
Consolidated financial statements of The Corporation of the Town of Ajax

December 31, 2024

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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, 2024, 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, 2024, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of entities or business units within the Town as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
June 16, 2025

The Corporation of the Town of Ajax
Consolidated statement of financial position
As at December 31, 2024

	Notes	2024 \$	2023 \$
Financial assets			
Cash and cash equivalents	4	85,050,954	55,200,271
Investments	5	145,758,282	157,443,124
Inventories for resale		17,151	15,581
Taxes receivable		26,727,361	21,020,820
Accounts receivable		9,696,562	12,345,858
Loan receivable	7	1,978,129	1,901,316
Investment in government business enterprise	8	75,163,599	75,666,655
		344,392,038	323,593,625
Liabilities			
Accounts payable and other liabilities	9	40,388,170	39,901,073
Deferred revenue	10	74,008,201	71,641,657
Accrued interest on municipal debt		85,440	59,187
Long-term payable	11	511,403	511,403
Municipal debt	12	11,481,000	7,766,000
Employee benefits payable	13	9,912,166	9,392,603
Asset retirement obligation	14	582,354	581,151
		136,968,734	129,853,074
Contingencies and commitments	16		
Net financial assets		207,423,304	193,740,551
Non-financial assets			
Tangible capital assets	18	591,317,073	588,038,805
Construction in progress	18	14,860,549	14,478,923
Inventories of supplies		454,617	423,058
Prepaid expenses		4,779,666	1,958,105
		611,411,905	604,898,891
Accumulated surplus	15	818,835,209	798,639,442

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, 2024

	Notes	Budget \$	2024 \$	2023 \$
		(Note 17)		
Revenue	19			
Net taxation		95,116,800	95,506,367	87,549,113
Taxation from other governments		840,800	852,279	814,291
User charges		20,198,300	18,884,054	18,183,701
Government transfers		1,015,500	8,362,590	7,768,251
Gaming and casino revenue		5,000,000	3,918,981	4,720,132
Obligatory reserve funds earned	19	9,844,800	9,931,717	20,767,115
Investment income		2,091,000	19,531,940	8,318,836
Penalties and interest on taxes receivable		2,500,000	3,922,064	3,033,416
Donations and contributions from developers	18	—	5,678,787	—
Income from government business enterprise	8	1,451,600	1,209,708	1,162
Other income		390,400	2,374,793	1,700,935
Loss on disposal of tangible capital assets		—	(387,167)	(431,909)
		138,449,200	169,786,113	152,425,043
Expenses	19			
General government		25,345,200	33,647,875	26,751,833
Protection to persons and property		29,387,700	29,173,987	27,346,706
Transportation services		31,022,500	27,605,596	26,368,460
Environmental services		4,136,200	5,998,615	4,875,800
Health, social and family services		194,700	106,899	123,291
Recreation and culture services		42,838,200	47,155,489	42,919,723
Planning and development		5,883,800	5,901,885	5,631,429
		138,808,300	149,590,346	134,017,242
Annual surplus (deficit)		(359,100)	20,195,767	18,407,801
Accumulated surplus, beginning of year		798,639,442	798,639,442	780,231,641
Accumulated surplus, end of year		798,280,342	818,835,209	798,639,442

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, 2024

	Budget	2024	2023
	\$	\$	\$
	(Note 17)		
Annual surplus (deficit)	(359,100)	20,195,767	18,407,801
Acquisition of tangible capital assets	(26,337,500)	(31,029,597)	(31,279,894)
Amortization of tangible capital assets	25,859,000	27,208,647	25,896,706
Loss on disposal of tangible capital assets	—	387,167	431,909
Proceeds on disposal of tangible capital assets	—	155,515	115,518
	(837,600)	16,917,499	13,572,040
Additions to construction in progress	—	(9,239,853)	(9,744,267)
Transfer of construction in progress to tangible capital assets	—	8,753,984	7,936,740
Construction in progress expensed	—	104,243	43,507
	—	(381,626)	(1,764,020)
Acquisition of inventory of supplies	—	(454,617)	(423,058)
Use/consumption of inventory of supplies	—	423,058	495,943
Acquisition of prepaid expenses	—	(4,779,666)	(1,958,105)
Use/consumption of prepaid expenses	—	1,958,105	2,087,772
	—	(2,853,120)	202,552
Net change in net financial assets	(837,600)	13,682,753	12,010,572
Net financial assets, beginning of year	193,740,551	193,740,551	181,729,979
Net financial assets, end of year	192,902,951	207,423,304	193,740,551

