
Consolidated financial statements of Corporation of the Town of Ajax

December 31, 2018

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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, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the 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, 2018, and the results of its operations, changes 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
July 15, 2019

Corporation of the Town of Ajax
Consolidated statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$
Financial assets			
Cash	3 and 4	101,396,514	93,186,299
Temporary investments	3 and 4	7,071,993	31,636,878
Inventories for resale		6,027	5,657
Land held for resale		940,775	940,775
Taxes receivable		9,546,070	8,790,832
Accounts receivable		8,545,358	8,778,668
Loans receivable	5	1,559,741	1,422,000
Investment in government business enterprise	6	63,858,769	61,413,070
		192,925,247	206,174,179
Liabilities			
Accounts payable and other liabilities	7	31,556,129	31,101,338
Deferred revenue	8	22,350,143	27,543,619
Accrued interest on municipal debt		146,975	136,461
Municipal debt	9	7,626,813	10,902,788
Employee benefits payable	10	7,628,892	7,251,544
Landfill post-closure liability	11	400,414	396,768
		69,709,366	77,332,518
Contingencies and commitments	13		
Net financial assets		123,215,881	128,841,661
Non-financial assets			
Tangible capital assets	15	535,733,787	526,163,938
Construction in progress	15	33,889,954	13,973,555
Inventories of supplies		359,172	306,013
Prepaid expenses		1,236,976	1,341,350
		571,219,889	541,784,856
Accumulated surplus	12	694,435,770	670,626,517

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, 2018

Notes	2018 budget	2018	2017
	\$	\$	\$
	(Note 14)		
Revenue			
16 Net taxation	64,628,700	64,742,590	62,301,366
Taxation from other governments	782,500	941,125	784,199
User charges	12,897,400	13,965,152	13,804,083
Government grants	175,700	480,931	500,156
Gaming and casino revenue	7,687,500	8,335,704	7,993,969
8 Restricted funds earned	27,526,300	17,567,835	11,173,607
Investment income	1,828,900	3,024,612	2,423,179
Penalties and interest on taxes receivable	1,600,000	1,702,043	1,475,565
15 Donations and contributions from developers	—	5,501,341	12,577,174
Income from government business enterprise	774,600	3,954,399	3,272,274
6 Other	—	2,016,500	2,235,484
Loss on disposal of tangible capital assets	—	(208,560)	(2,670)
	117,901,600	122,023,672	118,538,386
Expenses			
16 General government	13,844,100	15,261,462	14,229,242
Protection to persons and property	21,411,400	21,276,126	20,643,536
Transportation services	18,361,900	19,114,544	19,048,727
Environmental services	3,410,500	3,735,317	3,489,550
Health, social and family services	266,600	269,287	227,638
Recreation and culture services	33,779,400	34,562,085	32,048,136
Planning and development	3,627,500	3,995,598	4,137,589
	94,701,400	98,214,419	93,824,418
Annual surplus	23,200,200	23,809,253	24,713,968
Accumulated surplus, beginning of year	670,626,517	670,626,517	645,912,549
Accumulated surplus, end of year	693,826,717	694,435,770	670,626,517

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, 2018

	2018 budget \$	2018 \$	2017 \$
	(Note 14)		
Annual surplus	23,200,200	23,809,253	24,713,968
Acquisition of tangible capital assets	(15,327,800)	(30,345,306)	(34,667,487)
Amortization of tangible capital assets	19,610,600	20,522,510	19,634,283
Loss on sale of tangible capital assets	—	208,560	2,670
Proceeds on sale of tangible capital assets	—	44,387	122,064
	27,483,000	14,239,404	9,805,498
Additions to construction in progress	(32,917,400)	(26,902,257)	(10,095,536)
Transfer of construction in progress to tangible capital assets	—	6,960,963	3,553,065
Construction in progress expensed	—	24,895	51,278
	(32,917,400)	(19,916,399)	(6,491,193)
Acquisition inventory of supplies	—	(359,172)	(306,013)
Use/consumption of inventory of supplies	—	306,013	380,927
Acquisition of prepaid expenses	—	(1,236,976)	(1,341,350)
Use/consumption of prepaid expenses	—	1,341,350	1,260,970
	—	51,215	(5,466)
Net change in net financial assets	(5,434,400)	(5,625,780)	3,308,839
Net financial assets, beginning of year	128,841,661	128,841,661	125,532,822
Net financial assets, end of year	123,407,261	123,215,881	128,841,661

