

**Corporation of the Town of Ajax**  
**Consolidated**  
**Financial Statements**  
For the year ended December 31, 2009

**Corporation of the Town of Ajax**  
**Consolidated Financial Statements**  
For the year ended December 31, 2009

**Contents**

---

**Consolidated Financial Statements**

**Corporation of the Town of Ajax**

Auditors' Report	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Summary of Significant Accounting Policies	7
Notes to Consolidated Financial Statements	9

**Public Library Board**

Auditors' Report	28
Statement of Financial Position	29
Statement of Operations	30
Statement of Change in Net Financial Assets (Debt)	31
Statement of Cash Flows	32
Summary of Significant Accounting Policies	33
Notes to Financial Statements	35

**Ajax Downtown Business Improvement Area**

Auditors' Report	42
Statement of Financial Position	43
Statement of Operations	44
Summary of Significant Accounting Policies	45
Notes to Financial Statements	46

**Pickering Village Business Improvement Area**

Auditors' Report	47
Statement of Financial Position	48
Statement of Operations	49
Summary of Significant Accounting Policies	50
Notes to Financial Statements	51

---

## Auditors' Report

---

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Town of Ajax

We have audited the consolidated statement of financial position of the Corporation of the Town of Ajax as at December 31, 2009 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the municipality as at December 31, 2009 and the results of its operations and cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'BDO Canada LLP'. The signature is written in a cursive, flowing style.

Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
April 29, 2010

## Corporation of the Town of Ajax Consolidated Statement of Financial Position

December 31	2009	2008
		Restated (see Note 1)
<b>Financial assets</b>		
Cash (Note 3)	\$ 49,857,566	\$ 10,652,564
Temporary Investments (Note 3)	27,000,000	62,723,570
Inventories for resale	8,191	9,504
Land held for resale	873,593	873,593
Taxes receivable	9,966,283	8,773,297
Trade receivables	3,037,295	3,783,167
Investment in government business enterprise (Note 5)	50,756,899	49,858,626
	<u>141,499,827</u>	<u>136,674,321</u>
<b>Liabilities</b>		
Accounts payable and other liabilities (Note 6)	14,129,518	15,458,566
Deferred revenue (Note 7)	30,208,936	29,115,381
Interest on municipal debt	173,759	291,167
Municipal debt (Note 9)	17,371,911	18,524,930
Employee benefits payable (Note 10)	4,264,593	3,931,764
Landfill post-closure liability (Note 11)	465,662	464,628
	<u>66,614,379</u>	<u>67,786,436</u>
<b>Contingencies and commitments (Note 13)</b>		
<b>Net financial assets</b>	<u>74,885,448</u>	<u>68,887,885</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 15)	459,867,272	421,581,823
Construction in progress (Note 15)	12,881,395	8,071,698
Inventories of supplies	230,070	213,754
Prepaid expenses	537,730	537,587
	<u>473,516,467</u>	<u>430,404,862</u>
<b>Accumulated surplus (Note 12)</b>	<u>\$ 548,401,915</u>	<u>\$ 499,292,747</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Corporation of the Town of Ajax Consolidated Statement of Operations

For the year ended December 31	Budget	2009	2008
	(Note 14)		Restated (see Note 1)
<b>Revenues</b>			
Net taxation (Note 8)	\$ 42,587,500	\$ 43,611,410	\$ 41,469,323
Taxation from other governments	609,600	594,885	609,292
User charges	10,873,000	12,307,204	13,851,540
Government grants	2,481,900	461,426	6,015,061
Gaming & casino revenues	4,775,000	5,183,293	5,189,238
Restricted funds earned (Note 7)	11,566,100	9,936,342	9,100,952
Investment income	2,012,400	2,135,172	3,216,658
Penalties and interest on taxes	1,225,000	1,663,603	1,300,768
Donations and contributions from developers (Note 15)	64,600	35,271,834	26,542,391
Income from government business enterprise (Note 5)	-	3,530,473	2,798,716
Other	431,550	596,745	525,470
Gain on disposal of assets	-	88,673	813,520
	<u>76,626,650</u>	<u>115,381,060</u>	<u>111,432,929</u>
<b>Expenditures</b>			
General government	10,370,000	10,239,942	10,427,290
Protection to persons and property	16,209,000	16,724,722	15,620,998
Transportation services	12,561,300	12,528,863	11,869,310
Environmental services	2,070,500	2,164,030	1,589,896
Health services	62,500	62,500	62,500
Social and family services	171,500	141,860	192,119
Recreation and culture services	21,749,200	20,986,680	20,928,001
Planning and development	3,042,200	3,423,295	3,154,499
	<u>66,236,200</u>	<u>66,271,892</u>	<u>63,844,613</u>
<b>Annual surplus</b>	<u>10,390,450</u>	<u>49,109,168</u>	<u>47,588,316</u>
<b>Accumulated surplus, beginning of year, as previously stated</b>	499,292,747	499,292,747	53,809,067
<b>Prior period adjustment (Note 1)</b>	-	-	397,895,364
<b>Accumulated surplus, beginning of year, restated</b>	<u>499,292,747</u>	<u>499,292,747</u>	<u>451,704,431</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 509,683,197</u>	<u>\$ 548,401,915</u>	<u>\$ 499,292,747</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Corporation of the Town of Ajax  
Consolidated Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2009</u>	<u>2008</u>
	(Note 14)		Restated (see Note 1)
Annual surplus	\$ 10,390,450	\$ 49,109,168	\$ 47,588,316
Acquisition of tangible capital assets	(6,256,794)	(50,229,773)	(49,364,759)
Amortization of tangible capital assets	11,689,600	11,736,279	10,441,622
Gain on sale of tangible capital assets	-	(88,673)	(813,520)
Proceeds on sale of tangible capital assets	-	296,720	1,266,837
	<u>15,823,256</u>	<u>10,823,721</u>	<u>9,118,496</u>
Acquisition of construction in progress	(13,980,542)	(10,938,789)	(7,842,342)
Transfer of construction in progress to tangible capital assets	-	5,809,906	13,150,411
Use of construction in progress	-	319,184	-
	<u>(13,980,542)</u>	<u>(4,809,699)</u>	<u>5,308,069</u>
Acquisition inventory of supplies	-	(230,070)	(213,754)
Use/consumption of inventory of supplies	-	213,754	148,712
Acquisition of prepaid expenses	-	(537,730)	(537,587)
Use/consumption of prepaid expenses	-	537,587	530,000
	<u>-</u>	<u>(16,459)</u>	<u>(72,629)</u>
<b>Net change in net financial assets</b>	<u>1,842,714</u>	<u>5,997,563</u>	<u>14,353,936</u>
<b>Net financial assets, beginning of year as previously stated</b>	68,887,885	68,887,885	53,809,067
<b>Prior period adjustment (Note 1)</b>	-	-	724,882
<b>Net financial assets, beginning of year restated</b>	<u>68,887,885</u>	<u>68,887,885</u>	<u>54,533,949</u>
<b>Net financial assets, end of year</b>	<u>\$ 70,730,599</u>	<u>\$ 74,885,448</u>	<u>\$ 68,887,885</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## Corporation of the Town of Ajax Consolidated Statement of Cash Flows

