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

December 31, 2020

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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, 2020, 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, 2020, 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 18, 2021

**Corporation of the Town of Ajax**  
**Consolidated statement of financial position**  
As at December 31, 2020

	Notes	2020 \$	2019 \$
<b>Financial assets</b>			
Cash	3	<b>121,466,216</b>	112,397,105
Temporary investments	3	—	960,919
Inventories for resale		<b>7,207</b>	5,114
Land held for resale		<b>940,775</b>	940,775
Taxes receivable		<b>13,337,026</b>	9,825,128
Accounts receivable		<b>11,137,859</b>	9,464,691
Loan receivable	5	<b>1,688,314</b>	1,622,755
Investment in government business enterprise	6	<b>73,099,028</b>	73,056,633
		<b>221,676,425</b>	208,273,120
<b>Liabilities</b>			
Accounts payable and other liabilities	7	<b>29,014,995</b>	30,307,705
Deferred revenue	8	<b>26,021,204</b>	21,497,313
Accrued interest on municipal debt		<b>94,351</b>	169,316
Municipal debt	9	<b>11,111,071</b>	12,609,777
Employee benefits payable	10	<b>8,271,347</b>	7,874,844
Landfill post-closure liability	11	<b>396,559</b>	398,945
		<b>74,909,527</b>	72,857,900
Contingencies and commitments	13		
<b>Net financial assets</b>		<b>146,766,898</b>	135,415,220
<b>Non-financial assets</b>			
Tangible capital assets	15	<b>597,633,458</b>	583,655,639
Construction in progress	15	<b>4,275,590</b>	5,451,791
Inventories of supplies		<b>422,714</b>	329,596
Prepaid expenses		<b>1,091,951</b>	1,394,320
		<b>603,423,713</b>	590,831,346
<b>Accumulated surplus</b>	12	<b>750,190,611</b>	726,246,566

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

**Corporation of the Town of Ajax**  
**Consolidated statement of operations**  
Year ended December 31, 2020

Notes	<b>Budget</b>	<b>2020</b>	2019
	\$	\$	\$
	<b>(Note 14)</b>		
<b>Revenue</b>			
16 Net taxation	<b>71,940,815</b>	<b>71,669,457</b>	68,503,543
Taxation from other governments	<b>780,300</b>	<b>781,153</b>	801,614
User charges	<b>13,459,216</b>	<b>12,901,302</b>	13,026,297
Government grants	<b>177,700</b>	<b>2,652,307</b>	223,183
Gaming and casino revenue	<b>6,009,000</b>	<b>1,720,830</b>	8,635,854
8 Obligatory reserve funds earned	<b>13,447,400</b>	<b>15,673,277</b>	12,167,327
Investment income	<b>1,603,400</b>	<b>2,002,718</b>	3,096,186
Penalties and interest on taxes receivable	<b>1,700,000</b>	<b>1,850,187</b>	1,888,002
Donations and contributions from developers	—	<b>15,950,692</b>	16,463,961
15 Income from government business enterprise	<b>2,386,000</b>	<b>2,510,220</b>	1,053,241
6 Change in valuation of investment in government business enterprise on amalgamation	—	—	10,060,153
6 Other	<b>622,600</b>	<b>1,420,724</b>	2,281,992
(Loss) gain on disposal of tangible capital assets	—	<b>(3,552,320)</b>	54,384
	<b>112,126,431</b>	<b>125,580,547</b>	138,255,737
<b>Expenses</b>			
16 General government	<b>8,650,024</b>	<b>9,713,864</b>	15,627,826
Protection to persons and property	<b>24,172,237</b>	<b>23,661,492</b>	22,148,887
Transportation services	<b>21,935,920</b>	<b>24,427,650</b>	20,013,438
Environmental services	<b>3,957,540</b>	<b>4,497,441</b>	4,053,055
Health, social and family services	<b>290,567</b>	<b>257,653</b>	280,596
Recreation and culture services	<b>43,716,332</b>	<b>34,807,289</b>	40,226,093
Planning and development	<b>4,650,876</b>	<b>4,271,113</b>	4,095,046
	<b>107,373,496</b>	<b>101,636,502</b>	106,444,941
Annual surplus	<b>4,752,935</b>	<b>23,944,045</b>	31,810,796
Accumulated surplus, beginning of year	<b>726,246,566</b>	<b>726,246,566</b>	694,435,770
<b>Accumulated surplus, end of year</b>	<b>730,999,501</b>	<b>750,190,611</b>	726,246,566