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, 2018

	Notes	2018	2017
		\$	\$
Operating activities			
Annual surplus		23,809,253	24,713,968
Items not involving cash			
Income from investment in government business enterprise		(3,954,399)	(3,272,274)
Amortization of tangible capital assets		20,522,510	19,634,283
Loss on disposal of tangible capital assets		208,560	2,670
Value of contributed tangible capital assets recognized as revenue		(5,501,341)	(12,577,174)
		35,084,583	28,501,473
Changes in non-cash assets and liabilities			
Inventory held for resale		(370)	(2,166)
Taxes receivable		(755,238)	(1,117,397)
Accounts receivable		233,310	3,692,326
Loans receivable	5	(137,741)	—
Accounts payable and other liabilities		454,791	3,650,035
Deferred revenue		(5,193,476)	(1,434,606)
Inventories of supplies		(53,159)	74,914
Prepaid expenses		104,374	(80,380)
Employee benefits payable		377,348	486,399
Landfill post-closure liability		3,646	1,581
		30,118,068	33,772,179
Capital transactions			
Acquisition of tangible capital assets (net of contributed tangible capital assets)		(24,843,965)	(22,090,313)
Increase in construction in progress		(19,916,399)	(6,491,193)
Proceeds on disposal of tangible capital assets		44,387	122,064
		(44,715,977)	(28,459,442)
Investing activity			
Dividend from government business enterprise		1,508,700	1,639,347
Financing activities			
Municipal debt repaid		(3,275,975)	(1,538,447)
Decrease in accrued interest on municipal debt		10,514	(18,343)
		(3,265,461)	(1,556,790)
Net change in cash and temporary investments		(16,354,670)	5,395,294
Cash and temporary investments, beginning of year		124,823,177	119,427,883
Cash and temporary investments, end of year	4	108,468,507	124,823,177

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 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 Veridian Corporation

The Town’s investment in Veridian 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, Veridian 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 Veridian 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 Veridian 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. Significant accounting 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 be 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 revenues 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) *Investments*

Temporary investments are recorded at the lower of cost and market value. 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 agreement(s), to the extent that it is considered collectible.

1. Significant accounting 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 a 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 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 financial statements.

(x) *Deferred revenue*

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues 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. Significant accounting policies (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 average remaining service period ("ARSP").

(xii) Use of estimates

The preparation of 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 future benefits liabilities, landfill post closure liability 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:

	Region \$	School board \$
Taxation	117,833,021	46,548,314
Payments in lieu of taxes	838,293	561,308
	118,671,314	47,109,622

3. Cash and temporary investments

	2018 \$	2017 \$
Unrestricted		
Cash	75,104,531	65,239,615
Temporary investments	7,071,993	26,636,878
	82,176,524	91,876,493
Restricted (Note 4)		
Cash	26,291,983	27,946,684
Temporary investments	—	5,000,000
	108,468,507	124,823,177

3. Cash and temporary investments (continued)

Cash and temporary investments consist of cash held on deposit in bank accounts and in Guaranteed Investment Certificates (GICs). The cash in the bank is earning interest on a monthly basis. The interest rate is based on average balances and will fluctuate based on the bank's prime rate. The Corporation holds four GICs purchased from the Royal Bank of Canada totaling \$7,019,756. The rate of return on these GICs range from 1.15% to 2.2%. The temporary investments held by The Ajax Public Library consist of a \$52,237 redeemable GIC maturing on September 19, 2019 at an interest rate of 0.50%; principal and interest are reinvested each year.

4. Restricted assets

	2018	2017
	\$	\$
Cash and temporary investments (Note 3)	26,291,983	27,946,684
Interest receivable	48,155	61,233
Due to own municipality	(5,819,301)	(7,083,200)
	20,520,837	20,924,717

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

5. Loans receivable

The Town of Ajax holds a loan receivable of \$1,559,741 (\$1,422,000 in 2017) bearing interest at 4%. The loan, including interest, is due on August 31, 2019 and is secured by a registered first mortgage.

6. Investment in government business enterprise

(a) Veridian Corporation is owned by the Town of Ajax, City of Pickering, Municipality of Clarington and the City of Belleville. The Town has a 32.1% per cent interest in Veridian Corporation. Veridian Corporation, as a government business enterprise, is accounted for on the modified equity basis in these financial statements. Veridian 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.