For the year ended December 31	2009	2008
		Restated
<b>Cash flows from operating activities</b>		(see Note 1)
Annual surplus (Page 4)	\$ 49,109,168	\$ 47,588,316
Items not involving cash		
Income from investment in government business enterprise	(3,530,473)	(2,798,716)
Amortization	11,736,279	10,441,622
Gain on disposal of tangible capital assets	(88,673)	(813,520)
Revenue from donations	(35,271,834)	(26,542,391)
	<u>21,954,467</u>	<u>27,875,311</u>
<b>Uses</b>		
Increase in trade receivables	-	(1,087,264)
Increase in taxes receivable	(1,192,986)	(2,673,497)
Decrease in accounts payable and accrued liabilities	(1,329,048)	-
Decrease in deferred revenue	-	(605,604)
Increase in inventories of supplies	(16,316)	(65,042)
Increase in prepaid expenses	(143)	(7,587)
<b>Sources</b>		
Decrease in accounts receivable	745,872	-
Decrease in inventory held for resale	1,313	3,763
Increase in accounts payable and accrued liabilities	-	3,435,513
Increase in deferred revenue	1,093,555	-
	<u>21,256,714</u>	<u>26,875,593</u>
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(50,229,773)	(49,364,759)
Contributed tangible capital assets	35,271,834	26,542,391
Decrease in construction in progress	(4,809,699)	5,308,069
Proceeds on disposal of tangible capital assets	296,720	1,266,837
	<u>(19,470,918)</u>	<u>(16,247,462)</u>
<b>Cash flows from investing activities</b>		
Dividend from government business enterprise	2,632,200	1,348,200
<b>Cash flows from financing activities</b>		
Municipal debt issued	-	5,806,687
Municipal debt repaid	(1,153,019)	(905,284)
Increase (decrease) in accrued interest	(117,408)	193
Increase in employee benefits payable	332,829	443,746
Increase (decrease) in landfill post-closure liability	1,034	(1,717)
Increase (decrease) in temporary borrowings	-	(4,708,014)
	<u>(936,564)</u>	<u>635,611</u>
<b>Net change in cash and cash equivalents</b>	<u>3,481,432</u>	<u>12,611,942</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>73,376,134</u>	<u>60,764,192</u>
<b>Cash and cash equivalents, end of year (Note 3)</b>	<u>\$ 76,857,566</u>	<u>\$ 73,376,134</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

## Corporation of the Town of Ajax Summary of Significant Accounting Policies

**December 31, 2009**

---

**Management Responsibility**

The consolidated financial statements of Corporation of the Town of Ajax are the representation of management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

**Basis of Accounting**

The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality 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 is 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.

**Estimates and Measurement  
Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

Included in the financial statements are estimates for landfill liability and post-employment benefits. In both cases, management uses estimates based on assumptions and calculations contained in reports completed by experts in their respective fields, modified as necessary for the passage of time. In addition, management has estimated the cost of building permit service delivery using assumptions and calculations using their best judgment. In addition, management has made estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization policies as set out in these policies. Actual results can differ from the estimates due to uncertainty. The reports and cost calculations are reviewed and updated periodically at which time estimates can be adjusted.



---

## Corporation of the Town of Ajax Summary of Significant Accounting Policies

December 31, 2009

---

### Revenue Recognition

Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows.

- a) Tax revenue is recognized in the calendar year to which the tax assessment applies if the assessment is known.
- b) Fines and donations are recognized when collected.
- c) Subdivider contributions, fees for services and other revenues are recognized over the period of service or entitlement, matched with required expenditures if any.
- d) Contributions related to contributed tangible capital assets are recognized as of the date of transfer of the related assets.

### Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following organizations which are accountable to the municipality:

Ajax Public Library Board  
Ajax Downtown Business Improvement Area  
Pickering Village Business Improvement Area

All interfund assets, liabilities, revenues and expenses have been eliminated.

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

### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and investments in GICs and guaranteed notes with maturities of three months or less. Restricted amounts are disclosed in Note 4.

### Investment in Government Business Enterprise

The municipality's investment in Veridian Corporation is accounted for by the modified equity method.

### Deferred Revenue

Deferred revenues represent user fees and charges, development charges and conditional grants which have been collected but for which the related expenditures have not yet occurred or services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the expenses are incurred or services are performed.

---

## Corporation of the Town of Ajax Summary of Significant Accounting Policies

December 31, 2009

---

### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated depreciation. 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. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or 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

# Corporation of the Town of Ajax

## Notes to Consolidated Financial Statements

December 31, 2009

### 1. Change in Accounting Policy

On January 1, 2009, the Corporation of the Town of Ajax adopted the following revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of this adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, amortization on tangible capital assets was recorded in the Statement of Operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the new standards was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ 430,252,388
Increase in land held for resale	873,593
	<b>\$ 431,125,981</b>
<u>Statement of Operations</u>	
Increase in revenue	
User charges	\$ (37,337)
Contributed assets	26,542,391
Sale of land	(1,000)
Gain on disposal	813,520
	<b>27,317,574</b>
Total increase in revenue	
Increase (decrease) in expenses	
General government	201,326
Protection services	(2,351,211)
Transportation services	(4,659,575)
Environmental services	1,294,285
Recreational and cultural services	(323,019)
Planning and development	(74,849)
	<b>(5,913,043)</b>
Total decrease in expenses	
<b>Increase in annual surplus</b>	<b>\$ 33,230,617</b>
<b>Increase in opening accumulated surplus</b>	<b>\$ 397,895,364</b>
<u>Statement of Change in Net Financial Assets</u>	
Increase in land held for resale	\$ 873,593
Non-financial assets included in opening net financial assets	(148,711)
	<b>\$ 724,882</b>

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 2. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation of outstanding cheques versus accounts payable. Changes made to the prior year figures are as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in cash	\$ 64,344
Increase in accounts payable	(64,344)
Increase in accumulated surplus	\$ -

In addition, revenues from cost sharing arrangements, which were disclosed separately in the prior year's financial statements, have been grouped with user charges on the Statement of Operations.

### 3. Cash and Temporary Investments

	2009	2008 Restated (see Note 2)
<b>Unrestricted</b>		
Cash	\$ 25,934,188	\$ 1,098,723
Temporary investments	14,835,483	40,086,152
	40,769,671	41,184,875
<b>Restricted</b>		
Cash	23,923,378	9,553,841
Temporary investments	12,164,517	22,637,418
	36,087,895	32,191,259
	\$ 76,857,566	\$ 73,376,134

Temporary investments are composed of GICs and guaranteed notes with rates ranging from 1.25% to 1.30% per annum and maturity dates between December 10, 2010 and February 25, 2011. They are recorded at cost which is not significantly different from market value.

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

December 31, 2009

4. Restricted Assets	2009	2008
Cash (Note 3)	\$ 23,923,378	\$ 9,553,841
Temporary investments (Note 3)	12,164,517	22,637,418
Interest receivable	74,392	102,501
Due from(to) own municipality	(5,144,710)	(3,369,087)
	<b>\$ 31,017,577</b>	<b>\$ 28,924,673</b>
Consists of:		
Obligatory funds in deferred revenue (Note 7)	\$ 29,289,854	\$ 27,701,023
Reserve funds	1,727,723	1,223,650
	<b>\$ 31,017,577</b>	<b>\$ 28,924,673</b>

**5. Investment in Government Business Enterprise**

Veridian Corporation was formed to conduct electricity distribution and non-regulated utility service ventures through its wholly-owned subsidiaries: Veridian Connections Inc. and Veridian Energy Inc. as well as its 42.3% interest in First Source Energy Corporation. The group operates in Durham Region, Northumberland County and Prince Edward County.

**a. Shares of Government Business Enterprise**

As at December 31, 2009 The Town of Ajax held 3,210 or 32.1% (2008 - 3,210 or 32.1%) of the common shares of Veridian Corporation. The December 31, 2009 Veridian Corporation financial statements were prepared in accordance with generally accepted accounting principles for hydro utilities in Ontario except that they did not reflect original transferred assets from the Town in 1999 at fair market value. The following summarizes the historical cost basis financial position of Veridian Corporation as at December 31, 2009 and operations for the year then ended along with the municipality's share.

	100% Veridian Corp	32.1% Town Share
<b>Financial position</b>		
Assets	\$ 258,604,851	
Liabilities	(161,574,008)	
Shareholder's equity	\$ 97,030,843	\$ 31,146,899
<b>Results of operations</b>		
Revenues	\$ 254,687,309	
Operating expenses	(243,688,951)	
Income for the year	\$ 10,998,358	\$ 3,530,473

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 5. Investment in Government Business Enterprise (Cont'd)

#### b. Equity in Government Business Enterprise

	2009	2008
<b>Veridian Corporation</b>		
Share of equity	\$ 31,146,899	\$ 30,248,626
Convertible promissory notes receivable (from 5c)	19,610,000	19,610,000
	\$ 50,756,899	\$ 49,858,626

Dividends of \$2,632,200 (2008 - \$1,348,200) were received from Veridian Corporation in the year.