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

**Corporation of the Town of Ajax**  
**Consolidated statement of change in net financial assets**  
Year ended December 31, 2020

	Budget \$	2020 \$	2019 \$
	<b>(Note 14)</b>		
<b>Annual surplus</b>	<b>4,752,935</b>	<b>23,944,045</b>	31,810,796
Acquisition of tangible capital assets	—	<b>(41,901,532)</b>	(70,502,871)
Amortization of tangible capital assets	<b>24,747,100</b>	<b>24,307,761</b>	22,445,005
Loss (gain) on disposal of tangible capital assets	—	<b>3,552,320</b>	(54,384)
Proceeds on disposal of tangible capital assets	—	<b>63,632</b>	190,398
	<b>29,500,035</b>	<b>9,966,226</b>	(16,111,056)
Additions to construction in progress	—	<b>(1,912,853)</b>	(1,670,338)
Transfer of construction in progress to tangible capital assets	—	<b>2,511,315</b>	30,096,793
Construction in progress expensed	—	<b>577,739</b>	11,708
	—	<b>1,176,201</b>	28,438,163
Acquisition inventory of supplies	—	<b>(422,714)</b>	(329,596)
Use/consumption of inventory of supplies	—	<b>329,596</b>	359,172
Acquisition of prepaid expenses	—	<b>(1,091,951)</b>	(1,394,320)
Use/consumption of prepaid expenses	—	<b>1,394,320</b>	1,236,976
	—	<b>209,251</b>	(127,768)
Net change in net financial assets	<b>29,500,035</b>	<b>11,351,678</b>	12,199,339
Net financial assets, beginning of year	<b>135,415,220</b>	<b>135,415,220</b>	123,215,881
<b>Net financial assets, end of year</b>	<b>164,915,255</b>	<b>146,766,898</b>	135,415,220

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

**Corporation of the Town of Ajax**  
**Consolidated statement of cash flows**  
Year ended December 31, 2020

	Notes	2020 \$	2019 \$
<b>Operating activities</b>			
Annual surplus		<b>23,944,045</b>	31,810,796
Items not involving cash			
Income from investment in government business enterprise	6	<b>(2,510,220)</b>	(1,053,241)
Change in valuation of investment in government business enterprise on amalgamation	6	—	(10,060,153)
Amortization of tangible capital assets		<b>24,307,761</b>	22,445,005
Loss (gain) on disposal of tangible capital assets		<b>3,552,320</b>	(54,384)
Value of contributed tangible capital assets recognized as revenue		<b>(15,950,692)</b>	(16,463,961)
		<b>33,343,214</b>	26,624,062
Changes in non-cash assets and liabilities			
Inventory held for resale		<b>(2,093)</b>	913
Taxes receivable		<b>(3,511,898)</b>	(279,058)
Accounts receivable		<b>(1,673,168)</b>	(919,333)
Loan receivable	5	<b>(65,559)</b>	(63,014)
Accounts payable and other liabilities		<b>(1,292,710)</b>	(1,248,424)
Deferred revenue		<b>4,523,891</b>	(852,830)
Inventories of supplies		<b>(93,118)</b>	29,576
Prepaid expenses		<b>302,369</b>	(157,344)
Employee benefits payable		<b>396,503</b>	245,952
Landfill post-closure liability		<b>(2,386)</b>	(1,469)
		<b>31,925,045</b>	23,379,031
<b>Capital transactions</b>			
Acquisition of tangible capital assets (net of contributed tangible capital assets)		<b>(25,950,840)</b>	(54,038,910)
Increase in construction in progress		<b>1,176,201</b>	28,438,163
Proceeds on disposal of tangible capital assets		<b>63,632</b>	190,398
		<b>(24,711,007)</b>	(25,410,349)
<b>Investing activity</b>			
Dividend from investment in government business enterprise	6	<b>2,467,825</b>	1,915,530
<b>Financing activities</b>			
Municipal debt repaid		<b>(1,498,706)</b>	4,982,964
(Decrease) increase in accrued interest on municipal debt		<b>(74,965)</b>	22,341
		<b>(1,573,671)</b>	5,005,305
Net change in cash and temporary investments		<b>8,108,192</b>	4,889,517
Cash and temporary investments, beginning of year		<b>113,358,024</b>	108,468,507
<b>Cash and temporary investments, end of year</b>	4	<b>121,466,216</b>	113,358,024

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

## **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, the Town of Ajax Public Library Board, the Ajax Downtown Business Improvement Area and the Pickering Village Business Improvement Area which are controlled by the Town.