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

6. Investment in government business enterprise (continued)

(a) (continued)

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:

	2018	2017
	(000's)	(000's)
	\$	\$
Assets		
Current	70,908	77,555
Capital and intangibles	291,057	269,380
Other	166	1,097
Total assets	362,131	348,032
Regulatory balances	7,217	2,852
Total assets and regulatory balances	369,348	350,884
Liabilities		
Current	152,979	116,129
Long-term debt	37,132	65,021
Other	33,310	29,765
Total liabilities	223,421	210,915
Shareholders' equity		
Share capital	67,260	67,260
Contributed capital	25	25
Accumulated other comprehensive loss	(53)	(316)
Retained earnings	70,537	63,258
Total equity	137,769	130,227
Regulatory balances	8,158	9,742
Total liabilities, equity and regulatory balances	369,348	350,884
Comprehensive Income		
Commodity revenue	266,543	280,206
Commodity expenses	(269,157)	(277,975)
Distribution revenue	54,254	52,225
Operating expenses	(42,200)	(41,620)
Other expense	(3,333)	(3,631)
Accumulated other comprehensive loss	263	24
Net movements in regulatory balances, net of tax	5,949	965
Total comprehensive income for the year	12,319	10,194

6. Investment in Veridian Corporation (continued)

(b) Equity in Veridian Corporation

	2018	2017
	\$	\$
Balance, beginning of year	61,413,070	59,780,143
Equity share of net earnings for the year, net of adjustment	3,954,399	3,272,274
Dividend received from Veridian Corporation	(1,508,700)	(1,639,347)
Balance, end of year	63,858,769	61,413,070

(c) Promissory note receivable

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

	2018	2017
	\$	\$
Veridian Corporation	5,550,000	5,550,000
Veridian Connections Inc.	14,060,000	14,060,000
	19,610,000	19,610,000

Veridian Corporation

The note issued by Veridian Corporation has a maturity date of December 31, 2018 as per by-law 79-2015.

The interest rate of the note issued by Veridian Corporation is the greater of:

- 6%;
- A rate equal to the Ontario Energy Board's deemed long-term debt rate with interest rate changes effective May 1st of each year.

Subsequent to year end, the maturity date of the note was extended to the earlier of December 31, 2019, or the closing date of the merger between Veridian Corporation and Whitby Hydro Energy Corporation as described in Note 6(f).

Veridian Connections Inc.

On March 29, 2010 by-law 46-2010 was approved by Council which amended the note issued by Veridian Connections Inc. only. The maturity date of the note is November 1, 2039 with the following interest rates:

- Every 5 years, starting January 1, 2015 the rate will be reset based on the Ontario Energy Board's deemed long term debt rate.

On November 20, 2014, the Ontario Energy Board's deemed long term rate has been established for the five year period commencing January 1, 2015 until December 31, 2019 at 4.47% less 30 basis points. This rate will be reset on January 1, 2020.

6. Investment in Veridian Corporation (continued)

(c) Promissory note receivable (continued)

The Town may demand full or partial repayment with six months' notice with certification that the funds are required for municipal purposes.

The Town has signed an inter-creditor agreement confirming the subordinated ranking of these promissory notes to the senior debt financing issued by Veridian.

(d) Contingencies and guarantees of Veridian 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 \$119,736,000 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, Veridian Connections Inc. ("VCI"), 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, VCI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to VCI. The construction costs allocated to VCI for the project are \$9,975,000.

The Corporation has recorded a liability and a corresponding intangible asset for \$1,484,000, as at December 31, 2018 (\$1,212,000 in 2017), based on management's best estimate of the present value of the future transformation connection revenue shortfall. Hydro One is in the process of performing a true-up based on actual load at the end of the tenth anniversary of the in-service date and is expected to perform another true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

(iii) 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 Veridian Corporation (continued)

(e) Lease commitments

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

	<u>\$</u>
2019	6
2020	2
2021	2
2022	2
2023	2
Thereafter	<u>50</u>
	<u>64</u>

(f) Subsequent event

On April 1, 2019, Veridian Corporation amalgamated with Whitby Hydro Energy Corporation to form Elexicon Corporation. The previous shareholders of Veridian Corporation being the City of Pickering, the Town of Ajax, the City of Belleville and the Municipality of Clarington will own 68% of Elexicon Corporation, with the Town of Whitby owning the remaining 32% interest. Veridian Corporation will no longer exist after March 31, 2019. The financial impact of the amalgamation on the Town's investment and equity will be reported in the Town's fiscal 2019 financial statements.

