

**Corporation of the Town of Ajax  
Consolidated  
Financial Statements  
For the year ended December 31, 2008**

**Corporation of the Town of Ajax  
Consolidated Financial Statements  
For the year ended December 31, 2008**

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**Consolidated Financial Statements**

**Corporation of the Town of Ajax**

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**Ajax Downtown Business Improvement Area**

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**Pickering Village Business Improvement Area**

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**Auditors' Report**

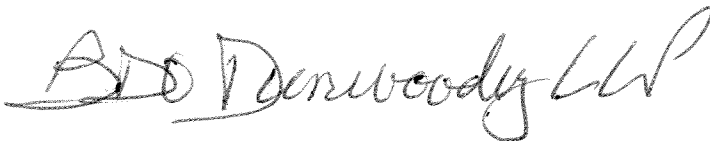
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**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Town of Ajax**

We have audited the consolidated statement of financial position of the Corporation of the Town of Ajax as at December 31, 2008 and the consolidated statements of financial activities 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, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with the Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
April 30, 2009

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

**December 31** 2008 2007

**Assets**

**Financial assets**

|   |               |              |
|---|---------------|--------------|
| Cash (Note 1)   | \$ 10,588,220 | \$ 9,346,683 |
| Temporary Investments (Note 1)                        | 62,723,570    | 51,417,509   |
| Taxes receivable                                      | 8,773,297     | 6,099,800    |
| Trade receivables                                     | 3,783,167     | 2,695,903    |
| Investment in government business enterprise (Note 3) | 49,858,626    | 48,408,111   |

**Other non-financial assets**

|  |             |             |
|--|-------------|-------------|
|  | 135,726,880 | 117,968,006 |
|  | 169,617     | 161,979     |

**\$135,896,497** **\$118,129,985**

**Liabilities and Municipal Position**

**Liabilities**

|   |            |              |
|---|------------|--------------|
| Temporary borrowings (Note 4)                   | \$ -       | \$ 4,708,014 |
| Accounts payable and other liabilities (Note 5) | 15,394,224 | 12,023,055   |
| Deferred revenue (Note 6)                       | 29,115,381 | 29,720,985   |
| Interest on municipal debt                      | 291,167    | 290,974      |
| Municipal debt (Note 8)                         | 18,524,930 | 13,623,527   |
| Employee benefits payable (Note 9)              | 3,931,764  | 3,488,018    |
| Landfill post-closure liability (Note 10)       | 464,628    | 466,345      |

**67,722,094** **64,320,918**

**Contingencies and commitments (Note 14)**

**Municipal position**

|   |            |             |
|---|------------|-------------|
| Current fund (Note 12 & Page 6)                   | 358,279    | 291,054     |
| Capital fund (Note 12 & Page 7)                   | 8,248,370  | (3,558,808) |
| Reserves and reserve funds (Page 8)               | 32,263,440 | 26,016,292  |
| Equity in government business enterprise (Note 3) | 49,858,626 | 48,408,111  |

|                                   |              |              |
|-----------------------------------|--------------|--------------|
| Fund balances                     | 90,728,715   | 71,156,649   |
| Amounts to be recovered (Note 11) | (22,554,312) | (17,347,582) |