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.

**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) Temporary investments*

Temporary investments consist of investments in guaranteed investment certificates and are recorded at amortized cost. Accrued interest is included in accounts receivable.

*(v) Inventory*

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

*(vi) 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)*

*(vii) 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.

*(viii) Intangible assets*

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

*(ix) 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.

*(x) 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.

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

*Basis of accounting (continued)*

*(b) Basis of accounting (continued)*

*(xi) 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.

*(xii) 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. 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:

	<b>Region</b>	<b>School board</b>
	<b>\$</b>	<b>\$</b>
Taxation	<b>127,017,269</b>	<b>48,581,223</b>
Payments in lieu of taxes	<b>727,013</b>	<b>444,321</b>
	<b>127,744,282</b>	<b>49,025,544</b>

**3. Cash and temporary investments**

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Unrestricted		
Cash	<b>93,962,223</b>	90,382,522
Temporary investments	<b>—</b>	960,919
	<b>93,962,223</b>	91,343,441
Restricted (Note 4)		
Cash	<b>27,503,993</b>	22,014,583
	<b>121,466,216</b>	113,358,024

**3. Cash and temporary investments (continued)**

Cash is held on deposit with Canadian chartered banks and in guaranteed investment certificates. The cash in the bank earns interest on a monthly basis. The interest rate is based on average balances and will fluctuate based on the bank's prime rate. As at the end of 2020, no guaranteed investment certificates were held.

**4. Restricted assets**

	<b>2020</b>	2019
	\$	\$
Cash (Note 3)	<b>27,503,993</b>	22,014,583
Interest receivable	<b>16,205</b>	39,953
Due to own municipality	<b>(4,935,637)</b>	(2,652,716)
	<b>22,584,561</b>	19,401,820

Restricted assets represent assets of obligatory reserve funds and certain deferred grants (Note 8).

**5. Loan receivable**

The Town of Ajax holds a loan receivable of \$1,688,314 (\$1,622,755 in 2019) 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, 2020, 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.

**6. Investment in government business enterprise**

(a) Until March 31, 2019, the Town held a 32.1% interest in Veridian Corporation, which was owned by the Town of Ajax, City of Pickering, Municipality of Clarington, and the City of Belleville. Effective April 1, 2019, Veridian Corporation amalgamated with Whitby Hydro Electric Corporation to form Elexicon Corporation. Elexicon Corporation is owned by the legacy owners of Veridian Corporation, and the Town of Whitby. The Town has a 21.828% interest in Elexicon Corporation.

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2020

**6. Investment in government business enterprise (continued)**

(a) (continued)

Ellexicon Corporation, as a government business enterprise, is accounted for on the modified equity basis in these consolidated financial statements. Ellexicon Corporation serves as the electrical distribution utility for a number of communities including the four noted above and conducts non-regulated utility service ventures through its subsidiaries. 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>2020</b>	2019
	<b>(000's)</b>	(000's)
	<b>\$</b>	\$
<b>Assets</b>		
Current	<b>98,525</b>	84,933
Capital and intangibles	<b>535,401</b>	506,254
Other	<b>161</b>	256
<b>Total assets</b>	<b>634,087</b>	591,443
Regulatory balances	<b>26,912</b>	15,145
<b>Total assets and regulatory balances</b>	<b>660,999</b>	606,588
<b>Liabilities</b>		
Current	<b>88,743</b>	87,413
Long-term debt	<b>214,502</b>	180,360
Other	<b>110,913</b>	91,408
<b>Total liabilities</b>	<b>414,158</b>	359,181
<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>(1,815)</b>	(816)
Retained earnings	<b>69,802</b>	68,597
<b>Total equity</b>	<b>245,005</b>	244,799
Regulatory balances	<b>1,836</b>	2,608
<b>Total liabilities, equity and regulatory balances</b>	<b>660,999</b>	606,588
<b>Comprehensive Income</b>		
Commodity revenue	<b>473,986</b>	305,445
Commodity expenses	<b>(480,262)</b>	(311,627)
Distribution revenue	<b>79,380</b>	58,759
Operating expenses	<b>(64,189)</b>	(49,195)
Other expense	<b>(8,955)</b>	(5,253)
Accumulated other comprehensive loss	<b>(999)</b>	(500)
Net movements in regulatory balances, net of tax	<b>12,539</b>	9,180
<b>Total comprehensive income for the year</b>	<b>11,500</b>	6,809

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

*(b) Equity in Elexicon Corporation*

The Town's equity in Elexicon Corporation is as follows at the end of 2020:

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>73,056,633</b>	63,858,769
Equity share of net loss for the period ended March 31, 2019 from Veridian Corporation (year ended December 31, 2018)	—	(433,029)
Equity share of net earnings for the period January 1, 2020 to December 31, 2020 (April 1, 2019 to December 31, 2019 in 2019) from Elexicon Corporation	<b>2,510,220</b>	1,486,269
Amalgamation adjustments	—	10,060,153
Dividend received	<b>(2,467,825)</b>	(1,915,529)
Balance, end of year	<b>73,099,028</b>	73,056,633

*(c) Promissory notes receivable*

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

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Elexicon Corporation	<b>5,550,000</b>	5,550,000
Elexicon Connections Inc.	<b>14,060,000</b>	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. The Town has agreed not to demand repayment of the notes prior to December 31, 2021.

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 4.47% less 30 basis points.

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.

## **6. Investment in Elexicon Corporation (continued)**

(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.

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 \$30,000,000 per occurrence for liability insurance, \$21,000,000 for vehicle insurance and \$161,680,000 for property insurance, plus \$10,000,000 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 the Corporation has paid \$2,135,000 in 2020 (\$637,000 in 2019) to Hydro One and recognized the same as an intangible asset. The Corporation has also recorded a current liability and a corresponding intangible asset for \$1,533,000 as at December 31, 2019, based on management's best estimate of the future transformation connection revenues shortfall. Hydro One 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. Additionally, the Corporation has provided letter of credits of \$6,900,000 and \$807,000 to the IESO for prudential support.

(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.

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

(e) *Lease commitments*

Future minimum lease payment obligations under operating leases are as follows:

	\$
2021	363,000
2022	229,000
2023	179,000
2024	124,000
2025	95,000
Thereafter	115,000
	<u>1,105,000</u>

**7. Liability for contaminated site**

The Town has recorded an unfunded liability of \$647,000 (\$647,000 in 2019) 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.

**8. Deferred revenue**

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

	2020 \$	2019 \$
Obligatory reserve funds		
Development charges	10,561,499	6,071,244
Gas tax	9,054,078	9,886,467
Recreational land	3,220,222	2,338,114
Cash-in-lieu of parking	7,219	—
Building approvals	1,987,427	709,427
	<u>24,830,445</u>	19,005,252
Other unearned revenues	1,190,759	2,492,061
	<u>26,021,204</u>	21,497,313

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

	Development charges act \$	Gas tax \$	Recreational land \$	Cash-in-lieu of parking \$	Building approvals \$	Total \$
Opening balance	6,071,244	9,886,467	2,338,114	—	709,427	19,005,252
Restricted funds received/receivable	16,752,497	3,630,550	855,091	7,210	—	21,245,348
Interest earned	96,283	129,813	27,017	9	—	253,122
Revenue recognized	(12,358,525)	(4,592,752)	—	—	1,278,000	(15,673,277)
Closing balance	<u>10,561,499</u>	<u>9,054,078</u>	<u>3,220,222</u>	<u>7,219</u>	<u>1,987,427</u>	<u>24,830,445</u>

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**9. Municipal debt**

	<b>2020</b>	2019
	\$	\$
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. At the end of the year, the outstanding principal was		
	<b>17,390,071</b>	19,705,777
Amount to be recovered from future revenue	<b>17,390,071</b>	19,705,777
Less: amount owed to operating fund	<b>(6,279,000)</b>	(7,096,000)
Net municipal debt	<b>11,111,071</b>	12,609,777

The above long-term debt has interest rates ranging from 1.95% to 5.12% per annum and maturity dates in, 2020, 2022, 2028 and 2034. The annual required payment expected for 2021 is \$1,893,251 (\$1,892,205 in 2020) including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

	\$
2021	1,556,071
2022	882,000
2023	907,000
2024	934,000
2025	963,000
2026 and beyond	5,869,000
	<b>11,111,071</b>

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 2020 and included in expenses is \$372,410 (\$331,341 in 2019).

**10. Employee benefits payable**

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

	<b>2020</b>	2019
	\$	\$
Vacation payable	<b>1,844,454</b>	1,555,782
Post-employment benefits	<b>6,309,693</b>	6,263,162
Council severance	<b>117,200</b>	55,900
	<b>8,271,347</b>	7,874,844
Less: amount already funded from operations to mitigate the future impact of these obligations	<b>(439,748)</b>	(334,761)
Unfunded portion	<b>7,831,599</b>	7,540,083

(a) *Vacation payable*

Vacation pay owing at December 31, 2020 has been partially funded from operations and is included in employee benefits payable in these consolidated financial statements.