7. Liability for contaminated site

The Town has recorded an unfunded liability of \$647,000 (\$647,000 in 2017) 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:

	2018	2017
	\$	\$
Obligatory reserve funds		
Development charges	8,570,427	15,459,266
Gas tax	7,897,046	7,338,504
Recreational land	2,248,789	2,075,382
Building approvals	1,275,427	1,051,564
	19,991,689	25,924,716
Other unearned revenues	2,358,454	1,618,903
	22,350,143	27,543,619

8. Deferred revenue (continued)

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	Building approvals	Total
	\$	\$	\$	\$	\$
Opening balance	15,459,266	7,338,504	2,075,382	1,051,564	25,924,716
Restricted funds received	7,494,671	3,490,865	130,764	—	11,116,300
Interest earned	327,169	148,696	42,643	—	518,508
Revenue recognized	(14,710,681)	(3,081,018)	—	223,864	(17,567,835)
Closing balance	8,570,425	7,897,047	2,248,789	1,275,428	19,991,689

9. Municipal debt

	2018 \$	2017 \$
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	15,520,813	14,431,788
Amount to be recovered from future revenue	15,520,813	14,431,788
Less: amount owed to operating fund	(7,894,000)	(3,529,000)
Net municipal debt	7,626,813	10,902,788

The above long-term debt has interest rates ranging from 2.75% to 5.12% per annum and maturity dates in, 2019, 2020, 2022 and 2028. The annual required payment expected for 2019 is \$1,681,865 including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

	\$
2019	1,377,036
2020	1,133,706
2021	1,183,071
2022	502,000
2023	520,000
2024 and beyond	2,911,000
	7,626,813

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 2018 and included in expenses is \$434,450 (\$511,062 in 2017).

10. Employee benefits payable

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

	2018	2017
	\$	\$
Vacation payable	1,398,503	1,397,801
Post employment benefits	5,974,689	5,687,743
Council severance	255,700	166,000
	7,628,892	7,251,544
Less: amount already funded from operations to mitigate the future impact of these obligations	(529,033)	(438,631)
Unfunded portion	7,099,859	6,812,913

(a) Vacation payable

Vacation pay owing at December 31, 2018 has been partially funded from operations and is included in employee future benefits payable in these financial statements.

(b) Post-employment benefits

The Town sponsors a defined benefit plan for retirement benefits other than pensions for substantially all of its employees and councillors. The plan provides extended health and dental as well as vision coverage to full-time employees and councillors. The plan is unfunded and requires no contribution from employees or councillors. Total benefit payments to retirees during the year were \$407,453 (\$336,862 in 2017).

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, 2016 and an accrued benefit obligation of \$6,904,940 is based on a projection from that valuation to December 31, 2018.

The post-employment benefit liability at December 31, 2018 includes the following components:

	2018	2017
	\$	\$
Actuarially determined accrued benefit obligation	6,904,940	7,187,615
Unamortized actuarial losses	(930,251)	(1,499,872)
	5,974,689	5,687,743

10. Employee benefits payable (continued)

(b) Post-employment benefits (continued)

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 are as follows:

Expected inflation rate	2.50 %
Discount rate	3.75 %
Medical cost increases	
First year	7.00 %
Decreasing over 10 years to	3.5%
Expected rate of dental cost increase	1% plus CPI
Estimated average remaining service life of the employee group	14.0 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:

	2018	2017
	\$	\$
Current year benefit cost	350,083	324,720
Amortization of actuarial losses	111,651	137,592
Interest on post-employment benefit liability	232,665	250,129
	694,399	712,441

(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 482,000 active and retired members and 984 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 value of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100.1 billion in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion indicating an actuarial deficit of \$4.2 billion. 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 2018 was \$3,501,927 (\$3,418,654 in 2017).

