolidated financial statements.

**14. Asset retirement obligations**

(a) *Landfill obligation*

The Town owns one closed landfill site requiring post-closure care including monitoring of ground and surface water, leachate and gas, as well as ongoing maintenance and annual reporting to comply with environmental legislation. This liability is unfunded and is therefore shown as a separate component of accumulated surplus.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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**14. Asset retirement obligations (continued)**

(a) *Landfill obligation (continued)*

The estimate is based on assumptions regarding the nature and amount of annual expenses, an inflation factor of 2%, a 40-year future monitoring requirement and discounted at fluctuating rates ranging from 2.5% to 5.0%, with the 2023 rate being 4.75%. Actual experience may vary from these assumptions and as new information becomes available. Based on an extrapolation of that valuation, the estimated present value of costs as at December 31, 2023 is \$413,153 (\$405,087 in 2022).

(b) *Asbestos obligation*

The Town owns buildings which contain asbestos and is legally required to perform abatement activities upon renovation or demolition of the asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The total estimated liability for abatement activities is based on the estimated cost required to settle the obligation, adjusted in 2023 at a rate of 4.75%. Actual experience may vary from these assumptions and as new information becomes available. The estimated present value of costs as at December 31, 2023 is \$167,9983 (nil in 2022).

	<b>Landfill</b>	<b>Asbestos</b>	<b>Balance 2023</b>
	\$	\$	\$
Adoption of PSAS 3480 ARO	<b>405,087</b>	<b>160,380</b>	<b>565,467</b>
Liabilities settled	<b>(11,448)</b>	<b>—</b>	<b>(11,448)</b>
Accretion expense	<b>19,514</b>	<b>7,618</b>	<b>27,132</b>
	<b>413,153</b>	<b>167,998</b>	<b>581,151</b>

**15. Accumulated surplus**

	<b>2023</b>	<b>2022</b>
	\$	\$
Surplus - Library (and BIA 2022)	<b>722,924</b>	990,530
Reinvested income	<b>—</b>	1,695,019
Invested in tangible capital assets (Note 18)	<b>588,038,805</b>	583,203,044
Invested in construction in progress (Note 18)	<b>14,478,923</b>	12,714,903
Municipal debt and long-term obligation (Notes 11 and 12)	<b>(8,277,403)</b>	(9,184,403)
Internal debt - owing to operating fund (Note 11)	<b>(3,687,000)</b>	(4,577,000)
Internal capital fund	<b>16,024,871</b>	11,878,585
Reserve/reserve fund balances	<b>125,695,579</b>	115,928,115
Equity in government business enterprise (Note 8)	<b>75,666,655</b>	77,000,347
Liability for contaminated sites (Note 9)	<b>(647,000)</b>	(647,000)
Employee benefits payable (Note 13)	<b>(8,795,761)</b>	(8,365,412)
Asset retirement obligations (Note 14)	<b>(581,151)</b>	—
Landfill post-closure liability	<b>—</b>	(405,087)
	<b>798,639,442</b>	780,231,641

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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## **16. Contingencies and commitments**

### *(a) Capital project commitments*

The Town has committed to many capital projects expected to be completed over several years including the Fire Station 2 Renovations, the Cricket Clubhouse reconstruction and three fire trucks. As at December 31, 2023, the Town had awarded contracts in the amount of \$48,152,125 (\$53,768,069 in 2022) and \$26,724,086 (\$35,483,690 in 2022) of those awarded amounts have been spent. The remaining contractual commitments of \$21,261,405 (\$17,785,232 in 2022) will be incurred as capital expenditures as the work is completed. Funding for the completion costs is expected to include the use of funds from various discretionary and obligatory reserve funds.

### *(b) Legal matters*

The Town has been named in litigation matters, the outcome of which is undeterminable and accordingly, no provision has been provided for any potential liability in these financial statements. Should any loss result from these claims, which is not covered by insurance, such loss would be charged to operations in the year of resolution or earlier if the loss is likely and measurable.