#### c. Promissory Notes Receivable

The following promissory notes are receivable:

	2009	2008
Veridian Corporation	\$ 5,550,000	\$ 5,550,000
Veridian Connections Inc.	14,060,000	14,060,000
	\$ 19,610,000	\$ 19,610,000

Promissory notes receivable from Veridian Corporation as at December 31, 2009 amounted to \$19,610,000 (2008 - \$19,610,000), are due November 1, 2012, as per bylaw 103-2009. The notes remained convertible into common shares at the option of the holder at the rate of one common share for every \$1,000 of principal then outstanding, on or before November 1, 2012. The Town has signed an inter-creditor agreement confirming the subordinated ranking of these promissory notes to the senior debt financing issued by Veridian.

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

- a) 6%; or
- b) a rate equal to the Ontario Energy Board's deemed long-term debt rate.

The interest rate of the note issued by Veridian Connections Inc. is a rate equal to the Ontario Energy Board's deemed long-term debt rate.

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

- a) from November 1, 2009 to April 30, 2010 - 7.62%
- b) from May 1, 2010 to December 31, 2014 - 5.57%
- c) every 5 years, starting January 1, 2015 the rate will be reset based on the Ontario Energy Board's deemed long term debt rate.

The note is no longer convertible but the Town may demand full or partial repayment with six months notice with certification that the funds are required for municipal purposes.

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

**December 31, 2009**

**6. Accounts Payable and Other Liabilities**

As at December 31, 2009 accounts payable included amounts due to developers for security deposits, performance guarantees and capital works totalling approximately \$2,770,000 (2008 - \$4,930,000). These amounts are held until the work they pertain to is essentially complete.

**7. Deferred Revenue**

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

	2009	2008
<b>Obligatory reserve funds</b>		
Development charges	\$ 23,458,281	\$ 22,565,500
Gas tax	2,456,333	1,535,474
Recreational land	2,210,723	1,758,501
Building approvals	1,164,517	1,841,548
	29,289,854	27,701,023
<b>Other</b>		
Other unearned revenues	919,082	1,414,358
	\$ 30,208,936	\$ 29,115,381

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

	Development Charges Act	Gas Tax	Recreational Land	Building Approvals	Total
Opening balance	\$ 22,565,500	\$ 1,535,474	\$ 1,758,501	\$ 1,841,548	\$ 27,701,023
Restricted funds received	8,347,261	2,396,466	447,469	-	11,191,196
Interest earned	305,340	15,826	12,811	-	333,977
Revenue recognized	(7,759,820)	(1,491,433)	(8,058)	(677,031)	(9,936,342)
Closing balance	\$ 23,458,281	\$ 2,456,333	\$ 2,210,723	\$ 1,164,517	\$ 29,289,854

**8. Net Taxation**

	2009	2008
Taxation revenue	\$ 168,006,827	\$ 161,480,966
Amount levied and remitted to School Boards	(39,610,259)	(38,770,782)
Amounts levied and remitted to the Region of Durham	(84,785,158)	(81,240,861)
	\$ 43,611,410	\$ 41,469,323

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 9. Municipal Debt

	2009	2008
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	\$ 15,574,224	\$ 16,807,743
The municipality has entered into a Development Agreement for the construction of infrastructure and is responsible for the payment of principal only, upon completion. At the end of the year, the outstanding principal was	1,797,687	1,797,687
Amount to be recovered from future revenue	17,371,911	18,605,430
Less amount owed to operating fund	-	(80,500)
<b>Net Municipal Debt</b>	<b>\$ 17,371,911</b>	<b>\$ 18,524,930</b>

The above long-term debt has interest rates ranging from 2.650% to 6.375% per annum and maturity dates in 2010, 2015, 2018, 2019 and 2021. The annual required payment expected for 2010 is \$4,581,927 including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

2010	\$ 3,775,725
2011	1,424,452
2012	863,255
2013	905,188
2014	950,311
2015 to 2021	9,452,980
	<b>\$ 17,371,911</b>

The above debt issued in the name of the municipality 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 in 2009 and included in current expenditures is \$843,191 (2008 - \$729,962).



**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

**December 31, 2009**

**10. Employee Benefits Payable**

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

	2009	2008
Vacation payable	\$ 917,070	\$ 885,436
Post employment benefits	3,158,461	2,868,666
Council severance	189,062	177,662
<b>Total estimated liability</b>	<b>4,264,593</b>	<b>3,931,764</b>
Less amount already funded from operations to mitigate the future impact of these obligations	(473,005)	(459,692)
<b>Amount included in accumulated surplus (Note 12)</b>	<b>\$ 3,791,588</b>	<b>\$ 3,472,072</b>

**a. Vacation Payable**

Vacation pay owing at December 31, 2009 has been partially funded from operations and included in employee future benefits payable in these financial statements.

**b. Post Employment Benefits**

The municipality 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 \$74,295 (2008 - \$93,888).

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at January 1, 2007 and the accrued benefit obligation of \$3,918,520 shown for 2009 is based on an extrapolation of that valuation. Actual experienced cost increase, update to premium rates and retirement eligibility, and discount rate adjustments as compared to previous assumptions have resulted in a net loss of \$760,059 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2009 includes the following components:

	2009	2008
Actuarially determined accrued benefit obligation	\$ 3,918,520	\$ 3,171,887
Unamortized actuarial losses	(760,059)	(303,221)
<b>Post-employment benefit liability</b>	<b>\$ 3,158,461</b>	<b>\$ 2,868,666</b>

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 10. Employee Benefits Payable (Cont'd)

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 municipality'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		5.50%
Medical cost increases	- first year	10.00%
	- decreasing over 10 years to	1% plus CPI
Expected rate of dental cost increase		1% plus CPI
Estimated average remaining service life of the employee group		12.4 years

The post-employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	2009	2008
Current year benefit cost	\$ 121,089	\$ 163,539
Past service cost for plan changes in the year	-	24,528
Amortization of actuarial losses	24,454	88,613
Interest on post-employment benefit liability	218,547	190,521
<b>Total expense related to post-employment benefits</b>	<b>\$ 364,090</b>	<b>\$ 467,201</b>

### c. Pension Agreement

The municipality 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 more than 400,000 active and retired members and approximately 928 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, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 million. Because 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2009 was \$1,902,901 (2008 - \$1,787,345)

---

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

---

### 10. Employee Benefits Payable (Cont'd)

#### d. Council Severance

In 2008, Council approved By-law 1-2008 regarding their remuneration. 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, 2009 totalling \$189,062 (2008 - \$177,662) 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 included in accumulated surplus (Note 12).

In 2006, an environmental consulting firm was engaged to estimate post-closure costs. The estimate was based on assumptions regarding the nature and amount of annual expenditures, an inflation factor of 2%, a 40 year future monitoring requirement and discounted at 5.5%. 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, 2009 is \$465,662 (2008 - \$464,628). Composition of the liability is as follows:

	2009	2008
Liability, beginning of the year	\$ 464,628	\$ 466,345
Expenditures	(23,864)	(26,634)
Cost adjustment to account for inflation	24,898	24,917
	\$ 465,662	\$ 464,628

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

**December 31, 2009**

**12. Accumulated Surplus**

	2009	2008
Internal 'current fund'	\$ 140,659	\$ 937,327
Invested in tangible capital assets	459,867,272	421,581,823
Invested in construction in progress	12,881,395	8,071,698
Municipal debt (Note 9)	(17,371,911)	(18,605,430)
Internal 'capital fund'	3,996,444	8,248,370
Reserve/reserve fund balances	41,514,814	32,263,440
Equity in government business enterprise (Note 5)	50,756,899	49,858,626
Employee benefits payable (Note 10)	(3,791,588)	(3,472,072)
Landfill post-closure (Note 11)	(465,662)	(464,628)
Land for resale	873,593	873,593
	<b>\$ 548,401,915</b>	<b>\$ 499,292,747</b>

**13. Contingencies and Commitments**

**a. Capital Project Commitments**

The Town has committed to many capital projects expected to be completed over several years including a new operations building and fire head quarters and various road works. As at December 31, 2009 the Town had awarded contracts in the amount of \$44,347,200 (2008 - \$46,532,900) but only \$30,149,600 (2008 - \$39,431,900) of those awarded amounts had been spent. The remaining contractual commitments of \$14,719,500 (2008 - \$7,101,000) must be incurred as capital expenditures as the work is completed. Funding for the completion costs is expected to include debt proceeds and use of funds from various discretionary and obligatory reserve funds as well as grants.