10. Employee benefits payable (continued)

(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 12 months should they not be re-elected. The estimated liability based on service and salary levels as at December 31, 2018 totalling \$255,700 (\$166,000 in 2017) has been fully funded from operations and included in employee benefits payable in these 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, 2018 is \$ 400,414 (\$396,768 in 2017). Composition of the liability is as follows:

	2018	2017
	\$	\$
Liability, beginning of the year	396,768	395,187
Expenses	(11,448)	(11,448)
Cost adjustment to account for inflation	15,094	13,029
	400,414	396,768

12. Accumulated surplus

	2018	2017
	\$	\$
Surplus - BIAs and Library	471,388	299,063
Invested in tangible capital assets (Note 15)	535,733,787	526,163,938
Invested in construction in progress (Note 15)	33,889,954	13,973,555
Municipal debt (Note 9)	(7,626,813)	(10,902,788)
Internal debt - owing to operating fund (Note 9)	(7,894,000)	(3,529,000)
Internal capital fund	1,387,860	5,403,213
Reserve/reserve fund balances	81,821,323	84,721,372
Equity in government business enterprise (Note 6)	63,858,769	61,413,070
Liability for contaminated sites (Note 7)	(647,000)	(647,000)
Employee benefits payable (Note 10)	(7,099,859)	(6,812,913)
Landfill post-closure (Note 11)	(400,414)	(396,768)
Land for resale	940,775	940,775
	694,435,770	670,626,517

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 construction of Audley Recreation Centre Phase 2, Paradise Park Redevelopment and Pat Bayly Square. As at December 31, 2018, the Town had awarded contracts in the amount of \$19,039,273 (\$108,632,198 in 2017) and \$12,515,227 (\$62,769,614 in 2017) of those awarded amounts have been spent. The remaining contractual commitments of \$6,182,351 (\$45,862,584 in 2017) 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 \$118,751 (\$101,174 in 2017) for all outstanding Town claims.

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

14. Budget figures

The 2018 Budget adopted by Council on February 21, 2018 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 21, 2018 with adjustments as follows:

	2018 budget adopted by Council	Non TCA expenditures from capital	Amortization/ post emp ben/ landfill costs	2018 budget presented in statements
	\$	\$	\$	\$
Revenue				
Taxation	65,411,200	—	—	65,411,200
Restricted funds earned	27,526,300	—	—	27,526,300
Other	24,964,100	—	—	24,964,100
	<u>117,901,600</u>	<u>—</u>	<u>—</u>	<u>117,901,600</u>
Expenses				
General government	12,444,700	172,100	1,227,300	13,844,100
Protection	20,310,100	11,500	1,089,800	21,411,400
Transportation	9,627,500	210,300	8,524,100	18,361,900
Environmental	718,700	43,000	2,648,800	3,410,500
Health, family and social service	125,000	—	—	125,000
Social and Family Services	141,600	—	—	141,600
Recreation and culture	27,199,400	275,800	6,304,200	33,779,400
Planning and development	3,576,300	30,000	21,200	3,627,500
	<u>74,143,300</u>	<u>742,700</u>	<u>19,815,400</u>	<u>94,701,400</u>
Annual surplus	43,758,300	(742,700)	(19,815,400)	23,200,200
Capital expenditures	49,624,300			
Transfers to (from)				
reserve/reserve funds	(3,679,800)			
Transfer GBE dividends	(1,508,700)			
Debt proceeds	(2,650,000)			
Debt repayment	1,911,100			
Budgeted use of prior year surplus	<u>61,400</u>			
Consists of				
Ajax Public Library	(4,200)			
Ajax Downtown BIA	(6,100)			
Pickering Village BIA	71,700			
Town of Ajax	—			
	<u>61,400</u>			

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

15. Tangible capital assets

	2018											
	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	130,786,681	65,672,683	121,567,476	13,276,814	2,069,445	14,171,798	14,968,554	287,548,575	102,729,500	6,339,521	102,412	759,233,459
Additions	210,453	10,886,377	3,546,523	1,139,098	430,674	2,981,693	1,400	6,899,160	3,729,152	520,776	-	30,345,306
Disposals	-	(858,231)	(43,598)	(319,708)	(258,729)	(858,916)	-	(3,670,588)	(16,111)	(252,260)	-	(6,278,141)
Cost, end 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
Accumulated amortization, beginning of year	-	28,531,401	33,668,906	7,662,303	1,286,514	7,907,324	-	115,528,985	34,474,407	3,961,086	48,595	233,069,521
Amortization	-	3,296,075	3,078,568	914,242	365,312	1,345,421	-	8,351,023	2,758,217	400,507	13,145	20,522,510
Disposals	-	(800,070)	(31,048)	(319,707)	(258,729)	(852,606)	-	(3,494,664)	(16,111)	(252,259)	-	(6,025,194)
Accumulated amortization, end 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
Net book value, beginning of year	130,786,681	37,141,282	87,898,570	5,614,511	782,931	6,264,474	14,968,554	172,019,590	68,255,093	2,378,435	53,817	526,163,938
Net book value, end 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