### *(c) Participation in Durham Municipal Insurance Pool*

The Town is a member of the Durham Municipal Insurance Pool ("DMIP"), which was created in July 2000. DMIP provides insurance coverage to seven member municipalities.

The annual contributions from each member municipality are based on the value of its insured assets, claims experience, population and risk management philosophy. Future levies depend on the experience of the pool. Beyond the \$10,000 Town deductible, DMIP covers eligible insurance claims up to \$500,000. DMIP has outside coverage in place for claims over \$500,000.

Because DMIP is a multi-municipality insurance pool, surpluses or deficits are a joint responsibility of the member municipalities through future levies. The Town does not recognize any share of the DMIP surplus or deficit but has made provision for estimated deductible amounts of \$135,000 (\$135,000 in 2022) for all outstanding Town claims.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
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## 17. Budget figures

The 2023 Budget adopted by Council on February 27, 2023, was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures treated all tangible capital asset additions as expenses and did not include amortization expense on tangible capital assets, post-employment benefits or landfill costs. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the budget adopted by Council on February 27, 2023 with adjustments as follows:

	<b>2023 budget adopted by council</b> \$	<b>Non TCA expenditures from capital</b> \$	<b>Amortization/ post emp ben/ landfill costs</b> \$	<b>2023 budget presented in statements</b> \$
Revenue				
Taxation	<b>87,884,200</b>	—	—	<b>87,884,200</b>
Obligatory reserve funds earned	<b>11,728,300</b>	—	—	<b>11,728,300</b>
Other	<b>26,884,000</b>	—	—	<b>26,884,000</b>
	<b>126,496,500</b>	—	—	<b>126,496,500</b>
Expenses				
General government	<b>19,806,300</b>	<b>289,000</b>	<b>1,397,800</b>	<b>21,493,100</b>
Protection to persons and property	<b>24,956,000</b>	<b>1,100,000</b>	<b>1,134,400</b>	<b>27,190,400</b>
Transportation services	<b>18,742,200</b>	<b>360,000</b>	<b>10,697,700</b>	<b>29,799,900</b>
Environmental services	<b>775,300</b>	<b>100,000</b>	<b>3,374,900</b>	<b>4,250,200</b>
Health, social and family services	<b>108,600</b>	—	—	<b>108,600</b>
Recreation and culture services	<b>29,930,200</b>	<b>191,400</b>	<b>9,496,400</b>	<b>39,618,000</b>
Planning and development	<b>5,533,600</b>	—	<b>17,700</b>	<b>5,551,300</b>
	<b>99,852,200</b>	<b>2,040,400</b>	<b>26,118,900</b>	<b>128,011,500</b>
Annual surplus	<b>26,644,300</b>	<b>(2,040,400)</b>	<b>(26,118,900)</b>	<b>(1,515,000)</b>
Capital expenditures				
Transfers to (from) reserve/reserve funds		<b>(25,500,500)</b>		
Debt repayment		<b>1,609,800</b>		
Budgeted use of prior year surplus		<b>(1,797,000)</b>		
Consists of Ajax Public Library		<b>956,600</b>		
		<b>(956,600)</b>		
		—		

# The Corporation of the Town of Ajax

## Notes to the consolidated financial statements

December 31, 2023

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### 18. Tangible capital assets