**b. Legal Matters**

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

---

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

---

### 13. Contingencies and Commitments (Cont'd)

#### c. Resulting from Shareholdings of Government Business Enterprise

As at December 31, 2009 Veridian Connections Inc (VCI), a wholly owned subsidiary of Veridian Corporation, is party to a connection and cost recovery agreement with Hydro One Networks Inc. VCI is obligated to pay the difference between future transformation connections revenue and construction costs allocated to VCI. The estimated construction costs are \$9,974,670. The Town's proportionate share as 32.1% shareholder of Veridian Corporation is \$3,202,000.

New regulations governing the management of polychlorinated biphenyls (PCBs) have been issued by Environmental Canada. As at December 31, 2009 the cost of testing performed to date has been included within regulatory assets; however, costs related to additional testing or remediation have not been accrued as the amount is not determinable.

As at December 31, 2009, Veridian Corporation had committed to operating leases totaling \$1,439,000. The Town's proportionate share as 32.1% shareholder of Veridian Corporation is \$462,000 (\$439,000 due in the first five years and the remainder due after 2014).

An action has been brought under the Class Proceedings Act, 1992 that seeks \$500 million in restitution for amounts paid to Toronto Hydro and other Ontario municipal electric utilities who received late payment penalties which constitute interest at an effective rate in excess of 60% per year. The action has not yet been certified as a class action and no discoveries have been held as the parties were awaiting the outcome of a similar proceeding against Enbridge Gas Distribution Inc. The plaintiffs have indicated their intention to proceed with litigation however, no formal steps have been taken. The parties are in settlement discussions but no settlement has been reached. Veridian Corporation estimates it collected late payment penalties of \$5,339,593 from and after 1994. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made.

#### d. Participation in Durham Municipal Insurance Pool

The municipality 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 municipality does not recognize any share of the DMIP surplus or deficit, but has made provision for a self-insurance reserve amounting to \$616,572 (2008 - \$233,956) and fully recognized the deductible amounts of \$182,300 (2008 - \$232,600) for all outstanding claims.

## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 14. Budget Figures

The 2009 Budget adopted by Council on February 23, 2009 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 now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on February 23, 2009 with adjustments as follows:

	2009 budget adopted by Council	Non TCA expenditures from capital	Amortization	2009 budget presented in statements
<b>Revenue</b>				
Taxation	\$ 43,197,100	\$ -	\$ -	\$ 43,197,100
Capital	14,210,400	-	-	14,210,400
Other	19,219,150	-	-	19,219,150
	<u>76,626,650</u>	-	-	<u>76,626,650</u>
<b>Expenditures</b>				
General government	9,530,700	168,000	671,300	10,370,000
Protection	15,219,000	8,000	982,000	16,209,000
Transportation	5,096,900	1,720,000	5,744,400	12,561,300
Environmental	433,700	155,000	1,481,800	2,070,500
Health	62,500	-	-	62,500
Social and family	171,500	-	-	171,500
Recreation and culture	18,134,900	807,000	2,807,300	21,749,200
Planning and development	2,999,400	40,000	2,800	3,042,200
	<u>51,648,600</u>	<u>2,898,000</u>	<u>11,689,600</u>	<u>66,236,200</u>
Annual surplus	24,978,050	(2,898,000)\$	<u>(11,689,600)\$</u>	10,390,450
Capital expenditures	(26,022,200)	2,898,000		
Transfers to (from)				
reserve/reserve funds	658,200	-		
Transfer GBE dividends	1,412,400	-		
Debt repayment	(1,233,500)	-		
	<u>(24,184,100)</u>			
Budgeted use of prior year surplus	<u>\$ (207,050)\$</u>	-		
<b>Consists of:</b>				
Ajax Public Library	\$ (68,000)			
Ajax Downtown BIA	1,853			
Pickering Village BIA	(140,903)			
Town of Ajax	-			
	<u>\$ (207,050)</u>			

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

December 31, 2009

**15. Tangible Capital Assets**

	General Assets					Infrastructure Assets					
	Land	Land Improvements	Buildings	Vehicles & Rolling Equipment	Computer Hardware & Software	Furniture, Fixtures & Equipment	Land	Road Network	Storm Water Network	Vehicles & Rolling Equipment	2009
Cost, beginning of year	\$ 88,621,794	\$ 26,096,186	\$ 63,732,546	\$ 8,740,900	\$ 1,337,477	\$ 7,914,307	\$ 120,573,013	\$ 167,547,357	\$ 49,598,620	\$ 5,246,523	\$ 539,408,723
Additions	1,641,508	4,878,531	1,061,931	440,169	217,340	996,359	11,549,410	21,281,624	7,733,351	429,550	50,229,773
Disposals	(356,847)	(143,835)	(23,961)	(23,961)	(125,828)	(581,159)	-	(354,520)	-	(375,715)	(1,961,865)
Cost, end of year	\$ 90,263,302	\$ 30,617,870	\$ 64,650,642	\$ 9,157,108	\$ 1,428,989	\$ 8,329,507	\$ 132,122,423	\$ 188,474,461	\$ 57,331,971	\$ 5,300,358	\$ 587,676,631
Accumulated Amortization, beginning of year	\$ -	\$ 11,390,157	\$ 14,017,208	\$ 3,658,975	\$ 773,338	\$ 4,105,033	\$ -	\$ 64,546,157	\$ 16,803,765	\$ 2,532,267	\$ 117,826,900
Amortization	-	1,398,081	1,458,973	645,335	236,575	860,906	-	5,233,180	1,481,788	421,441	11,736,279
Disposals	-	(303,850)	(68,555)	(23,962)	(125,828)	(581,159)	-	(339,774)	-	(310,692)	(1,753,820)
Accumulated Amortization, end of year	\$ -	\$ 12,484,388	\$ 15,407,626	\$ 4,280,348	\$ 884,085	\$ 4,384,780	\$ -	\$ 69,439,563	\$ 18,285,553	\$ 2,643,016	\$ 127,809,359
Net book value, beginning of year	\$ 88,621,794	\$ 14,706,029	\$ 49,715,338	\$ 5,081,925	\$ 564,139	\$ 3,809,274	\$ 120,573,013	\$ 103,001,200	\$ 32,794,855	\$ 2,714,256	\$ 421,581,823
Net book value, end of year	\$ 90,263,302	\$ 18,133,482	\$ 49,243,016	\$ 4,876,760	\$ 544,904	\$ 3,944,727	\$ 132,122,423	\$ 119,034,898	\$ 39,046,418	\$ 2,657,342	\$ 459,867,272