**68,174,403** **53,809,067**

**\$135,896,497** **\$118,129,985**

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 Financial Activities

| For the year ended December 31                        | Budget                | 2008                 | 2007                |
|---|-----------------------|----------------------|---------------------|
| <b>Revenues</b>                                       |                       |                      |                     |
| Net taxation (Note 7)                                 | \$ 39,627,800         | \$ 41,469,323        | \$ 37,925,686       |
| Taxation from other governments                       | 608,900               | 609,292              | 603,607             |
| User charges  | 10,502,900            | 10,908,237           | 10,723,027          |
| Government grants                                     | 199,800               | 6,015,061            | 257,277             |
| Gaming & casino revenues                              | 4,775,000             | 5,189,238            | 4,894,174           |
| Cost sharing agreements                               | 2,650,000             | 2,980,640            | 635,582             |
| Restricted funds earned (Note 6)                      | 11,017,800            | 9,100,952            | 16,194,969          |
| Investment income                                     | 2,756,900             | 3,216,658            | 3,495,683           |
| Penalties and interest on taxes                       | 1,100,000             | 1,300,768            | 1,150,025           |
| Sale of land  | -                     | 1,000                | -                   |
| Other   | 477,000               | 525,470              | 1,194,337           |
|   | <u>73,716,100</u>     | <u>81,316,639</u>    | <u>77,074,367</u>   |
| <b>Expenditures</b>                                   |                       |                      |                     |
| General government                                    | 10,529,900            | 10,225,964           | 10,869,078          |
| Protection to persons and property                    | 14,933,100            | 17,972,209           | 21,316,010          |
| Transportation services                               | 19,780,900            | 16,528,885           | 14,241,719          |
| Environmental services                                | 466,200               | 295,611              | 847,821             |
| Health services                                       | 62,500                | 62,500               | 62,500              |
| Social and family services                            | 149,300               | 192,119              | 251,591             |
| Recreation and culture services                       | 24,401,800            | 21,251,020           | 19,818,687          |
| Planning and development                              | 2,908,700             | 3,229,348            | 2,958,955           |
|   | <u>73,232,400</u>     | <u>69,757,656</u>    | <u>70,366,361</u>   |
|   | 483,700               | 11,558,983           | 6,708,006           |
| <b>Government business enterprise (Note 3)</b>        |                       |                      |                     |
| Share of net income                                   | -                     | 2,798,716            | 2,861,300           |
|   | <u>483,700</u>        | <u>14,357,699</u>    | <u>9,569,306</u>    |
| <b>Net revenues (expenditures)</b>                    |                       |                      |                     |
|   | <u>483,700</u>        | <u>14,357,699</u>    | <u>9,569,306</u>    |
| <b>Financing and transfers</b>                        |                       |                      |                     |
| Proceeds of long-term debt                            | -                     | 5,806,687            | -                   |
| Debt principal repayments                             | (1,633,500)           | (990,284)            | (1,422,478)         |
| Employee benefits                                     | -                     | 408,766              | 347,974             |
| Landfill post-closure costs                           | -                     | (1,717)              | 10,871              |
| Prepaid expenses                                      | -                     | (16,722)             | -                   |
|   | <u>(1,633,500)</u>    | <u>5,206,730</u>     | <u>(1,063,633)</u>  |
| <b>Increase (decrease) in amounts to be recovered</b> |                       |                      |                     |
|   | <u>(1,633,500)</u>    | <u>5,206,730</u>     | <u>(1,063,633)</u>  |
| <b>Increase in non-financial assets</b>               |                       |                      |                     |
|   | <u>-</u>              | <u>7,638</u>         | <u>15,028</u>       |
| <b>Change in fund balances</b>                        | <u>\$ (1,149,800)</u> | <u>\$ 19,572,067</u> | <u>\$ 8,520,701</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

| <b>For the year ended December 31</b>                       | <b>2008</b>          | <b>2007</b>          |
|---|----------------------|----------------------|
| <b>Cash flows from operating activities</b>                 |                      |                      |
| Net revenues (expenditures) (Page 4)                        | \$ 14,357,699        | \$ 9,569,306         |
| Items not involving cash                                    |                      |                      |
| Income from investment in<br>government business enterprise | (2,798,716)          | (2,861,300)          |
| Increase in non-financial assets                            | 7,638                | 15,028               |
|   | <b>11,566,621</b>    | <b>6,723,034</b>     |
| <b>Uses</b>   |                      |                      |
| Increase in trade receivables                               | (1,087,264)          | -                    |
| Increase in taxes receivable                                | (2,673,497)          | (773,911)            |
| Increase in other assets                                    | (7,638)              | (15,028)             |
| Decrease in accounts payable and accrued liabilities        | -                    | (123,077)            |
| Decrease in deferred revenue                                | (605,604)            | (2,911,783)          |
|   | <b>3,371,169</b>     | <b>-</b>             |
|   | <b>10,563,787</b>    | <b>2,936,191</b>     |
| <b>Cash flows from investing activities</b>                 |                      |                      |
| Decrease in mortgages and long-term receivables             | -                    | 179,366              |
| Dividend from government business enterprise                | 1,348,200            | 1,284,000            |
|   | <b>1,348,200</b>     | <b>1,463,366</b>     |
| <b>Cash flows from financing activities</b>                 |                      |                      |
| Municipal debt issued                                       | 5,806,687            | -                    |
| Municipal debt repaid                                       | (905,284)            | (1,337,478)          |
| Increase (decrease) in accrued interest                     | 193                  | (133,053)            |
| Increase in employee benefits payable                       | 443,746              | 346,943              |
| Increase (decrease) in landfill post-closure liability      | (1,717)              | 10,871               |
| Increase (decrease) in temporary borrowings                 | (4,708,014)          | (5,389,932)          |
|   | <b>635,611</b>       | <b>(6,502,649)</b>   |
| <b>Net change in cash and cash equivalents</b>              | <b>12,547,598</b>    | <b>(2,103,092)</b>   |
| <b>Cash and cash equivalents, beginning of year</b>         | <b>60,764,192</b>    | <b>62,867,284</b>    |
| <b>Cash and cash equivalents, end of year (Note 1)</b>      | <b>\$ 73,311,790</b> | <b>\$ 60,764,192</b> |