	Land \$	Land improv. \$	Buildings \$	Vehicles & rolling equipment \$	Computer hardware & software \$	General assets			Infrastructure assets			2023 Total \$
						Furniture, fixtures & equipment \$	Land \$	Road network \$	Storm water network \$	Vehicles & rolling equipment \$	Furniture, fixtures & equipment \$	
Cost, beginning of year	<b>136,101,491</b>	<b>86,357,939</b>	<b>165,901,424</b>	<b>16,416,650</b>	<b>2,575,942</b>	<b>22,566,657</b>	<b>14,971,022</b>	<b>332,910,925</b>	<b>126,905,325</b>	<b>7,450,232</b>	<b>102,412</b>	<b>912,260,019</b>
Adoption of ARO	—	—	160,380	—	—	—	—	—	—	—	—	160,380
Additions	4,760	5,460,071	2,087,930	787,263	602,164	2,402,096	4	13,849,049	5,175,696	750,481	—	31,119,514
Disposals	—	(351,396)	(495,787)	(433,039)	(114,607)	(811,734)	—	(1,798,753)	—	(298,619)	—	(4,303,935)
Cost, end of year	<b>136,106,251</b>	<b>91,466,614</b>	<b>167,653,947</b>	<b>16,770,874</b>	<b>3,063,499</b>	<b>24,157,019</b>	<b>14,971,026</b>	<b>344,961,221</b>	<b>132,081,021</b>	<b>7,902,094</b>	<b>102,412</b>	<b>939,235,978</b>
Accumulated amortization, beginning of year	—	45,787,476	52,309,478	10,184,430	1,448,942	13,154,416	—	152,523,400	48,899,872	4,654,905	94,056	329,056,975
Amortization	—	3,951,441	4,673,396	907,034	493,272	1,956,233	—	10,034,576	3,411,812	465,942	3,000	25,896,706
Disposals	—	(319,466)	(261,386)	(433,039)	(114,607)	(807,043)	—	(1,527,087)	—	(293,880)	—	(3,756,508)
Accumulated amortization, end of year	—	49,419,451	56,721,488	10,658,425	1,827,607	14,303,606	—	161,030,889	52,311,684	4,826,967	97,056	351,197,173
Net book value, beginning of year	<b>136,101,491</b>	<b>40,570,463</b>	<b>113,591,946</b>	<b>6,232,220</b>	<b>1,127,000</b>	<b>9,412,241</b>	<b>14,971,022</b>	<b>180,387,525</b>	<b>78,005,453</b>	<b>2,795,327</b>	<b>8,356</b>	<b>583,203,044</b>
Net book value, end of year	<b>136,106,251</b>	<b>42,047,163</b>	<b>110,932,459</b>	<b>6,112,449</b>	<b>1,235,892</b>	<b>9,853,413</b>	<b>14,971,026</b>	<b>183,930,332</b>	<b>79,769,337</b>	<b>3,075,127</b>	<b>5,356</b>	<b>588,038,805</b>

**The Corporation of the Town of Ajax**  
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**18. Tangible capital assets (continued)**

	Land \$	Land improv. \$	Buildings \$	Vehicles & rolling equipment \$	Computer hardware & software \$	General assets			Road network \$	Storm water network \$	Vehicles & rolling equipment \$	Infrastructure assets Furniture, fixtures & equipment \$	2022 Total \$
						Furniture, fixtures & equipment \$	Land \$	Road network \$					
Cost, beginning of year	131,853,499	85,397,210	165,697,177	16,780,588	2,503,280	21,977,497	14,971,013	328,979,652	123,737,917	7,173,903	102,412	899,174,148	
Additions	4,247,992	1,073,087	307,536	508,563	207,424	1,260,676	9	4,752,175	4,179,635	701,307	—	17,238,404	
Disposals	—	(112,358)	(103,289)	(872,501)	(134,762)	(671,516)	—	(820,902)	(1,012,227)	(424,978)	—	(4,152,533)	
Cost, end of year	136,101,491	86,357,939	165,901,424	16,416,650	2,575,942	22,566,657	14,971,022	332,910,925	126,905,325	7,450,232	102,412	912,260,019	
Accumulated amortization, beginning of year	—	42,063,171	47,995,939	10,115,040	1,108,487	11,924,285	—	143,601,969	46,359,574	4,650,851	88,155	307,907,471	
Amortization	—	3,836,663	4,373,028	941,891	475,217	1,901,647	—	9,742,333	3,552,525	429,032	5,901	25,258,237	
Disposals	—	(112,358)	(59,489)	(872,501)	(134,762)	(671,516)	—	(820,902)	(1,012,227)	(424,978)	—	(4,108,733)	
Accumulated amortization, end of year	—	45,787,476	52,309,478	10,184,430	1,448,942	13,154,416	—	152,523,400	48,899,872	4,654,905	94,056	329,056,975	
Net book value, beginning of year	131,853,499	43,334,039	117,701,238	6,665,548	1,394,793	10,053,212	14,971,013	185,377,683	77,378,343	2,523,052	14,257	591,266,677	
Net book value, end of year	136,101,491	40,570,463	113,591,946	6,232,220	1,127,000	9,412,241	14,971,022	180,387,525	78,005,453	2,795,327	8,356	583,203,044	