**10. Employee benefits payable (continued)**

*(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 contribution to retiree benefits during the year were \$523,429 (\$379,055 in 2019).

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. An actuarial valuation was completed as at December 31, 2019 and an accrued benefit obligation of \$7,732,284 is based on an extrapolation from that valuation to December 31, 2020.

The post-employment benefit liability at December 31, 2020 includes the following components:

	<b>2020</b>	2019
	\$	\$
Actuarially determined accrued benefit obligation	<b>7,732,284</b>	6,682,378
Unamortized actuarial losses	<b>(1,422,591)</b>	(419,217)
	<b>6,309,693</b>	6,263,162

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	2.50%
Medical cost increases	
First year	7.00%
Decreasing over 10 years to	3.50%
Expected rate of dental cost increase	1% plus CPI
Estimated average remaining service life of the employee group	13.2 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:

	<b>2020</b>	2019
	\$	\$
Current year benefit cost	<b>339,893</b>	334,956
Amortization of actuarial losses	<b>32,349</b>	74,464
Interest on post-employment benefit liability	<b>197,719</b>	258,108
	<b>569,961</b>	667,528

**10. Employee benefits payable (continued)**

*(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 525,981 active and retired members and 1,023 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 was \$3,645,653 (\$3,580,643 in 2019).

*(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 18 months should they not be re-elected. The estimated liability based on service and salary levels as at December 31, 2020 totaling \$117,200 (\$55,900 in 2019) has been fully funded from operations and included in employee benefits payable in these consolidated financial statements.

**11. Landfill post-closure liability**

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. Municipalities are required to recognize liabilities for all of these future costs as the sites are filled, therefore all post-closure costs must be estimated and recognized fully for closed sites. This liability is unfunded and is therefore shown as a separate component of accumulated surplus (Note 12).

In 2013, an environmental consulting firm was engaged to provide an updated estimate post-closure costs. The estimate was 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 3.75%. 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, 2020 is \$396,559 (\$398,945 in 2019). Composition of the liability is as follows:

	<b>2020</b>	2019
	\$	\$
Liability, beginning of the year	<b>398,945</b>	400,414
Expenses	<b>(12,516)</b>	(13,687)
Cost adjustment to account for inflation	<b>10,130</b>	12,218
	<b>396,559</b>	398,945

## 12. Accumulated surplus

	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
Surplus - BIAs and Library	<b>1,558,308</b>	753,861
Invested in tangible capital assets (Note 15)	<b>597,633,458</b>	583,655,689
Invested in construction in progress (Note 15)	<b>4,275,590</b>	5,415,791
Municipal debt (Note 9)	<b>(11,111,071)</b>	(12,609,777)
Internal debt - owing to operating fund (Note 9)	<b>(6,279,000)</b>	(7,096,000)
Internal capital fund	<b>6,395,259</b>	4,586,295
Reserve/reserve fund balances	<b>92,553,422</b>	86,093,327
Equity in government business enterprise (Note 6)	<b>73,099,028</b>	73,056,633
Liability for contaminated sites (Note 7)	<b>(647,000)</b>	(647,000)
Employee benefits payable (Note 10)	<b>(7,831,599)</b>	(7,540,083)
Landfill post-closure liability (Note 11)	<b>(396,559)</b>	(398,945)
Land held for resale	<b>940,775</b>	940,775
	<b>750,190,611</b>	726,210,566

## 13. Contingencies and commitments

### (a) Capital project commitments

The Town has committed to many capital projects expected to be completed over several years including the reconstruction of Church Street – Rossland to Hydro Corridor. As at December 31, 2020, the Town had awarded contracts in the amount of \$35,051,042 (\$42,933,512 in 2019) and \$25,942,399 (\$21,739,012 in 2019) of those awarded amounts have been spent. The remaining contractual commitments of \$8,161,490 (\$20,881,632 in 2019) will be incurred as capital expenditures as the work is completed. Funding for the completion costs is expected to include 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 \$118,951 (\$118,751 in 2019) for all outstanding Town claims.