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

December 31, 2009

**15. Tangible Capital Assets (Cont'd)**

	General Assets				Infrastructure Assets						
	Land Improvements	Land	Buildings	Vehicles & Rolling Equipment	Computer Hardware & Software	Furniture, Fixtures & Equipment	Land	Road Network	Storm Water Network	Vehicles & Rolling Equipment	
Cost, beginning of year	\$ 83,618,785	\$ 23,401,913	\$ 52,851,359	\$ 8,610,751	\$ 1,130,489	\$ 7,637,816	\$ 113,694,125	\$ 152,157,161	\$ 44,517,291	\$ 4,926,523	\$ 492,546,213
Additions	5,456,326	2,804,009	10,881,187	383,500	206,988	869,346	6,878,888	15,431,853	5,914,255	538,407	49,364,759
Disposals	(453,317)	(109,736)	-	(253,351)	-	(592,855)	-	(41,657)	(832,926)	(218,407)	(2,502,249)
Cost, end of year	\$ 88,621,794	\$ 26,096,186	\$ 63,732,546	\$ 8,740,900	\$ 1,337,477	\$ 7,914,307	\$ 120,573,013	\$ 167,547,357	\$ 49,598,620	\$ 5,246,523	\$ 539,408,723
Accumulated Amortization, beginning of year	\$ -	\$ 10,304,652	\$ 12,668,723	\$ 3,296,977	\$ 539,124	\$ 3,880,533	\$ -	\$ 60,058,540	\$ 16,336,893	\$ 2,348,768	\$ 109,434,210
Amortization	-	1,195,241	1,348,485	615,349	234,214	817,355	-	4,529,274	1,299,798	401,906	10,441,622
Disposals	-	(109,736)	-	(253,351)	-	(592,855)	-	(41,657)	(832,926)	(218,407)	(2,048,932)
Accumulated Amortization, end of year	\$ -	\$ 11,390,157	\$ 14,017,208	\$ 3,658,975	\$ 773,338	\$ 4,105,033	\$ -	\$ 64,546,157	\$ 16,803,765	\$ 2,532,267	\$ 117,826,900
Net book value, beginning of year	\$ 83,618,785	\$ 13,097,261	\$ 40,182,636	\$ 5,313,774	\$ 591,365	\$ 3,757,283	\$ 113,694,125	\$ 92,098,621	\$ 28,180,398	\$ 2,577,755	\$ 383,112,003
Net book value, end of year	\$ 88,621,794	\$ 14,706,029	\$ 49,715,338	\$ 5,081,925	\$ 564,139	\$ 3,809,274	\$ 120,573,013	\$ 103,001,200	\$ 32,794,855	\$ 2,714,256	\$ 421,581,823



## Corporation of the Town of Ajax Notes to Consolidated Financial Statements

December 31, 2009

### 15. Tangible Capital Assets (Cont'd)

Prior year figures for Land and Vehicles and Rolling Equipment have been modified from the prior year note presentation for new information available in the current year. Additionally, Library Collections have been grouped with Furniture, Fixtures and Equipment.

The net book value of tangible capital assets not being amortized because they are under construction is \$12,881,395 (2008 - \$8,071,698).

Assets contributed to the Town in 2009, consisting of Land, Road Network and Storm Water Network, had a fair market value of \$35,172,435 (2008 - \$26,542,391). They have been capitalized at their fair value.

The Municipality 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 Improvements	Storm Water Network	Total
Cost, beginning of year	\$ 1,650,564	\$ 3,522,879	\$ 616,130	\$ 5,789,573
Additions	16,483	66,369	-	82,852
Disposals	-	(11,974)	-	(11,974)
Cost, end of year	<u>\$ 1,667,047</u>	<u>\$ 3,577,274</u>	<u>\$ 616,130</u>	<u>\$ 5,860,451</u>
Accumulated Amortization, beginning of year	\$ 256,500	\$ 1,574,552	\$ 345,686	\$ 2,176,738
Amortization	34,645	156,325	24,645	215,615
Disposals	-	(11,974)	-	(11,974)
Accumulated Amortization, end of year	<u>\$ 291,145</u>	<u>\$ 1,718,903</u>	<u>\$ 370,331</u>	<u>\$ 2,380,379</u>
Net book value, beginning of year	<u>\$ 1,394,064</u>	<u>\$ 1,948,327</u>	<u>\$ 270,444</u>	<u>\$ 3,612,835</u>
Net book value, end of year	<u>\$ 1,375,902</u>	<u>\$ 1,858,371</u>	<u>\$ 245,799</u>	<u>\$ 3,480,072</u>

---

# Corporation of the Town of Ajax

## Notes to Consolidated Financial Statements

December 31, 2009

---

### 16. Segmented Information

The Town of Ajax 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 Municipality 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 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 expenditures versus total expenditures.

**Corporation of the Town of Ajax  
Notes to Consolidated Financial Statements**

**December 31, 2009**

**16. Segmented Information (Cont'd)**

	General Government	Protection to Persons and Property	Transportation Services	Environmental services	Health, Social and Family Services	Recreation and Culture Services	Planning and Development	Unallocated	2009 Total
<b>Revenue</b>									
Taxation	\$ 6,830,496	\$ 11,156,132	\$ 8,357,308	\$ 1,443,504	\$ 136,317	\$ 13,999,048	\$ 2,283,490	\$ -	\$ 44,206,295
User charges	505,647	2,082,912	1,571,066	60,411	25,937	6,879,276	1,181,955	-	12,307,204
Government grants	59,425	2,729	63,238	-	-	336,034	-	-	461,426
Gaming and casinos	800,891	1,308,083	979,914	169,254	15,984	1,641,422	267,745	-	5,183,293
Investment income	329,914	538,843	403,659	69,722	6,584	676,157	110,293	-	2,135,172
Restricted funds earned	877,133	647,323	4,673,026	-	-	3,714,371	24,489	-	9,936,342
Penalties and interest on taxes	257,050	419,836	314,508	54,323	5,130	526,822	85,934	-	1,663,603
Donations and contributed assets	29,156	3,751	24,675,530	7,374,077	500	3,188,820	-	-	35,271,834
Government	-	-	-	-	-	-	-	-	-
Business Enterprise	2,355	-	(56,140)	-	-	(106,676)	249,134	3,530,473	88,673
Gain on disposal	92,206	150,598	112,817	19,486	1,840	188,974	30,824	-	596,745
Other	9,784,273	16,310,207	41,094,926	9,190,777	192,292	31,044,248	4,233,864	3,530,473	115,381,060
<b>Expenses</b>									
Salaries, wages and benefits	6,520,440	13,604,134	2,813,105	305,418	20,204	11,421,025	2,775,647	-	37,459,973
Materials, supplies and services	1,918,663	966,924	2,984,617	203,287	3,649	4,407,992	406,864	-	10,891,996
Contracted services	1,133,538	443,081	717,276	140,145	1,994	1,391,086	572,241	-	4,399,361
Rents and financial expenses	257,681	30,161	171,711	-	11,403	143,673	521	-	615,150
Amortization	671,266	982,037	5,791,078	1,481,788	-	2,807,318	2,792	-	11,736,279
Other	(261,646)	698,385	51,076	33,392	167,110	815,586	(334,770)	-	1,169,133
	10,239,942	16,724,722	12,528,863	2,164,030	204,360	20,986,680	3,423,295	-	66,271,892
<b>Annual Surplus</b>	\$ (455,669)	\$ (414,515)	\$ 28,566,063	\$ 7,026,747	\$ (12,068)	\$ 10,057,568	\$ 810,569	\$ 3,530,473	\$ 49,109,168

# Corporation of the Town of Ajax

## Notes to Consolidated Financial Statements

December 31, 2009

### 16. Segmented Information (Cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental services	Health, Social and Family Services	Recreation and Culture Services	Planning and Development	Unallocated	2008 Total Restated See (Note1)
<b>Revenue</b>									
Taxation	\$ 6,872,402	\$ 10,295,465	\$ 7,822,808	\$ 1,047,866	\$ 167,814	\$ 13,793,197	\$ 2,079,063	\$ -	\$ 42,078,615
User charges	311,128	2,060,717	3,146,818	119,457	33,790	6,789,442	1,390,188	-	13,851,540
Government grants	-	12,000	4,120,952	-	-	1,882,109	-	-	6,015,061
Gaming and casinos	847,522	1,269,662	964,728	129,225	20,695	1,701,011	256,395	-	5,189,238
Investment income	525,354	787,027	598,007	80,103	12,828	1,054,407	158,932	-	3,216,658
Restricted funds earned	43,779	486,190	6,802,258	-	-	1,642,305	126,420	-	9,100,952
Penalties and interest on taxes	212,445	318,262	241,825	32,392	5,188	426,386	64,270	-	1,300,768
Donations and contributed assets	-	-	16,134,510	5,386,695	-	5,021,186	-	-	26,542,391
Government	-	-	-	-	-	-	-	-	-
Business Enterprise	776,180	-	14,657	-	-	-	-	2,798,716	2,798,716
Gain on disposal	85,821	128,568	97,690	13,086	2,096	172,247	4,224	-	813,520
Other	9,674,631	15,357,891	39,944,253	6,808,824	242,411	32,500,749	4,105,454	2,798,716	111,432,929
<b>Expenses</b>									
Salaries, wages and benefits	6,129,703	12,552,006	2,561,007	105,079	60,624	11,090,882	2,634,071	-	35,133,372
Materials, supplies and services	1,965,053	1,269,086	3,405,354	76,566	14,521	4,864,506	619,584	-	12,214,670
Contracted services	1,270,355	407,065	732,066	103,853	2,070	1,302,389	260,644	-	4,078,442
Rents and financial expenses	499,656	26,942	265,884	-	10,868	151,613	661	-	955,624
Amortization	657,905	821,186	5,058,060	1,299,798	-	2,600,303	4,370	-	10,441,622
Other	(95,382)	544,713	(153,061)	4,600	166,536	918,308	(364,831)	-	1,020,883
	10,427,290	15,620,998	11,869,310	1,589,896	254,619	20,928,001	3,154,499	-	63,844,613
<b>Annual Surplus</b>	\$ (752,659)	\$ (263,107)	\$ 28,074,943	\$ 5,218,928	\$ (12,208)	\$ 11,572,748	\$ 950,955	\$ 2,798,716	\$ 47,588,316