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, 2024

	Notes	2024 \$	2023 \$
Operating activities			
Annual surplus		20,195,767	18,407,801
Items not involving cash			
Income from investment in government business enterprise	8	(1,209,708)	(1,162)
Amortization of tangible capital assets		27,208,647	25,896,706
Loss on disposal of tangible capital assets		387,167	431,909
Value of contributed tangible capital assets recognized as revenue		(5,678,787)	—
		40,903,086	44,735,254
Changes in non-cash assets and liabilities			
Inventories for resale		(1,570)	21,525
Taxes receivable		(5,706,541)	(5,825,373)
Accounts receivable		2,649,296	356,649
Loan receivable	7	(76,813)	(73,830)
Accounts payable and other liabilities		487,097	4,596,821
Deferred revenue		2,366,544	13,699,022
Inventories of supplies		(31,559)	72,885
Prepaid expenses		(2,821,561)	129,667
Employee benefits payable		519,563	485,028
Landfill post-closure liability		—	(405,087)
Asset retirement obligation		1,203	581,151
		38,288,745	58,373,712
Capital transactions			
Acquisition of tangible capital assets (net of contributed tangible capital assets)		(25,350,810)	(31,279,894)
Increase in construction in progress		(381,626)	(1,764,020)
Proceeds on disposal of tangible capital assets		155,515	115,518
		(25,576,921)	(32,928,396)
Investing activities			
Sale (purchase) of investments		11,684,842	(71,473,671)
Dividend from investment in government business enterprise	8	1,712,764	1,334,853
		13,397,606	(70,138,818)
Financing activities			
Municipal debt issued		4,649,000	—
Municipal debt repaid		(934,000)	(907,000)
Increase (decrease) in accrued interest on municipal debt		26,253	(6,910)
		3,741,253	(913,910)
Net change in cash		29,850,683	(45,607,412)
Cash, beginning of year		55,200,271	100,807,683
Cash, end of year	4	85,050,954	55,200,271

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, 2024

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.

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

(ii) Investment in government business enterprise

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, 2024

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) Gaming and casino revenue

The Town of Ajax is a beneficiary of a contribution agreement with Ontario Lottery and Gaming Corporation (OLG) for hosting a casino within the municipality. Ajax is entitled to receive a share of the gaming revenue on a quarterly basis for hosting Ajax Casino. Casino revenue is recognized as earned in line with the contribution agreement.

(v) Investment Income

Investment income earned on unrestricted funds is reported as revenue in the year earned. Investment income earned on restricted funds is recognized upon funding the applicable operating or capital expenditures incurred.

(vi) Penalties and interest on taxes receivable

Penalties and interest on taxes are authorized charges that are imposed on outstanding property tax balances. Penalties and interest are recognized as revenue when a charge is levied and added to the property tax receivable balance.

(vii) User fees and other income

Other revenues from transactions with performance obligations are recognized as the Town satisfies performance obligations by providing the promised goods or services to the payor. Other revenue from transactions with no performance obligations, are recognized when the Town has the authority to claim or retain an inflow of economic resources and when a past transaction or event results in an asset. Amounts received prior to the end of the year that will be recognized in the subsequent fiscal year are deferred and reported as liabilities (see Deferred revenue).

1. Summary of significant accounting of policies (continued)

Basis of accounting (continued)

(b) Basis of accounting (continued)

(viii) 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.

(ix) 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.

(x) Inventory

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

(xi) 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.

1. Summary of significant accounting of policies (continued)

Basis of accounting (continued)

(b) Basis of accounting (continued)

(xii) 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.

(xiii) Intangible assets

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

(xiv) 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 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 Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

1. Summary of significant accounting of policies (continued)

Basis of accounting (continued)

(b) Basis of accounting (continued)

(xiv) Asset retirement obligations (continued)

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.

(xv) 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.

(xvi) Deferred revenue

Obligatory reserve funds

Deferred revenue related to obligatory reserve funds represent development charges, payments in lieu of parkland, building code net revenues and the Canada Community Building fund. These amounts have been collected/collectable but the related expenditures for which the funds were collected have not yet been incurred. These amounts will be recognized as revenue in the fiscal period in which the related expenditures are incurred.

General

General deferred revenue represents user charges and other 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.