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

## Corporation of the Town of Ajax Schedule of Current Fund Operations

| For the year ended December 31              | Budget              | 2008                | 2007                |
|---|---------------------|---------------------|---------------------|
| <b>Revenues</b>                             |                     |                     |                     |
| Net taxation (Note 7)                       | \$ 39,627,800       | \$ 41,469,323       | \$ 37,925,686       |
| Taxation from other governments             | 608,900             | 609,292             | 603,607             |
| User charges                                | 10,502,900          | 10,908,237          | 10,723,027          |
| Government grants                           | 199,800             | 200,190             | 203,920             |
| Gaming & casino revenues                    | 4,775,000           | 5,189,238           | 4,894,174           |
| Investment income                           | 2,756,900           | 3,169,592           | 3,423,037           |
| Penalties and interest on taxes             | 1,100,000           | 1,300,768           | 1,150,025           |
| Other                                       | 477,000             | 525,470             | 1,194,337           |
| Restricted funds earned                     | 97,900              | 399,677             | 511,743             |
|   | <u>60,146,200</u>   | <u>63,771,787</u>   | <u>60,629,556</u>   |
| <b>Expenditures</b>                         |                     |                     |                     |
| General government                          | 9,162,500           | 9,251,738           | 8,018,506           |
| Protection to persons and property          | 14,413,800          | 14,342,739          | 13,230,330          |
| Transportation services                     | 4,774,100           | 4,844,859           | 4,181,114           |
| Environmental services                      | 276,200             | 245,865             | 279,176             |
| Health services                             | 62,500              | 62,500              | 62,500              |
| Social and family services                  | 149,300             | 192,119             | 251,591             |
| Recreation and culture                      | 17,458,900          | 17,157,338          | 16,402,060          |
| Planning and development                    | 2,744,500           | 2,728,410           | 2,625,405           |
|   | <u>49,041,800</u>   | <u>48,825,568</u>   | <u>45,050,682</u>   |
| <b>Net revenues</b>                         | <u>11,104,400</u>   | <u>14,946,219</u>   | <u>15,578,874</u>   |
| <b>Financing and transfers</b>              |                     |                     |                     |
| From government business enterprise         | -                   | 1,348,200           | 1,284,000           |
| Debt principal repayments                   | (1,633,500)         | (990,284)           | (1,422,478)         |
| Employee benefits                           | -                   | 408,766             | 347,974             |
| Landfill post-closure costs                 | -                   | (1,717)             | 10,871              |
| Prepaid expenses                            | -                   | (16,722)            | -                   |
| To reserves and reserve funds (Page 8)      | (6,954,000)         | (12,643,175)        | (10,405,110)        |
| To capital operations (Page 7)              | (2,684,800)         | (2,991,700)         | (4,882,998)         |
| Increase (decrease) in non-financial assets | -                   | 7,638               | 15,028              |
|   | <u>(11,272,300)</u> | <u>(14,878,994)</u> | <u>(15,052,713)</u> |
| <b>Change in current fund</b>               | (167,900)           | 67,225              | 526,161             |
| <b>Current fund, beginning of year</b>      | <u>167,900</u>      | <u>291,054</u>      | <u>(235,107)</u>    |
| <b>Current fund, end of year (Note 12)</b>  | <u>\$ -</u>         | <u>\$ 358,279</u>   | <u>\$ 291,054</u>   |