**Corporation of the Town of Ajax  
Public Library Board**

**Financial Statements**

For the year ended December 31, 2009

**Contents**

---

<b>Auditors' Report</b>	<b>28</b>
Statement of Financial Position	29
Statement of Operations	30
Statement of Changes in Net Financial Assets	31
Statement of Cash Flows	32
Summary of Significant Accounting Policies	33
Notes to Financial Statements	36

---

## Auditors' Report

---

**To the Members of Council, Inhabitants and Ratepayers  
of Corporation of the Town of Ajax**

We have audited the statement of financial position of The Corporation of the Town of Ajax Public Library Board as at December 31, 2009 and the statements of operations, change in net financial assets (debt) and cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Ajax Public Library Board as at December 31, 2009 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
February 25, 2010

**Corporation of the Town of Ajax  
Public Library Board  
Statement of Financial Position**

December 31	2009	2008
		Restated (See Note 1 and Note 7)
<b>Financial assets</b>		
Cash	\$ 261,688	\$ 410,477
Accounts receivable	15,382	8,369
	<u>277,070</u>	<u>418,846</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	93,336	91,547
Employee future benefits payable (Note 2)	142,751	135,261
Deferred revenue	20,822	17,842
Due to own municipality	22,466	70,380
	<u>279,375</u>	<u>315,030</u>
<b>Net financial assets (debt)</b>	<u>(2,305)</u>	<u>103,816</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	1,405,663	1,349,019
Prepaid expenses	16,177	12,182
	<u>1,421,840</u>	<u>1,361,201</u>
<b>Accumulated surplus (Note 3)</b>	<u>\$ 1,419,535</u>	<u>\$ 1,465,017</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Corporation of the Town of Ajax  
Public Library Board  
Statement of Operations**

For the year ended December 31	Budget	2009	2008
			Restated (See Note 1)
<b>Revenues</b>			
Contributions from own municipality			
- operating	\$ 3,120,800	\$ 3,120,800	\$ 3,008,700
- capital	100,000	101,171	99,472
Fines and miscellaneous	126,000	130,036	129,679
Province of Ontario Grant - per household	83,300	80,306	83,286
- pay equity	71,400	71,368	71,368
Employment Development Grant	1,600	3,786	-
Donations	1,300	1,550	1,219
Interest earned	8,000	2,933	12,267
	<u>3,512,400</u>	<u>3,511,950</u>	<u>3,405,991</u>
<b>Expenses</b>			
Salaries and benefits	2,602,100	2,609,731	2,402,789
Materials and supplies	253,350	247,240	251,708
Utilities, services and rent	319,400	324,919	287,900
Amortization	-	375,542	372,178
	<u>3,174,850</u>	<u>3,557,432</u>	<u>3,314,575</u>
<b>Annual surplus (deficit) (Note 4)</b>	<u>337,550</u>	<u>(45,482)</u>	<u>91,416</u>
<b>Accumulated surplus, beginning of the year, as previously stated</b>	1,465,017	1,465,017	48,379
<b>Prior period adjustment (Note 1)</b>	-	-	1,325,222
<b>Accumulated surplus, beginning of year, restated</b>	<u>1,465,017</u>	<u>1,465,017</u>	<u>1,373,601</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 1,802,567</u>	<u>\$ 1,419,535</u>	<u>\$ 1,465,017</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



**Corporation of the Town of Ajax  
Public Library Board  
Statement of Change in Net Financial Assets (Debt)**

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2009</u>	<u>2008</u>
			Restated (See Note 1)
<b>Annual surplus (deficit)</b>	\$ 337,550	\$ (45,482)	\$ 91,416
Acquisition of tangible capital assets	(405,550)	(432,186)	(409,879)
Amortization of tangible capital assets	-	375,542	372,178
	<u>(68,000)</u>	<u>(102,126)</u>	<u>53,715</u>
Acquisition of prepaid expenses	-	(16,177)	(12,182)
Use of prepaid expenses	-	12,182	13,904
	<u>-</u>	<u>(3,995)</u>	<u>1,722</u>
<b>Net change in net financial assets (debt)</b>	(68,000)	(106,121)	55,437
<b>Net financial assets, beginning of year</b>	<u>103,816</u>	<u>103,816</u>	<u>48,379</u>
<b>Net financial assets (debt), end of year</b>	<u>\$ 35,816</u>	<u>\$ (2,305)</u>	<u>\$ 103,816</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Corporation of the Town of Ajax  
Public Library Board  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2009</b>	<b>2008</b>
		Restated (See Note 1)
<b>Cash flows from operating activities</b>		
Annual surplus (deficit) (Page 30)	\$ (45,482)	\$ 91,416
<b>Items not involving cash</b>		
Amortization	375,542	372,178
	<u>330,060</u>	<u>463,594</u>
<b>Uses</b>		
Increase in accounts receivable	(7,013)	-
Increase in prepaid expenses	(3,995)	-
Decrease in payable to own municipality	(47,913)	-
	<u>(58,921)</u>	<u>-</u>
<b>Sources</b>		
Decrease in accounts receivable	-	20,233
Decrease in prepaid expense	-	1,722
Decrease in receivable from own municipality	-	65,988
Increase in accounts payable	1,787	14,289
Increase in employee benefits payable	7,491	13,439
Increase in deferred revenue	2,980	-
	<u>12,258</u>	<u>115,671</u>
	<u>283,397</u>	<u>579,265</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(432,186)	(409,879)
<b>Net change in cash</b>	<b>(148,789)</b>	<b>169,386</b>
Cash, beginning of year	<u>410,477</u>	<u>241,091</u>
<b>Cash, end of year</b>	<b>\$ 261,688</b>	<b>\$ 410,477</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

**Corporation of the Town of Ajax  
Public Library Board  
Summary of Significant Accounting Policies**

**For the year ended December 31, 2009**

---

<b>Management Responsibility</b>	The financial statements of the Corporation of the Town of Ajax Public Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.
<b>Basis of Accounting</b>	The focus of these financial statements is on the financial position of the Library Board and the changes thereto. The statement of financial position includes all the financial assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations.
<b>Estimates and Measurement Uncertainty</b>	Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations, particularly for balances such as post-employment benefits payable. For these, management uses estimates based on assumptions and calculations contained in reports completed by actuarial experts, modified as necessary for the passage of time. Actual results can differ from the estimates due to uncertainty. The reports and cost calculations are reviewed and updated periodically at which time estimates are adjusted if necessary.
<b>Revenue Recognition</b>	<p>The Library receives revenue from a variety of sources and applies the following recognition policies:</p> <ul style="list-style-type: none"><li>a) Grants and contributions received for operating and capital expenditures are recognized as revenue in the year in which the related expenses are incurred</li><li>b) Fee and fine revenue is recognized when the cash is collected.</li></ul>

---

**Corporation of the Town of Ajax  
Public Library Board  
Summary of Significant Accounting Policies**

For the year ended December 31, 2009

---

**Tangible Capital Assets**

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

Library collections	7 years
---------------------	---------

**Deferred Revenue**

Deferred revenues represent grants 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.