(xvii) 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 Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

1. Summary of significant accounting of policies (continued)

Basis of accounting (continued)

(b) Basis of accounting (continued)

(xvii) Post-employment benefits (continued)

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.

(xviii) 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, asset retirement obligations, 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 3400 – Revenue Recognition

Effective April 1, 2024, the Town of Ajax adopted a new standard, PS 3400 – Revenue Recognition, which establishes principles for the recognition and reporting of common revenue types not specifically addressed by other PSA Handbook standards. The standard distinguishes between revenues arising from transactions with performance obligations ("exchange transactions"), and those without performance obligations ("non-exchange transactions").

Adoption of Section PS 3400 has resulted in changes in the timing of revenue recognition for certain revenue streams such as planning fees. The Town will now recognize revenue from these exchange transactions over time as performance obligations are satisfied which may result in the deferral of revenues, rather than immediate recognition upon receipt.

The new standard has been adopted prospectively, with no restatement of comparative information.

(b) PS 3160 – Public Private Partnerships

PS 3160 establishes standards on how to account for public private partnership arrangements. The adoption of this standard had no impact on the consolidated financial statements of the Town.

(c) PSG 8 – Purchased Intangibles

PSG 8 explains the scope of the intangibles now allowed to be recognized in financial statements give the removal of the recognition prohibition relating to purchased intangibles in PS 1000. The adoption of this standard had no impact on the consolidated financial statements of the Town.

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

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	159,612,737	49,994,160
Payments in lieu of taxes	811,829	409,625
	160,424,566	50,403,785

4. Cash and cash equivalents

	2024 \$	2023 \$
Unrestricted		
Cash	3,326,982	10,494,327
High Interest Savings Accounts	47,911,433	18,223,767
	51,238,414	28,718,094
Restricted (Note 6)		
Cash	16,415,199	20,424,720
High Interest Savings Accounts	17,397,341	6,057,457
	33,812,540	26,482,177
	85,050,954	55,200,271

Cash is held on deposit and in High Interest Savings Accounts ("HISA") with the Royal Bank, Bank of Nova Scotia 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 3.9% to 5.7% in 2024 (4.85% to 5.70% in 2023).

5. Investments

	2024 \$	2023 \$
Unrestricted		
Guaranteed Investment Certificates	20,380,507	46,247,154
Pooled funds - bonds	—	28,108,195
Pooled funds - equity	86,852,749	37,307,928
	107,233,256	111,663,277
Restricted (Note 6)		
Guaranteed Investment Certificates	38,525,026	45,779,847
	38,525,026	45,779,847
	145,758,282	157,443,124

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

5. Investments (continued)

Throughout the year the Corporation held twenty-one Guaranteed Investment Certificates: six purchased from the Royal Bank, twelve from the Bank of Montreal and one each purchased from Scotiabank, DUCA Credit Union and Meridian Credit Union. The rate of return on the GICs currently held ranges between 4.45% to 6.60% in 2024 (6.34% to 6.60% in 2023). Pooled investment fund units have a market value of \$93,478,871 as at December 31, 2024 (\$71,264,882 in 2023).

6. Restricted assets

	2024	2023
	\$	\$
Cash and cash equivalents (Note 4)	33,812,540	26,482,177
Investments (Note 5)	38,525,026	45,779,847
Interest receivable	74,255	157,217
Due to operating fund	(985,340)	(8,038,867)
	71,426,481	64,380,374

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 \$1,978,129 (\$1,901,316 in 2023) 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, 2024, 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

December 31, 2024

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:

	2024 (000's) \$	2023 (000's) \$
Assets		
Current	124,314	116,654
Capital and intangibles	786,041	720,727
Other	701	708
Total assets	911,056	838,089
Regulatory balances	53,757	56,310
Total assets and regulatory balances	964,813	894,399
Liabilities		
Current	193,653	175,942
Long-term debt	283,463	253,465
Other	218,555	196,842
Total liabilities	695,671	626,249
Shareholders' equity		
Share capital	97,692	97,692
Contributed capital	25	25
2019 Contributed surplus	79,301	79,301
Accumulated other comprehensive loss	2,420	2,511
Retained earnings	75,025	77,239
Total equity	254,463	256,768
Regulatory balances		11,382
Total liabilities, equity and regulatory balances	950,134	894,399
Comprehensive income		
Commodity revenue	464,462	421,522
Commodity expenses	(454,320)	(412,905)
Distribution revenue	100,500	97,459
Operating expenses	(94,044)	(82,206)
Other expense	(5,115)	(19,631)
Accumulated other comprehensive loss	(91)	(619)
Net movements in regulatory balances, net of tax	(5,850)	(3,615)
Total comprehensive income for the year	5,542	5