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**14. Budget figures**

The 2020 Budget adopted by Council on February 24, 2020 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 24, 2020 with adjustments as follows:

	<b>2020 budget adopted by council</b>	<b>Non TCA expenditures from capital</b>	<b>Amortization/ post emp ben/ landfill costs</b>	<b>2020 budget presented in statements</b>
	\$	\$	\$	\$
Revenue				
Taxation	<b>72,721,115</b>	—	—	<b>72,721,115</b>
Restricted funds earned	<b>13,447,400</b>	—	—	<b>13,447,400</b>
Other	<b>25,957,916</b>	—	—	<b>25,957,916</b>
	<b>112,126,431</b>	—	—	<b>112,126,431</b>
Expenses				
General government	<b>6,882,724</b>	<b>554,300</b>	<b>1,213,000</b>	<b>8,650,024</b>
Protection	<b>23,157,837</b>	—	<b>1,014,400</b>	<b>24,172,237</b>
Transportation	<b>12,596,020</b>	<b>258,800</b>	<b>9,081,100</b>	<b>21,935,920</b>
Environmental	<b>884,940</b>	<b>200,000</b>	<b>2,872,600</b>	<b>3,957,540</b>
Health, family and social services	<b>290,567</b>	—	—	<b>290,567</b>
Recreation and culture	<b>35,626,132</b>	<b>411,800</b>	<b>8,090,200</b>	<b>44,128,132</b>
Planning and development	<b>4,212,876</b>	—	<b>26,200</b>	<b>4,239,076</b>
	<b>83,651,096</b>	<b>1,424,900</b>	<b>22,297,500</b>	<b>107,373,496</b>
Annual surplus	<b>28,475,335</b>	<b>(1,424,900)</b>	<b>(22,297,500)</b>	<b>4,752,935</b>
Capital expenditures	<b>25,874,200</b>			
Transfers to (from)				
reserve/reserve funds	<b>2,248,800</b>			
Transfer GBE dividends	<b>(2,386,300)</b>			
Debt proceeds	—			
Debt repayment	<b>2,258,300</b>			
Budgeted use of prior year surplus	<b>480,335</b>			
Consists of				
Ajax Public Library	<b>487,400</b>			
Ajax Downtown BIA	<b>(4,980)</b>			
Pickering Village BIA	<b>(2,085)</b>			
Town of Ajax	—			
	<b>480,335</b>			

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**15. Tangible capital assets**

	2020											
	General assets						Infrastructure assets					
	Land	Land improv.	Buildings	Vehicles & rolling equipment	Computer hardware & software	Furniture, fixtures & equipment	Land	Road network	Storm water network	Vehicles & rolling equipment	Furniture, fixtures & equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, beginning of year	131,025,850	80,703,558	162,949,230	15,012,987	2,439,934	20,441,557	14,971,011	302,639,010	113,603,026	6,473,944	102,412	850,362,519
Additions	267,415	2,183,479	3,402,527	1,129,648	344,542	1,316,165	—	24,281,583	8,042,351	933,822	—	41,901,532
Disposals	—	(150,660)	(1,418,380)	(104,304)	(321,489)	(551,794)	—	(5,420,811)	—	(415,962)	—	(8,383,400)
Cost, end of year	131,293,265	82,736,377	164,933,377	16,038,331	2,462,987	21,205,928	14,971,011	321,499,782	121,645,377	6,991,804	102,412	883,880,651
Accumulated amortization, beginning of year	—	34,611,754	40,429,296	8,909,406	1,371,173	9,335,943	—	127,623,027	40,119,787	4,235,949	70,545	266,706,880
Amortization	—	3,810,066	4,286,094	1,003,586	385,927	1,836,020	—	9,441,282	3,123,681	412,300	8,805	24,307,761
Disposals	—	(124,271)	(1,025,787)	(92,612)	(321,489)	(551,794)	—	(2,235,533)	—	(415,962)	—	(4,767,448)
Accumulated amortization, end of year	—	38,297,549	43,689,603	9,820,380	1,435,611	10,620,169	—	134,828,776	43,243,468	4,232,287	79,350	286,247,193
Net book value, beginning of year	131,025,850	46,091,804	122,519,934	6,103,581	1,068,761	11,105,614	14,971,011	175,015,983	73,483,239	2,237,995	31,867	583,655,639
Net book value, end of year	131,293,265	44,438,828	121,243,774	6,217,951	1,027,376	10,585,759	14,971,011	186,671,006	78,401,909	2,759,517	23,062	597,633,458

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**15. Tangible capital assets (continued)**