---

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

For the year ended December 31, 2009

---

**1. Change in Accounting Policy**

On January 1, 2009, The Corporation of the Town of Ajax Public Library Board adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. In addition, amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the new standards was as follows:

	2008
<u>Statement of Financial Position</u>	
Increase in non-financial assets	\$ 1,361,201
<b>Increase in accumulated surplus</b>	<b>\$ 1,361,201</b>
<u>Statement of Operations</u>	
Increase (decrease) in expenses	
Materials and supplies	(311,539)
Utilities, services and rent	2,854
Amortization expense	372,178
Capital	(99,472)
	(35,979)
Total decrease in expenses	\$ (35,979)
<b>Increase in annual surplus</b>	<b>\$ 35,979</b>
<b>Increase in opening accumulated surplus</b>	<b>\$ 1,325,222</b>

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

For the year ended December 31, 2009

**2. Employee Future Benefits Payable**

The Library Board provides certain employee benefits which will require funding in future periods.

	2009	2008
Vacation payable	\$ 33,943	\$ 32,030
Post employment benefits	108,808	103,231
<b>Total estimated liability</b>	<b>142,751</b>	<b>135,261</b>
Less amount already funded from operations to mitigate the future impact of these obligations	(33,943)	(32,030)
<b>Net amount to be recovered from future revenues</b>	<b>\$ 108,808</b>	<b>\$ 103,231</b>

**a. Vacation Payable**

Vacation pay owing at December 31, 2009 has been funded from operations.

**b. Post Employment Benefits**

The Library Board sponsors a defined benefit plan for retirement benefits other than pensions for substantially all of its full time employees. The plan provides extended health and dental as well as vision coverage to employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$5,176 (2008 - \$5,100).

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at January 1, 2007, and the accrued benefit obligation of \$108,808 shown for 2009 is based on that valuation. Actual experienced cost increases and discount rate adjustments as compared to the previous assumptions have resulted in a net loss of \$13,670 which will be amortized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2009 includes the following components:

	2009	2008
Accrued benefit obligation	\$ 122,478	\$ 109,526
Unamortized actuarial gains (losses)	(13,670)	(6,295)
<b>Post employment benefit liability</b>	<b>\$ 108,808</b>	<b>\$ 103,231</b>

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

**For the year ended December 31, 2009**

**2. Employee Future Benefits Payable (Cont'd)**

The calculation of the actuarial valuation for the period of January 1, 2009 to December 31, 2009 was 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 management'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	5.50%
Medical cost increases - first year	10%
- decreasing over 10 years to	1% plus CPI
Expected rate of dental cost increase	1% plus CPI
Estimated average remaining service life of the employee group	12.40 years

The post employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	<u>2009</u>	<u>2008</u>
Current year benefit cost	\$ 2,962	\$ 3,858
Amortization of actuarial (gains) losses	508	2,181
Post-employment benefit expense	<u>3,470</u>	6,039
Interest on post employment benefit liability	<u>7,283</u>	6,420
Total expense related to post employment benefits	<u>\$ 10,753</u>	<u>\$ 12,459</u>

---

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

**For the year ended December 31, 2009**

---

**2. Employee Future Benefits Payable (Cont'd)**

**c. Pension Agreement**

The Library Board 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 more than 400,000 active and retired members and approximately 928 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, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 million. Because 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2009 was \$134,809 (2008 - \$126,904).

---

**3. Accumulated Surplus**

	2009	2008
Current fund	\$ 122,680	\$ 219,229
Invested in capital assets (Note 6)	1,405,663	1,349,019
Post employment benefits payable (Note 2)	(108,808)	(103,231)
	\$ 1,419,535	\$ 1,465,017



---

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

**For the year ended December 31, 2009**

---

**4. Budget Figures**

The budget adopted by the Library Board on February 23, 2009 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 now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by Council on February 23, 2009 with adjustments as follows:

	<u>2009</u>
Budget deficit for the year	\$ (68,000)
Add:	
Capital expenditures	<u>405,550</u>
Budget surplus per statement of operations	<u>\$ 337,550</u>

---

**5. Lease Commitments**

**a. Building Rentals**

The three library locations are owned by the Town of Ajax. The library contributed \$265,451 (2008 - \$251,690) in the year for the use of those facilities.

**b. Equipment**

The Library Board has entered into two lease agreements for office equipment. The committed expenditures for the remaining terms are as follows:

2010	\$ 30,422
2011	7,463

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

**For the year ended December 31, 2009**

**6. Tangible Capital Assets**

<b>Library Book Collection</b>	<u>2009</u>	<u>2008</u>
Cost beginning of year	\$ 2,993,644	\$ 3,163,443
Additions during the year	432,186	409,879
Disposals during the year	<u>(366,923)</u>	<u>(579,678)</u>
Cost end of the year	<u>\$ 3,058,907</u>	<u>\$ 2,993,644</u>
Accumulated amortization beginning of year	\$ 1,644,625	\$ 1,852,125
Amortization expense	375,542	372,178
Accumulated amortization of disposals	<u>(366,923)</u>	<u>(579,678)</u>
Accumulated amortization end of year	<u>\$ 1,653,244</u>	<u>\$ 1,644,625</u>
Net book value beginning of year	<u>\$ 1,349,019</u>	<u>\$ 1,311,318</u>
Net book value end of year	<u>\$ 1,405,663</u>	<u>\$ 1,349,019</u>

Other major assets including the Library building, computer hardware and software are funded completely by Town revenue sources and are not reflected in these financial statements.

The comparative amounts presented above have been restated to conform to the change in policy wherein disposition of pooled assets does not occur until the year after the final year of their useful life.

---

**Corporation of the Town of Ajax  
Public Library Board  
Notes to Financial Statements**

**For the year ended December 31, 2009**

---

**7. Comparative Amounts**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation of outstanding cheques versus accounts payable. Changes made to the prior year figures are as follows:

	<u>2008</u>
<u>Statement of Financial Position</u>	
Increase in cash	\$ 97,718
Increase in accounts payable	(64,340)
Increase in due to own municipality	<u>(33,378)</u>
Increase in accumulated surplus	<u>\$ -</u>

**Corporation of the Town of Ajax**  
**Ajax Downtown Business Improvement Area**  
Financial Statements  
December 31, 2009

<b>Auditors' Report</b>	<b>42</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>43</b>
Statement of Operations	<b>44</b>
Summary of Significant Accounting Policies	<b>45</b>
Notes to Financial Statements	<b>46</b>

---

## Auditors' Report

---

**To the Members of Council, Inhabitants and Ratepayers  
of Corporation of the Town of Ajax**

We have audited the statement of financial position of the Ajax Downtown Business Improvement Area of the Corporation of the Town of Ajax as at December 31, 2009 and the statement of financial activities. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these present fairly, in all material respects, the financial position of the Ajax Downtown Business Improvement Area of the Corporation of the Town of Ajax as at December 31, 2009 and the results of its financial activities in accordance with the Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
March 9, 2010

---

**Corporation of the Town of Ajax  
Ajax Downtown Business Improvement Area  
Statement of Financial Position**

<b>December 31</b>	<b>2009</b>	<b>2008</b>
<b>Financial assets</b>		
Cash	\$ 2,734	\$ 4,092
GST receivable	190	116
Due from Town of Ajax	<u>17,823</u>	<u>137,226</u>
	<u>20,747</u>	<u>141,434</u>
<b>Liabilities</b>		
Accounts payable	<u>592</u>	<u>531</u>
<b>Accumulated surplus</b>	<u>\$ 20,155</u>	<u>\$ 140,903</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Corporation of the Town of Ajax  
Ajax Downtown Business Improvement Area  
Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2009</b>	<b>2008</b>
<b>Revenues</b>			
Municipal tax levy (Note 5)	\$ (113,403)	\$ (113,403)	\$ 22,445
Sign advertising	2,500	930	2,100
	<u>(110,903)</u>	<u>(112,473)</u>	<u>24,545</u>
<b>Expenses</b>			
Bad debt	-	-	103
Office	500	115	295
Landscape maintenance and improvements (Note 2)	7,000	2,737	7,000
Promotion and advertising	20,000	3,324	299
Sign maintenance	2,500	2,099	3,500
<b>Total expenses</b>	<u>30,000</u>	<u>8,275</u>	<u>11,197</u>
<b>Annual surplus (deficit)</b>	(140,903)	(120,748)	13,348
<b>Accumulated surplus, beginning of year</b>	-	140,903	127,555
<b>Accumulated surplus (deficit), end of year</b>	<u>\$ (140,903)</u>	<u>\$ 20,155</u>	<u>\$ 140,903</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