**The Corporation of the Town of Ajax**  
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**18. Tangible capital assets (continued)**

The net book value of tangible capital assets not being amortized because they are under construction is \$14,478,923 (\$12,714,903 in 2022).

Assets contributed to the Town in 2023, consisting of Land, Land Improvements, Road Network and Storm Water Network assets, had a fair market value of \$4.00 (\$11,682,945 in 2022).

The Town holds various works of art and historical treasures pertaining to the heritage and history of the Town of Ajax. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Under agreement with Toronto Region Conservation Authority ("TRCA"), the Town has the right to use certain lands owned by TRCA for recreational purposes and enjoyment of the general public. Within the terms of the agreement, the Town is responsible for the full cost of construction and maintenance of assets which are situated on the property as well as maintenance and improvements to the land.

The following table summarizes the value of assets located on TRCA land.

	Buildings \$	Land improvement \$	Furniture, fixtures and equipment \$	Storm water network \$	Total \$
Cost, beginning of year	2,589,870	8,538,118	255,473	616,130	11,999,591
Additions	2,242	—	—	—	2,242
Disposals	—	(58,239)	—	—	(58,239)
<b>Cost, end of year</b>	<b>2,592,112</b>	<b>8,479,879</b>	<b>255,473</b>	<b>616,130</b>	<b>11,943,594</b>
Accumulated amortization, beginning of year	973,888	4,374,280	116,146	611,739	6,076,053
Amortization	53,227	346,371	25,547	4,391	429,536
Disposals	—	(58,239)	—	—	(58,239)
<b>Accumulated amortization, end of year</b>	<b>1,027,115</b>	<b>4,662,412</b>	<b>141,693</b>	<b>616,130</b>	<b>6,447,350</b>
Net book value, beginning of year	1,615,982	4,163,838	139,327	4,391	5,923,538
<b>Net book value, end of year</b>	<b>1,564,997</b>	<b>3,817,467</b>	<b>113,780</b>	<b>—</b>	<b>5,496,244</b>

**The Corporation of the Town of Ajax**  
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## **19. Segmented information**

The Town is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

### *General government*

This item relates to revenues and expenses of the Town itself and cannot be directly attributed to specific segments.

### *Protection to persons and property*

Protection includes fire services, animal control and building inspection/enforcement of building code to ensure the safety and protection of citizens and their property.

### *Transportation services*

Transportation includes construction and maintenance of the Municipality's roadways, including snow removal, asphalt patching and sidewalk repairs.

### *Environmental services*

Environmental services include urban storm water management costs, litter pickup and closed landfill site monitoring costs.

### *Health, social and family services*

Health and social services for assistance or services for seniors.

### *Recreation and culture services*

Recreation and cultural services are actively supported by the municipality and include recreation programs, current and new facilities, parks, maintenance and construction and library services.

### *Planning and development*

Planning and development provides a number of services including municipal planning and review of all property development plans through its application processes.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Where revenues are not directly attributable to a segment, they are prorated as a percentage of the segment's expenses versus total expenses.