	2019										Total	
	General assets						Infrastructure assets					
	Land	Land improv.	Buildings	Vehicles & rolling equipment	Computer hardware & software	Furniture, fixtures & equipment	Land	Road network	Storm water network	Vehicles & rolling equipment		Furniture, fixtures & equipment
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Cost, beginning of year	130,997,134	75,700,829	125,070,401	14,096,204	2,241,390	16,294,575	14,969,954	290,777,147	106,442,541	6,608,037	102,412	783,300,624
Additions	63,647	5,077,709	38,024,733	1,233,280	620,092	4,872,296	1,058	13,309,082	7,160,485	140,489	—	70,502,871
Disposals	(34,931)	(74,980)	(145,904)	(316,497)	(421,548)	(725,314)	(1)	(1,447,219)	—	(274,582)	—	(3,440,976)
Cost, end of year	131,025,850	80,703,558	162,949,230	15,012,987	2,439,934	20,441,557	14,971,011	302,639,010	113,603,026	6,473,944	102,412	850,362,519
Accumulated amortization, beginning of year	—	31,027,406	36,716,426	8,256,838	1,393,097	8,400,139	—	120,385,344	37,216,513	4,109,334	61,740	247,566,837
Amortization	—	3,659,330	3,757,691	969,065	399,624	1,661,118	—	8,684,902	2,903,274	401,197	8,805	22,445,006
Disposals	—	(74,982)	(44,821)	(316,497)	(421,548)	(725,314)	—	(1,447,219)	—	(274,582)	—	(3,304,963)
Accumulated amortization, end of year	—	34,611,754	40,429,296	8,909,406	1,371,173	9,335,943	—	127,623,027	40,119,787	4,235,949	70,545	266,706,880
Net book value, beginning of year	130,997,134	44,673,423	88,353,975	5,839,366	848,293	7,894,436	14,969,954	170,391,803	69,226,028	2,498,703	40,672	535,733,787
Net book value, end of year	131,025,850	46,091,804	122,519,934	6,103,581	1,068,761	11,105,614	14,971,011	175,015,983	73,483,239	2,237,995	31,867	583,655,639

**15. Tangible capital assets (continued)**

The net book value of tangible capital assets not being amortized because they are under construction is \$4,275,590 (\$5,451,791 in 2019).

Assets contributed to the Town in 2020, consisting of Land, Land Improvements, Road Network and Storm Water Network assets, had a fair market value of \$15,590,692 (\$16,463,961 in 2019). They have been capitalized at their fair market value.

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	7,126,216	255,473	616,130	10,587,689
Additions	—	141,867	—	—	141,867
Disposals	—	—	—	—	—
Cost, end of year	<b>2,589,870</b>	<b>7,268,083</b>	<b>255,473</b>	<b>616,130</b>	<b>10,729,556</b>
Accumulated amortization, beginning of year	813,905	3,414,060	39,505	585,387	4,852,857
Amortization	54,549	308,300	25,547	8,784	397,180
Disposals	—	—	—	—	—
Accumulated amortization, end of year	<b>868,454</b>	<b>3,722,360</b>	<b>65,052</b>	<b>594,171</b>	<b>5,250,037</b>
Net book value, beginning of year	1,775,965	3,712,156	215,968	30,743	5,734,832
Net book value, end of year	<b>1,721,416</b>	<b>3,545,723</b>	<b>190,421</b>	<b>21,959</b>	<b>5,479,519</b>

## **16. 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, 2020

**16. 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	2020 Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Taxation	6,924,433	16,866,867	17,413,019	3,205,958	183,665	24,812,046	3,044,622	—	72,450,610
User charges	702,561	4,319,229	3,756,005	41,211	43,917	2,034,146	2,004,233	—	12,901,302
Government grants	2,348,000	—	—	—	54,337	214,393	35,577	—	2,652,307
Gaming and casinos	164,468	400,618	413,590	76,147	4,362	589,330	72,315	—	1,720,830
Investment income	191,408	466,243	481,340	88,621	5,077	685,868	84,161	—	2,002,718
Restricted funds earned	287,923	9,730	13,698,175	17,571	—	2,809,213	(1,149,335)	—	15,673,277
Penalties and interest on taxes	176,831	430,733	444,680	81,871	4,690	633,631	77,751	—	1,850,187
Donations and contributed assets	—	—	9,770,683	5,609,688	—	570,321	—	—	15,950,692
Government business enterprise	—	—	—	—	—	—	—	2,510,220	2,510,220
Loss on disposal of TCA	—	—	(3,552,320)	—	—	—	—	—	(3,552,320)
Other	527,102	15,175	455,040	—	—	94,541	328,866	—	1,420,724
	<b>11,322,726</b>	<b>22,508,595</b>	<b>42,880,212</b>	<b>9,121,067</b>	<b>296,048</b>	<b>32,443,489</b>	<b>4,498,190</b>	<b>2,510,220</b>	<b>125,580,547</b>
Expenses									
Salaries, wages and benefits	10,831,103	19,084,092	5,056,001	454,871	22,105	15,408,341	3,102,650	—	53,959,163
Materials, supplies and services	2,157,344	832,509	6,697,493	208,411	31,652	4,311,829	401,616	—	14,640,854
Contracted services	2,007,795	744,422	1,291,593	588,454	6,533	1,837,332	250,334	—	6,726,463
Rents and financial expenses	118,000	—	797,867	—	7,378	73,239	1,095	—	997,579
Amortization	1,276,424	1,016,329	9,994,542	3,157,932	—	8,856,065	6,469	—	24,307,761
Other	(6,676,802)	1,984,140	590,154	87,773	189,985	4,320,483	508,949	—	1,004,682
	<b>9,713,864</b>	<b>23,661,492</b>	<b>24,427,650</b>	<b>4,497,441</b>	<b>257,653</b>	<b>34,807,289</b>	<b>4,271,113</b>	<b>—</b>	<b>101,636,502</b>
Annual surplus	<b>1,608,862</b>	<b>(1,152,897)</b>	<b>18,452,562</b>	<b>4,623,626</b>	<b>38,395</b>	<b>(2,363,800)</b>	<b>227,077</b>	<b>2,510,220</b>	<b>23,944,045</b>