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

## Corporation of the Town of Ajax Schedule of Capital Fund Operations

| <b>For the year ended December 31</b>              | Budget              | 2008               | 2007               |
|--|---------------------|--------------------|--------------------|
| <b>Revenues</b>                                    |                     |                    |                    |
| Government grants                                  | \$ -                | \$ 5,814,871       | \$ 53,357          |
| Cost sharing/recoveries external                   | 2,650,000           | 2,980,640          | 635,582            |
| Sale of land                                       | -                   | 1,000              | -                  |
| Restricted funds earned                            | 10,919,900          | 8,701,275          | 15,683,226         |
|  | <u>13,569,900</u>   | <u>17,497,786</u>  | <u>16,372,165</u>  |
| <b>Expenditures</b>                                |                     |                    |                    |
| General government                                 | 1,367,400           | 974,226            | 2,850,572          |
| Protection to persons and property                 | 519,300             | 3,629,470          | 8,085,680          |
| Transportation services                            | 15,006,800          | 11,684,026         | 10,060,605         |
| Environmental services                             | 190,000             | 49,746             | 568,645            |
| Recreation and culture                             | 6,942,900           | 4,093,682          | 3,416,627          |
| Planning and development                           | 164,200             | 500,938            | 333,550            |
|  | <u>24,190,600</u>   | <u>20,932,088</u>  | <u>25,315,679</u>  |
| <b>Net expenditures</b>                            | <u>(10,620,700)</u> | <u>(3,434,302)</u> | <u>(8,943,514)</u> |
| <b>Financing and transfers</b>                     |                     |                    |                    |
| Proceeds of long-term debt                         | -                   | 5,806,687          | -                  |
| From current fund (Page 6)                         | 2,684,800           | 2,991,700          | 4,882,998          |
| From reserves and reserve funds (Page 8)           | 7,935,900           | 6,443,093          | 7,112,809          |
|  | <u>10,620,700</u>   | <u>15,241,480</u>  | <u>11,995,807</u>  |
| <b>Change in capital fund balance</b>              | -                   | 11,807,178         | 3,052,293          |
| <b>Capital fund balance, beginning of year</b>     | -                   | (3,558,808)        | (6,611,101)        |
| <b>Capital fund balance, end of year (Note 12)</b> | \$ -                | \$ 8,248,370       | \$ (3,558,808)     |

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



**Corporation of the Town of Ajax  
Schedule of Reserves and Reserve Funds**

| <b>For the year ended December 31</b>                | Budget        | 2008          | 2007          |
|--|---------------|---------------|---------------|
| <b>Revenues</b>                                      |               |               |               |
| Investment income                                    | \$ -          | \$ 47,066     | \$ 72,646     |
| <b>Financing and transfers</b>                       |               |               |               |
| From current fund (Page 6)                           | 6,954,000     | 12,643,175    | 10,405,110    |
| To capital fund (Page 7)                             | (7,935,900)   | (6,443,093)   | (7,112,809)   |
|  | (981,900)     | 6,200,082     | 3,292,301     |
| <b>Change in reserves and reserve fund balance</b>   | (981,900)     | 6,247,148     | 3,364,947     |
| <b>Reserves and reserve funds, beginning of year</b> | 26,016,292    | 26,016,292    | 22,651,345    |
| <b>Reserves and reserve funds, end of year</b>       | \$ 25,034,392 | \$ 32,263,440 | \$ 26,016,292 |

**Analyzed as follows:**

**Reserves set aside for specific purposes by Council:**

|                        |            |            |
|------------------------|------------|------------|
| Insurance              | \$ 233,956 | \$ 233,956 |
| Tax rate stabilization | 2,600,000  | 2,600,000  |
| Capital operations     | 28,105,787 | 21,944,626 |
| Election               | 100,047    | 92,803     |
|                        | 31,039,790 | 24,871,385 |

**Reserve funds set aside for specific purposes by Council:**

|                          |           |           |
|--------------------------|-----------|-----------|
| Replacement of equipment | 1,223,650 | 1,144,907 |
|--------------------------|-----------|-----------|

|   |                      |                      |
|---|----------------------|----------------------|
| <b>Total reserves and reserve funds</b> | <b>\$ 32,263,440</b> | <b>\$ 26,016,292</b> |
|---|----------------------|----------------------|

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

**December 31, 2008**

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### **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. 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.