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

15. Tangible capital assets (continued)

	General assets						Infrastructure assets				2017	
	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	130,136,924	64,016,911	118,695,828	12,251,904	1,871,081	13,551,326	13,412,221	270,416,153	96,951,016	6,210,453	73,375	727,587,192
Additions	649,757	1,865,316	3,579,886	1,912,110	198,364	1,052,658	1,556,333	17,445,217	5,778,484	600,325	29,037	34,667,487
Disposals	—	(209,544)	(708,238)	(887,200)	—	(432,186)	—	(312,795)	—	(471,257)	—	(3,021,220)
Cost, end of year	130,786,681	65,672,683	121,567,476	13,276,814	2,069,445	14,171,798	14,968,554	287,548,575	102,729,500	6,339,521	102,412	759,233,459
Accumulated amortization, beginning of year	—	25,632,276	31,390,820	7,660,596	927,198	7,103,091	—	107,766,392	31,827,291	3,990,047	34,013	216,331,724
Amortization	—	3,092,811	2,937,120	888,907	359,316	1,236,419	—	8,073,951	2,647,116	384,061	14,582	19,634,283
Disposals	—	(193,686)	(659,034)	(887,200)	—	(432,186)	—	(311,358)	—	(413,022)	—	(2,896,486)
Accumulated amortization, end of year	—	28,531,401	33,668,906	7,662,303	1,286,514	7,907,324	—	115,528,985	34,474,407	3,961,086	48,595	233,069,521
Net book value, beginning of year	130,136,924	38,384,635	87,305,008	4,591,308	943,883	6,448,235	13,412,221	162,649,761	65,123,725	2,220,406	39,362	511,255,468
Net book value, end of year	130,786,681	37,141,282	87,898,570	5,614,511	782,931	6,264,474	14,968,554	172,019,590	68,255,093	2,378,435	53,817	526,163,938

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

15. Tangible capital assets (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$33,889,954 (\$13,973,555 in 2017).

Assets contributed to the Town in 2018, consisting of Land, Land Improvements, Road Network and Storm Water Network assets, had a fair market value of \$5,501,341 (\$12,577,174 in 2017). 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 & equipment \$	Storm water network \$	Total \$
Cost, beginning of year	2,589,870	5,909,081	66,828	616,130	9,181,910
Additions	—	1,218,120	—	—	1,218,120
Disposals	—	(130,297)	—	—	(130,297)
Cost, end of year	2,589,870	6,996,904	66,828	616,130	10,269,733
Accumulated amortization, beginning of year	704,806	2,930,307	16,707	555,759	4,207,579
Amortization	54,549	281,533	6,682	16,823	359,587
Disposals	—	(114,010)	—	—	(114,010)
Accumulated amortization, end of year	759,355	3,097,830	23,389	572,582	4,453,156
Net book value, beginning of year	1,885,064	2,978,775	50,121	60,371	4,974,331
Net book value, end of year	1,830,515	3,899,074	43,439	43,548	5,816,577

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.

Corporation of the Town of Ajax
Notes to the consolidated financial statements
December 31, 2018