**The Corporation of the Town of Ajax**

**Notes to the consolidated financial statements**

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**19. Segmented information (continued)**

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health, social and family services \$	Recreation and culture services \$	Planning and development \$	Unallocated \$	2023 Total \$
Revenue									
Taxation	<b>17,638,658</b>	<b>18,030,884</b>	<b>17,385,884</b>	<b>3,214,829</b>	<b>81,291</b>	<b>28,298,811</b>	<b>3,713,047</b>	—	<b>88,363,404</b>
User charges	<b>849,313</b>	<b>4,459,402</b>	<b>916,653</b>	<b>15,151</b>	<b>89,780</b>	<b>7,256,600</b>	<b>4,596,802</b>	—	<b>18,183,701</b>
Government grants	<b>4,013,196</b>	<b>753,742</b>	<b>27,945</b>	—	<b>50,184</b>	<b>2,417,202</b>	<b>505,982</b>	—	<b>7,768,251</b>
Gaming and casinos	<b>942,209</b>	<b>963,161</b>	<b>928,706</b>	<b>171,727</b>	<b>4,342</b>	<b>1,511,645</b>	<b>198,342</b>	—	<b>4,720,132</b>
Investment income	<b>1,660,564</b>	<b>1,697,489</b>	<b>1,636,767</b>	<b>302,655</b>	<b>7,653</b>	<b>2,664,147</b>	<b>349,561</b>	—	<b>8,318,836</b>
Obligatory reserve funds earned	<b>4,145,427</b>	<b>4,237,608</b>	<b>4,086,021</b>	<b>755,547</b>	<b>19,105</b>	<b>6,650,769</b>	<b>872,638</b>	—	<b>20,767,115</b>
Penalties and interest on taxes receivable	<b>605,515</b>	<b>618,980</b>	<b>596,838</b>	<b>110,361</b>	<b>2,791</b>	<b>971,466</b>	<b>127,465</b>	—	<b>3,033,416</b>
Government business enterprise	—	—	—	—	—	—	—	<b>1,162</b>	<b>1,162</b>
(Loss) on disposal of TCA	<b>(120,499)</b>	<b>8,826</b>	<b>(224,115)</b>	—	—	<b>(96,607)</b>	<b>484</b>	—	<b>(431,911)</b>
Other	<b>411,074</b>	<b>24,250</b>	<b>1,086,475</b>	<b>34,122</b>	—	<b>83,005</b>	<b>62,011</b>	—	<b>1,700,937</b>
	<b>30,145,457</b>	<b>30,794,342</b>	<b>26,441,174</b>	<b>4,604,392</b>	<b>255,146</b>	<b>49,757,038</b>	<b>10,426,332</b>	<b>1,162</b>	<b>152,425,043</b>
Expenses									
Salaries, wages and benefits	<b>14,207,332</b>	<b>23,028,029</b>	<b>7,258,915</b>	<b>387,328</b>	<b>48,122</b>	<b>23,202,822</b>	<b>4,622,229</b>	—	<b>72,754,777</b>
Materials, supplies and services	<b>2,989,738</b>	<b>2,391,910</b>	<b>4,659,670</b>	<b>478,046</b>	<b>53,144</b>	<b>6,227,206</b>	<b>350,247</b>	—	<b>17,149,961</b>
Contracted services	<b>2,938,559</b>	<b>865,248</b>	<b>2,609,161</b>	<b>558,446</b>	<b>9,763</b>	<b>3,265,601</b>	<b>384,126</b>	—	<b>10,630,904</b>
Rents and financial expenses	<b>550,778</b>	<b>18,582</b>	<b>1,232,537</b>	—	<b>12,262</b>	<b>583,173</b>	<b>199,713</b>	—	<b>2,597,045</b>
Amortization	<b>1,467,137</b>	<b>1,042,937</b>	<b>10,608,177</b>	<b>3,451,980</b>	—	<b>9,323,241</b>	<b>3,234</b>	—	<b>25,896,706</b>
Other	<b>4,598,289</b>	—	—	—	—	<b>317,680</b>	<b>71,880</b>	—	<b>4,987,849</b>
	<b>26,751,833</b>	<b>27,346,706</b>	<b>26,368,460</b>	<b>4,875,800</b>	<b>123,291</b>	<b>42,919,723</b>	<b>5,631,429</b>	—	<b>134,017,242</b>
Annual surplus (deficit)	<b>3,393,624</b>	<b>3,447,636</b>	<b>72,714</b>	<b>(271,408)</b>	<b>131,855</b>	<b>6,837,315</b>	<b>4,794,903</b>	<b>1,162</b>	<b>18,407,801</b>