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

8. Investment in government business enterprise (continued)

(b) Equity in Elexicon Corporation

The Town's equity in Elexicon Corporation is as follows:

	2024 \$	2023 \$
Balance, beginning of year	75,666,655	77,000,346
Equity share of net earnings for the year from Elexicon Corporation	1,209,708	1,162
Dividend received	(1,712,764)	(1,334,853)
Balance, end of year	75,163,599	75,666,655

(c) Promissory notes receivable

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

	2024 \$	2023 \$
Elexicon Corporation	5,550,000	5,550,000
Elexicon Connections Inc.	14,060,000	14,060,000
	19,610,000	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:

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

December 31, 2024

8. Investment in government business enterprise (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.

(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 fifteenth anniversary of the in-service date and the Corporation accrued \$4,062,000 for the shortfall of connection transformation revenue for Hydro One, as at December 31, 2024 (December 31 – nil) and recognized this amount as an intangible asset.

Seaton transformer station

The Corporation constructed a transformer station designated to meet the Corporation's anticipated electricity load growth and connected the transformer station to Hydro One's transmission system in December 2022. The Corporation entered into a connection and cost recovery agreement with Hydro One for the 230kV transmission supply to the transformer station. The construction costs allocated to the Corporation for the transmission supply project are \$10,003,000 and a capital contribution of \$3,244,000 was required due to increase in cost and lower incremental load forecast. The Corporation accrued \$3,244,000 as at December 31, 2024 (December 31, 2023 – nil) and recognized this as an intangible asset.

To the extent that the cost of the project is not recoverable from future transformation connection revenue, the Corporation is obligated to pay additional capital contributions equal to the difference between this revenue and the construction costs allocated to the Corporation. Hydro One will perform a true-up based on actual load at the end of the fifth, tenth and fifteenth anniversary of the in-service date.

(iii) *Contractual obligation - Cloud Computing Arrangements*

The Corporation entered into a cloud computing arrangement in December 2024 with an established Canadian supplier for licensing and to implement an integrated technology platform solution implementing electrical utility industry leading standard operating models and business processes for a 10-year term with a cost of \$48,799,000.

8. Investment in government business enterprise (continued)

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

(iv) 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.

(e) Lease commitments

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

	\$
2025	95,000
2026	71,000
2027	44,000
	<u>210,000</u>

9. Liability for contaminated site

The Town has recorded an unfunded liability of \$647,000 (\$647,000 in 2023) in accounts payable and accrued liabilities for the estimated remediation costs associated with a Town owned site with identified contaminants 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:

	2024 \$	2023 \$
Obligatory reserve funds		
Development charges	46,006,795	47,670,532
Canada Community-Building Fund	9,941,015	7,910,986
Recreational land	7,929,795	5,445,190
Cash-in-lieu of parking	8,235	7,833
Community benefit charges	732,482	265,611
Building approvals	2,129,482	3,505,327
	66,747,804	64,805,479
Other unearned revenues	7,260,397	6,836,178
	74,008,201	71,641,657

The other changes during the 2024 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 \$	2024 Total \$
Opening balance	47,670,532	7,910,986	5,445,190	7,833	265,611	3,505,327	64,805,479
Restricted funds received/receivable	814,368	4,041,524	2,847,195	—	559,263	—	8,262,350
Interest earned	2,710,448	504,005	377,176	402	19,661	—	3,611,692
Revenue recognized	(5,188,553)	(2,515,500)	(739,766)	—	(112,053)	(1,375,845)	(9,931,717)
Closing balance	46,006,795	9,941,015	7,929,795	8,235	732,482	2,129,482	66,747,804

	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	21,537,861	3,960,599	143,678	—	259,418	—	25,901,556
Interest earned	2,484,564	724,643	305,685	397	5,607	—	3,520,896
Revenue recognized	(11,062,165)	(9,680,678)	(311,214)	—	(35,558)	322,500	(20,767,115)
Closing balance	47,670,532	7,910,986	5,445,190	7,833	265,611	3,505,327	64,805,479

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.