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 \$	2018 Total \$
Revenue									
Taxation	10,206,541	14,229,021	12,783,401	2,498,101	180,093	23,114,387	2,672,171	—	65,683,715
User charges	482,613	3,147,285	1,516,544	153,471	42,632	7,341,439	1,281,168	—	13,965,152
Government grants	—	—	—	—	26,940	448,991	5,000	—	480,931
Gaming and casinos	1,295,279	1,805,758	1,622,299	317,026	22,855	2,933,371	339,116	—	8,335,704
Investment income	469,992	655,220	588,652	115,033	8,293	1,064,374	123,048	—	3,024,612
Restricted funds earned	33,548	79,059	3,259,525	—	—	14,369,747	(174,044)	—	17,567,835
Penalties and interest on taxes	264,480	368,712	331,252	64,733	4,667	598,956	69,243	—	1,702,043
Donations and contributed assets	—	—	2,956,277	2,314,652	—	230,412	—	—	5,501,341
Government business enterprise	—	—	—	—	—	—	—	3,954,399	3,954,399
Loss on disposal of TCA	—	—	(208,560)	—	—	—	—	—	(208,560)
Other	313,341	436,833	392,453	76,692	5,529	709,616	82,036	—	2,016,500
	13,065,795	20,721,887	23,241,843	5,539,707	291,009	50,811,293	4,397,739	3,954,399	122,023,672
Expenses									
Salaries, wages and benefits	9,851,656	18,070,418	5,526,736	294,258	26,581	18,178,984	2,987,814	—	54,936,447
Materials, supplies and services	2,406,083	1,068,259	3,016,948	378,902	20,407	6,033,043	427,212	—	13,350,854
Contracted services	1,827,883	625,427	1,796,121	258,838	9,427	2,346,644	793,751	—	7,658,091
Rents and financial expenses	341,537	—	276,084	—	22,604	282,275	1,114	—	923,614
Amortization	1,241,893	1,066,019	8,900,437	2,758,935	—	6,548,758	6,469	—	20,522,511
Other	(407,590)	446,003	(401,782)	44,384	190,268	1,172,381	(220,762)	—	822,902
	15,261,462	21,276,126	19,114,544	3,735,317	269,287	34,562,085	3,995,598	—	98,214,419
Annual surplus	(2,195,667)	(554,239)	4,127,299	1,804,390	21,722	16,249,208	402,141	3,954,399	23,809,253

Corporation of the Town of Ajax
Notes to the consolidated financial statements
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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 \$	2017 Total \$
Revenue									
Taxation	9,567,445	13,880,279	12,807,963	2,346,300	153,059	21,548,491	2,782,028	—	63,085,565
User charges	420,450	3,019,114	1,025,506	85,787	32,655	7,426,398	1,794,173	—	13,804,083
Government grants	—	—	—	—	2,050	498,106	—	—	500,156
Gaming and casinos	1,212,351	1,758,858	1,622,978	297,314	19,395	2,730,545	352,528	—	7,993,969
Investment income	367,495	533,155	491,967	90,124	5,879	827,699	106,860	—	2,423,179
Restricted funds earned	169,753	8,976	9,240,709	17,493	—	1,702,446	34,230	—	11,173,607
Penalties and interest on taxes	223,782	324,658	299,577	54,880	3,580	504,017	65,071	—	1,475,565
Donations and contributed assets	—	—	5,869,504	5,543,080	—	1,164,590	—	—	12,577,174
Government business enterprise	—	—	—	—	—	—	—	3,272,274	3,272,274
Loss on disposal of TCA	—	—	(2,670)	—	—	—	—	—	(2,670)
Other	339,029	491,858	453,860	83,143	5,424	763,587	98,583	—	2,235,484
	<u>12,300,305</u>	<u>20,016,898</u>	<u>31,809,394</u>	<u>8,518,121</u>	<u>222,042</u>	<u>37,165,879</u>	<u>5,233,473</u>	<u>3,272,274</u>	<u>118,538,386</u>
Expenses									
Salaries, wages and benefits	8,827,299	17,649,435	5,395,273	353,655	10,388	16,685,973	3,015,651	—	51,937,674
Materials, supplies and services	1,921,211	964,849	3,632,261	244,514	9,169	5,526,003	381,938	—	12,679,945
Contracted services	1,575,097	533,062	1,625,646	203,140	2,134	2,287,216	940,227	—	7,166,522
Rents and financial expenses	958,075	—	264,303	—	16,649	337,027	1,047	—	1,577,101
Amortization	1,265,201	1,053,968	8,602,365	2,649,387	—	6,056,891	6,469	—	19,634,281
Other	(317,641)	442,222	(471,121)	38,854	189,298	1,155,026	(207,743)	—	828,895
	<u>14,229,242</u>	<u>20,643,536</u>	<u>19,048,727</u>	<u>3,489,550</u>	<u>227,638</u>	<u>32,048,136</u>	<u>4,137,589</u>	<u>—</u>	<u>93,824,418</u>
Annual surplus	<u>(1,928,937)</u>	<u>(626,638)</u>	<u>12,760,667</u>	<u>5,028,571</u>	<u>(5,596)</u>	<u>5,117,743</u>	<u>1,095,884</u>	<u>3,272,274</u>	<u>24,713,968</u>