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**19. Segmented information (continued)**

	General government \$	Protection to persons and property \$	Transportation services \$	Environmental services \$	Health, social and family services \$	Recreation and culture services \$	Planning and development \$	Unallocated \$	2022 Total \$
<b>Revenue</b>									
Taxation	13,845,041	15,689,514	14,349,944	3,851,403	90,181	25,346,201	6,228,309	—	79,400,594
User charges	682,744	4,194,600	548,674	114,314	1,608,597	4,894,972	2,342,624	—	14,386,526
Government grants	1,779,735	—	9,235	750,000	29,590	354,608	413,003	—	3,336,171
Gaming and casinos	889,651	1,008,173	922,095	247,482	5,795	1,628,690	400,217	—	5,102,103
Investment income	864,846	980,063	896,385	240,582	5,633	1,583,279	389,058	—	4,959,846
Obligatory reserve funds earned	2,657,271	3,011,280	2,754,177	739,198	17,308	4,864,683	1,195,396	—	15,239,313
Penalties and interest on taxes receivable	442,140	501,043	458,264	122,994	2,880	809,428	198,900	—	2,535,649
Donations and contributed assets	—	—	2,866,516	6,339,558	—	2,476,871	—	—	11,682,945
Government business enterprise	—	—	—	—	—	—	—	4,624,138	4,624,138
Gain on disposal of TCA	—	—	93,372	—	—	—	—	—	93,372
Other	774,216	20,920	1,228,284	60,000	1,000	83,884	64,251	—	2,232,556
	<b>21,935,645</b>	<b>25,405,593</b>	<b>24,126,947</b>	<b>12,465,532</b>	<b>1,760,984</b>	<b>42,042,616</b>	<b>11,231,759</b>	<b>4,624,138</b>	<b>143,593,213</b>
<b>Expenses</b>									
Salaries, wages and benefits	12,272,302	20,833,018	6,060,610	373,524	63,096	20,754,886	3,539,235	—	63,896,671
Materials, supplies and services	2,448,276	1,327,257	3,733,046	1,389,477	59,663	4,954,044	469,392	—	14,381,155
Contracted services	3,578,081	904,895	1,936,219	601,054	7,513	2,864,481	294,763	—	10,187,006
Rents and financial expenses	820,610	2,565	1,410,134	—	8,823	195,445	86,097	—	2,523,674
Amortization	1,382,534	995,183	10,272,481	3,584,503	—	9,017,065	6,469	—	25,258,235
Other	1,163,358	488,533	(957,241)	85,850	2,023	1,876,622	5,350,300	—	8,009,445
	<b>21,665,161</b>	<b>24,551,451</b>	<b>22,455,249</b>	<b>6,034,408</b>	<b>141,118</b>	<b>39,662,543</b>	<b>9,746,256</b>	—	<b>124,256,186</b>
Annual surplus (deficit)	<b>270,484</b>	<b>854,142</b>	<b>1,671,698</b>	<b>6,431,124</b>	<b>1,619,866</b>	<b>2,380,073</b>	<b>1,485,503</b>	<b>4,624,138</b>	<b>19,337,027</b>