**The Corporation of the Town of Ajax**  
**Notes to the consolidated financial statements**  
December 31, 2020

**16. 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 \$	2019 Total \$
<b>Revenue</b>									
Taxation	10,175,112	14,420,902	13,030,534	2,638,900	182,693	26,190,776	2,666,240	—	69,305,157
User charges	418,210	3,015,439	793,044	60,383	98,555	7,553,078	1,087,588	—	13,026,297
Government grants	—	—	—	—	21,916	176,844	24,423	—	223,183
Gaming and casinos	1,267,882	1,796,934	1,623,686	328,823	22,765	3,263,534	332,230	—	8,635,854
Investment income	454,570	644,249	582,135	117,892	8,162	1,170,065	119,113	—	3,096,186
Restricted funds earned	84,750	1,628	2,274,233	54,657	—	9,151,869	600,190	—	12,167,327
Penalties and interest on taxes	277,189	392,852	354,976	71,889	4,977	713,486	72,633	—	1,888,002
Donations and contributed assets	—	—	10,392,920	5,585,193	—	485,848	—	—	16,463,961
Government business enterprise	—	—	—	—	—	—	—	1,053,241	1,053,241
Change in valuation of investment in government business enterprise on amalgamation	—	—	—	—	—	—	—	10,060,153	10,060,153
Gain on disposal of TCA	—	—	54,384	—	—	—	—	—	54,384
Other	281,694	31,330	453,919	—	8,500	1,453,249	53,300	—	2,281,992
	<u>12,959,407</u>	<u>20,303,334</u>	<u>29,559,831</u>	<u>8,857,737</u>	<u>347,568</u>	<u>50,158,749</u>	<u>4,955,717</u>	<u>11,113,394</u>	<u>138,255,737</u>
<b>Expenses</b>									
Salaries, wages and benefits	9,981,664	18,354,236	5,550,201	307,629	28,968	19,907,828	3,247,811	—	57,378,337
Materials, supplies and services	2,836,805	967,844	3,030,986	481,497	25,573	8,353,835	446,767	—	16,143,307
Contracted services	1,883,761	748,191	1,984,379	299,816	13,586	2,432,803	483,399	—	7,845,935
Rents and financial expenses	165,648	—	551,918	—	21,703	305,629	1,205	—	1,046,103
Amortization	1,297,643	1,051,759	9,247,402	2,918,845	—	7,922,887	6,469	—	22,445,005
Other	(537,695)	1,026,857	(351,448)	45,268	190,766	1,303,111	(90,605)	—	1,586,254
	<u>15,627,826</u>	<u>22,148,887</u>	<u>20,013,438</u>	<u>4,053,055</u>	<u>280,596</u>	<u>40,226,093</u>	<u>4,095,046</u>	<u>—</u>	<u>106,444,941</u>
Annual (deficit) surplus	<u>(2,668,419)</u>	<u>(1,845,553)</u>	<u>9,546,393</u>	<u>4,804,682</u>	<u>66,972</u>	<u>9,932,656</u>	<u>860,671</u>	<u>11,113,394</u>	<u>31,810,796</u>

**17. Significant event**

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the Town in future periods.