	2024 \$	2023 \$
Amount to be recovered from future revenue	14,611,000	11,453,000
Amount owed to operating fund	(3,130,000)	(3,687,000)
Net municipal debt	11,481,000	7,766,000

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

12. Municipal debt (continued)

The above long-term debt has interest rates ranging from 2.5% to 4.50% per annum (2.5% to 3.55% in 2023) and maturity dates in 2026, 2028, 2033, 2034 and 2039. The annual required payment for 2024 was \$1,167,957 (\$1,168,324 in 2023) including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

	\$
2025	1,274,000
2026	1,325,000
2027	1,369,000
2028	1,413,000
2029	808,000
2030 and beyond	5,292,000
	<u>11,481,000</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 2024 and included in expenses is \$260,210 (\$254,414 in 2023).

13. Employee benefits payable

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

	2024 \$	2023 \$
Vacation payable	2,658,410	2,343,897
Post-employment benefits	6,936,956	6,756,206
Council severance	316,800	292,500
	<u>9,912,166</u>	<u>9,392,603</u>
Less: amount already funded from operations to mitigate the future impact of these obligations	(636,018)	(596,842)
Unfunded portion	<u>9,276,148</u>	<u>8,795,761</u>

(a) Vacation payable

Vacation pay owing at December 31, 2024 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 Councilors. The plan provides extended health and dental as well as vision coverage to full-time employees and Councilors. The plan is unfunded and requires no contribution from employees or Councilors. Total employer contributions to retiree benefits during the year were \$450,000 (\$396,575 in 2023).

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 \$7,137,243 is based on an extrapolation from that valuation to December 31, 2024.

13. Employee benefits payable (continued)

(b) Post-employment benefits (continued)

The post-employment benefit liability at December 31, 2024 includes the following components:

	2024	2023
	\$	\$
Actuarially determined accrued benefit obligation	7,137,243	6,495,792
Unamortized actuarial (losses) gains	(200,287)	260,414
	6,936,956	6,756,206

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	4.60%
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 post-employment benefit expense is reported on the consolidated statement of operations in the various functional categories. Composition of the amount is as follows:

	2024	2023
	\$	\$
Current year benefit cost	343,724	282,989
Amortization of actuarial gains	(19,000)	(68,722)
Interest on post-employment benefit liability	306,026	282,562
	630,750	496,829

(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 640,000 active, deferred and retired members and over 1,000 employers.

13. Employee benefits payable (continued)

(c) Pension agreement (continued)

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, 2024. The results of this valuation disclosed total actuarial liabilities of \$142,489 million in respect of benefits accrued for service with actuarial assets at that date of \$139,576 million indicating an actuarial deficit of \$2,913 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 2024 was \$5,878,294 (\$4,949,719 in 2023).

(d) Council severance

Part of the remuneration package includes eligibility of all Councilors 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 (24 months in 2023) should they not be re-elected. The estimated liability based on service and salary levels as at December 31, 2024, totaling \$316,800 (\$292,500 in 2023) 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 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 2.50% to 5.0%, with the 2024 rate being 4.60% (4.75% in 2023). 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, 2024, is \$414,536 (\$413,153 in 2023).

(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 2024 at a rate of 4.6% (4.75% in 2023). Actual experience may vary from these assumptions and as new information becomes available. The estimated present value of costs as at December 31, 2024, is \$167,818 (\$167,998 in 2023).

14. Asset retirement obligations (continued)

(b) *Asbestos obligation (continued)*

	Landfill \$	Asbestos \$	Balance 2024 \$	Balance 2023 \$
Opening balance ARO	413,153	167,998	581,151	565,467
Liabilities settled	(18,037)	(38,667)	(56,704)	(11,448)
Accretion expense	19,420	7,380	26,800	27,132
Increase (decrease) reflecting change in the estimate of liability	—	31,107	31,107	—
	414,536	167,818	582,354	581,151

15. Accumulated surplus

	2024 \$	2023 \$
Surplus - Library	531,838	722,924
Invested in tangible capital assets (Note 18)	591,317,073	588,038,805
Invested in construction in progress (Note 18)	14,860,549	14,478,923
Municipal debt and long-term obligation (Notes 11 and 12)	(11,992,403)	(8,277,403)
Internal debt - owing to operating fund (Note 11)	(3,130,000)	(3,687,000)
Internal capital fund	15,262,078	16,024,871
Reserve/reserve fund balances	147,327,977	125,695,579
Equity in government business enterprise (Note 8)	75,163,599	75,666,655
Liability for contaminated sites (Note 9)	(647,000)	(647,000)
Employee benefits payable (Note 13)	(9,276,148)	(8,795,761)
Asset retirement obligations (Note 14)	(582,354)	(581,151)
	818,835,209	798,639,442