## Corporation of the Town of Ajax Ajax Downtown Business Improvement Area Summary of Significant Accounting Policies

December 31, 2009

---

<b>Nature of Business</b>	The Board is accountable to the Council of the Town of Ajax, with the goal of promoting the Downtown Ajax business area.
<b>Management Responsibility</b>	<p>The financial statements of the Ajax Downtown Business Improvement Area of the Corporation of the Town of Ajax are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.</p> <p>The focus of these financial statements is on the financial position of the business improvement area and the changes thereto. The statement of financial position includes all the assets and liabilities of the business improvement area. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus (deficit) represents the financial position and is the difference between assets and liabilities. This provides information about the business improvement area's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
<b>Accrual Basis of Accounting</b>	Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
<b>Revenue Recognition</b>	<p>The BIA receives revenue from two main sources and applies the following recognition policies:</p> <ol style="list-style-type: none"><li>a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Town.</li><li>b) Revenue from sign advertising is recognized at the beginning of the contract.</li></ol>
<b>Tangible Capital Assets</b>	The historical cost and accumulated amortization of tangible capital assets are recorded in accordance with Section 3150, Tangible Capital Assets, of the Municipal Sector Accounting Board Handbook.



---

**Corporation of the Town of Ajax  
Ajax Downtown Business Improvement Area  
Notes to the Financial Statements**

**December 31, 2009**

---

**1. Change in Accounting Policy**

On January 1, 2009, The Ajax Downtown Business Improvement Area adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. This change in accounting policy has been applied retroactively and has had no impact on the prior period balances.

---

**2. Tangible Capital Assets**

For the year ending December 31, 2009 the municipality and local boards are required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements.

The Ajax Downtown Business Improvement Area has no tangible capital assets to disclose.

---

**3. Related Party Transactions**

In 2008 the BIA contributed \$5,000 to the Town of Ajax for improvements to assets owned by the Town.

During the year the BIA received advertising revenue from a business which is owned and operated by the Chair of the BIA.

---

**4. Statement of Cash Flows**

A Statement of Cash Flows and Changes in Net Debt are not presented since the information is readily apparent from other financial statements.

---

**5. Capital Project**

In 2006, the BIA approved a major capital project for lighting improvements which did not occur as planned. As such, the funds were used to offset the 2009 tax levy and the excess balance was refunded to BIA members in 2009.

**Corporation of the Town of Ajax**  
**Pickering Village Business Improvement Area**  
Financial Statements  
December 31, 2009

<b>Auditors' Report</b>	<b>47</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>48</b>
Statement of Operations	<b>49</b>
Summary of Significant Accounting Policies	<b>50</b>
Notes to Financial Statements	<b>51</b>

---

## Auditors' Report

---

### To the Members of Council, Inhabitants and Ratepayers of Corporation of the Town of Ajax

We have audited the statement of financial position of the Pickering Village Business Improvement Area of the Corporation of the Town of Ajax as at December 31, 2009 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Pickering Village Business Improvement Area of the Corporation of the Town of Ajax derives revenue from fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, change in fund balances and financial assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary if we had been able to satisfy ourselves concerning the completeness of the fundraising revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Pickering Village Business Improvement Area of the Corporation of the Town of Ajax as at December 31, 2009 and the results of its financial activities for the year then ended in accordance with the Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
March 4, 2010

**Corporation of the Town of Ajax  
Pickering Village Business Improvement Area  
Statement of Financial Position**

<b>December 31</b>	<b>2009</b>	<b>2008</b>
<b>Financial assets</b>		
Cash	\$ 814	\$ 5,235
GST rebate receivable	736	624
	<u>1,550</u>	<u>5,859</u>
<b>Liabilities</b>		
Accounts payable	707	1,953
Due to Town of Ajax	3,020	5,759
	<u>3,727</u>	<u>7,712</u>
<b>Accumulated deficit</b>	<b>\$ (2,177)</b>	<b>\$ (1,853)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Corporation of the Town of Ajax  
Pickering Village Business Improvement Area  
Statement of Operations**

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2009</u>	<u>2008</u>
<b>Revenues</b>			
Municipal tax levy	\$ 51,853	\$ 51,853	\$ 44,656
<b>Expenses</b>			
Administration and office	3,650	2,637	1,097
Landscape maintenance and improvements	6,600	-	10,474
Festivals and events (Note 2)	39,750	49,540	40,282
<b>Total expenses</b>	<b>50,000</b>	<b>52,177</b>	<b>51,853</b>
<b>Annual deficit</b>	<b>1,853</b>	<b>(324)</b>	<b>(7,197)</b>
<b>Accumulated surplus (deficit), beginning of year</b>	<b>(1,853)</b>	<b>(1,853)</b>	<b>5,344</b>
<b>Accumulated deficit, end of year</b>	<b>\$ -</b>	<b>\$ (2,177)</b>	<b>\$ (1,853)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

## Corporation of the Town of Ajax Pickering Village Business Improvement Area Summary of Significant Accounting Policies

December 31, 2009

<b>Nature of Business</b>	The Board is accountable to the Council of the Town of Ajax, with the goal of promoting the Pickering Village business area.
<b>Management Responsibility</b>	<p>The financial statements of the Pickering Village Business Improvement Area of the Corporation of the Town of Ajax are the representation of management prepared in accordance with accounting principles prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Precise determination of many assets and liabilities are dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.</p> <p>The focus of these financial statements is on the financial position of the business improvement area and the changes thereto. The statement of financial position includes all the assets and liabilities of the business improvement area. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus (deficit) represents the financial position and is the difference between assets and liabilities. This provides information about the business improvement area's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
<b>Accrual Basis of Accounting</b>	Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
<b>Revenue Recognition</b>	<p>The BIA receives revenue from a variety of sources and applies the following recognition policies:</p> <ol style="list-style-type: none"><li>a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Town.</li><li>b) Revenue from donations and events is recognized when the cash is collected.</li></ol>
<b>Tangible Capital Assets</b>	The historical cost and accumulated amortization of tangible capital assets are recorded in accordance with Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook.

---

**Corporation of the Town of Ajax  
Pickering Village Business Improvement Area  
Notes to Financial Statements**

**December 31, 2009**

---

**1. Change in Accounting Policy**

On January 1, 2009, The Pickering Village Business Improvement Area adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventories of supplies as assets in the financial statements. This change in accounting policy has been applied retroactively and has had no impact on the prior period balances.

---

**2. Festivals and Events Expense Amounts**

Certain activities undertaken by the Pickering Village Business Improvement Area for fundraising and promotion have been reported at their net cost. Gross amounts are as follows:

	<u>2009</u>	<u>2008</u>
<b>Festivals and Events</b>		
Expenditures	\$ 59,940	\$ 53,539
Less recoveries	10,400	13,257
	<u>\$ 49,540</u>	<u>\$ 40,282</u>

---

**3. Statement of Cash Flows and Changes in Net Debt**

A Statement of Cash Flows and Changes in Net Debt are not presented since the information is readily apparent from other financial statements.

---

**Corporation of the Town of Ajax  
Pickering Village Business Improvement Area  
Notes to Financial Statements**

**December 31, 2009**

---

**4. Tangible Capital Assets**

For the year ending December 31, 2009 the municipality and local boards are required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible property, plant and equipment in the financial statements.

The Pickering Village Business Improvement Area has no tangible capital assets to disclose.