16. Contingencies and commitments

(a) *Capital project commitments*

The Town has committed to many capital projects expected to be completed over several years including three fire trucks and the Ajax Fairgrounds. As at December 31, 2024, the Town had awarded contracts in the amount of \$42,255,111 (\$48,152,125 in 2023) and \$25,056,919 (\$26,724,086 in 2023) of those awarded amounts have been spent. The remaining contractual commitments of \$17,198,192 (\$21,261,405 in 2023) 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.

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

16. Contingencies and commitments (continued)

(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 2023) for all outstanding Town claims.

17. Budget figures

The 2024 Budget adopted under strong mayor legislation on January 15th, 2024, 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 adopted budget with adjustments as follows:

	2024 budget adopted by council \$	Non TCA expenditures from capital \$	Amortization/ post emp ben/ landfill costs \$	2024 budget presented in statements \$
Revenue				
Taxation	95,957,600	—	—	95,957,600
Obligatory reserve funds earned	9,844,800	—	—	9,844,800
Other	32,646,800	—	—	32,646,800
	<u>138,449,200</u>	<u>—</u>	<u>—</u>	<u>138,449,200</u>
Expenses				
General government	22,793,800	880,000	1,671,400	25,345,200
Protection to persons and property	26,775,600	1,415,900	1,196,200	29,387,700
Transportation services	20,639,700	—	10,382,800	31,022,500
Environmental services	789,400	—	3,346,800	4,136,200
Health, social and family services	194,700	—	—	194,700
Recreation and culture services	32,435,100	1,045,000	9,358,100	42,838,200
Planning and development	5,647,300	228,000	8,500	5,883,800
	<u>109,275,600</u>	<u>3,568,900</u>	<u>25,963,800</u>	<u>138,808,300</u>
Annual surplus	<u>29,173,600</u>	<u>(3,568,900)</u>	<u>(25,963,800)</u>	<u>(359,100)</u>
Capital expenditures	(24,846,500)			
Transfers to (from)				
reserve/reserve funds	(1,940,900)			
Debt repayment	(1,491,000)			
Budgeted use of prior year surplus	895,200			
Consists of Ajax Public Library	<u>(895,200)</u>			
	<u>—</u>			

The Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2024

18. Tangible capital assets

	Land	Land improv.	Buildings	Vehicles & rolling equipment	Computer hardware & software	General assets Furniture, fixtures & equipment	Land	Road network	Storm water network	Infrastructure assets Vehicles & rolling equipment	Infrastructure assets Furniture, fixtures & equipment	2024 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	136,106,251	91,466,614	167,653,947	16,770,874	3,063,499	24,157,019	14,971,026	344,961,221	132,081,021	7,902,094	102,412	939,235,978
Additions	—	4,698,438	10,679,149	922,439	777,122	2,909,538	—	6,944,838	1,957,405	2,140,668	—	31,029,597
Disposals	(194)	(1,008,042)	(1,509,327)	(433,792)	(430,674)	(1,292,872)	—	(680,775)	(56,910)	(1,612,884)	—	(7,025,470)
Cost, end of year	136,106,057	95,157,010	176,823,769	17,259,521	3,409,947	25,773,685	14,971,026	351,225,284	133,981,516	8,429,878	102,412	963,240,105
Accumulated amortization, beginning 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
Amortization	—	4,168,732	5,096,035	923,457	526,124	2,212,707	—	10,245,536	3,469,778	563,281	2,997	27,208,647
Disposals	—	(1,001,572)	(1,119,584)	(408,099)	(430,674)	(1,221,513)	—	(679,790)	(56,910)	(1,564,646)	—	(6,482,788)
Accumulated amortization, end of year	—	52,586,611	60,697,939	11,173,783	1,923,057	15,294,800	—	170,596,635	55,724,552	3,825,602	100,053	371,923,032
Net book value, beginning of year	136,106,251	42,047,163	110,932,459	6,112,449	1,235,892	9,853,413	14,971,026	183,930,332	79,769,337	3,075,127	5,356	588,038,805
Net book value, end of year	136,106,057	42,570,399	116,125,830	6,085,738	1,486,890	10,478,885	14,971,026	180,628,649	78,256,964	4,604,276	2,359	591,317,073

The Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2024

18. Tangible capital assets (continued)

	Land	Land improv.	Buildings	Vehicles & rolling equipment	Computer hardware & software	General assets Furniture, fixtures & equipment	Land	Road network	Storm water network	Vehicles & rolling equipment	Infrastructure assets Furniture, fixtures & equipment	2023 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning 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
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	136,106,251	91,466,614	167,653,947	16,770,874	3,063,499	24,157,019	14,971,026	344,961,221	132,081,021	7,902,094	102,412	939,235,978
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	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
Net book value, end of year	136,106,251	42,047,163	110,932,459	6,112,449	1,235,892	9,853,413	14,971,026	183,930,332	79,769,337	3,075,127	5,356	588,038,805

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

December 31, 2024

18. Tangible capital assets (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$14,860,549 (\$14,478,923 in 2023).

Assets contributed to the Town in 2024, consisting of Land, Land Improvements, Road Network and Storm Water Network assets, had a fair market value of \$5,678,787 (\$nil in 2023).

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	2,592,112	8,479,879	255,473	616,130	11,943,594
Additions					—
Disposals	(48,855)				(48,855)
Cost, end of year	2,543,257	8,479,879	255,473	616,130	11,894,739
Accumulated amortization, beginning of year	1,027,115	4,662,412	141,693	616,130	6,447,350
Amortization	53,227	342,635	25,547		421,409
Disposals	(48,855)				(48,855)
Accumulated amortization, end of year	1,031,487	5,005,047	167,240	616,130	6,819,904
Net book value, beginning of year	1,564,997	3,817,467	113,780	—	5,496,244
Net book value, end of year	1,511,770	3,474,832	88,233	—	5,074,835

The Corporation of the Town of Ajax

Notes to the consolidated financial statements

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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
December 31, 2024

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 \$	2024 Total \$
Revenue									
Taxation	21,674,284	18,792,429	17,782,148	3,864,009	68,859	30,375,217	3,801,700	—	96,358,646
User charges	1,332,482	2,834,693	1,000,211	—	84,571	8,175,264	5,456,833	—	18,884,054
Government grants	3,901,375	979,290	5,818	650,000	45,000	2,761,455	19,652	—	8,362,590
Gaming and casinos	881,510	764,303	723,214	157,152	2,801	1,235,384	154,617	—	3,918,981
Investment income	4,393,387	3,809,234	3,604,449	783,236	13,958	6,157,070	770,606	—	19,531,940
Obligatory reserve funds earned	637,360	1,532,108	2,510,766	73,780	—	5,169,066	8,637	—	9,931,717
Penalties and interest on taxes receivable	882,202	764,904	723,783	157,276	2,803	1,236,356	154,740	—	3,922,064
Donations and contributed assets	—	—	3,545,219	1,836,907	—	296,661	—	—	5,678,787
Government business enterprise	—	—	—	—	—	—	—	1,209,708	1,209,708
(Loss) on disposal of TCA	—	—	(387,167)	—	—	—	—	—	(387,167)
Other	644,923	55,174	1,282,864	148,260	2,500	173,880	67,192	—	2,374,793
	34,347,523	29,532,135	30,791,305	7,670,620	220,492	55,580,353	10,433,977	1,209,708	169,786,113
Expenses									
Salaries, wages and benefits	17,773,436	24,617,752	8,103,055	471,041	33,089	26,910,654	4,810,113	—	82,719,140
Materials, supplies and services	5,002,700	2,012,468	4,671,897	1,370,333	51,408	6,247,343	372,437	—	19,728,586
Contracted services	4,083,703	1,281,386	2,587,394	634,357	9,931	3,550,723	414,773	—	12,562,267
Rents and financial expenses	594,782	41,137	1,330,924	1,383	12,471	624,909	304,562	—	2,910,168
Amortization	1,731,716	1,221,244	10,912,326	3,521,501	—	9,821,860	—	—	27,208,647
Other	4,461,538	—	—	—	—	—	—	—	4,461,538
	33,647,875	29,173,987	27,605,596	5,998,615	106,899	47,155,489	5,901,885	—	149,590,346
Annual surplus (deficit)	699,648	358,148	3,185,709	1,672,005	113,593	8,424,864	4,532,092	1,209,708	20,195,767

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