### **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. 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 municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

### **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 expenditures 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. 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.

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

December 31, 2008

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### Revenue Recognition

Revenue and expenditures are reported on the accrual basis of accounting. Expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due. 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.

### Basis of Consolidation

These consolidated financial statements reflect the assets and liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserves and reserve funds and include the activities 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 and liabilities and revenues and expenditures have been eliminated.

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

### Investment in Government Business Enterprise

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

### Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the consolidated statement of financial activities in the year of acquisition.

### Amounts to be Recovered

Amounts to be recovered represents the outstanding principal portion of unmatured long-term liabilities for municipal expenditures, employee benefits payable, landfill post-closure costs, and prepaid expenses, the balance of which must be funded from future revenue sources.

### Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

### Deferred Revenue

Deferred revenues represent user fees and charges,

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

December 31, 2008

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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 expenditures are incurred or services are performed.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank balances and investments in Banker's Acceptances and bearer deposit notes with maturities of three months or less. Restricted amounts are disclosed in Note 2.

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

**December 31, 2008**

| 1. Cash and Temporary Investments | 2008                 | 2007          |
|-----------------------------------|----------------------|---------------|
| <b>Unrestricted</b>               |                      |               |
| Cash                              | \$ 1,034,379         | \$ 3,448,866  |
| Temporary investments             | <b>40,086,152</b>    | 24,901,056    |
|                                   | <b>41,120,531</b>    | 28,349,922    |
| <b>Restricted</b>                 |                      |               |
| Cash                              | <b>9,553,841</b>     | 5,897,817     |
| Temporary investments             | <b>22,637,418</b>    | 26,516,453    |
|                                   | <b>32,191,259</b>    | 32,414,270    |
|                                   | <b>\$ 73,311,790</b> | \$ 60,764,192 |

Temporary investments are composed of Banker's Acceptances, GICs and bearer deposit notes with rates ranging from 1.50% to 3.62% per annum and maturity dates between January 5, 2009 and December 11, 2009. They are recorded at cost which is not significantly different from market value.

| 2. Restricted Assets                          | 2008                 | 2007          |
|---|----------------------|---------------|
| Cash (Note 1)                                 | \$ 9,553,841         | \$ 5,897,817  |
| Temporary investments (Note 1)                | <b>22,637,418</b>    | 26,516,453    |
| Interest receivable                           | <b>102,501</b>       | 340,015       |
| Due from(to) own municipality                 | <b>(3,369,087)</b>   | (3,242,267)   |
|   | <b>\$ 28,924,673</b> | \$ 29,512,018 |
| Consists of:                                  |                      |               |
| Obligatory funds in deferred revenue (Note 6) | <b>\$ 27,701,023</b> | \$ 28,367,111 |
| Reserve funds (Page 8)                        | <b>1,223,650</b>     | 1,144,907     |
|   | <b>\$ 28,924,673</b> | \$ 29,512,018 |

### 3. 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.

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

December 31, 2008

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

#### a. Shares of Government Business Enterprise

As at December 31, 2008 The Town of Ajax held 3,210 or 32.1% (2007 - 3,210 or 32.1%) of the common shares of Veridian Corporation. The December 31, 2008 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, 2008 and operations for the year then ended along with the municipality's share.

|                              | <u>100%</u><br><u>Veridian Corp</u> | <u>32.1%</u><br><u>Town Share</u> |
|------------------------------|-------------------------------------|-----------------------------------|
| <b>Financial position</b>    |                                     |                                   |
| Assets                       | \$226,985,485                       |                                   |
| Liabilities                  | <u>(132,753,000)</u>                |                                   |
| Shareholder's equity         | <u>\$ 94,232,485</u>                | <u>\$ 30,248,626</u>              |
| <b>Results of operations</b> |                                     |                                   |
| Revenues                     | \$237,970,747                       |                                   |
| Operating expenses           | <u>(229,252,005)</u>                |                                   |
| Income for the year          | <u>\$ 8,718,742</u>                 | <u>\$ 2,798,716</u>               |

#### b. Promissory Notes Receivable

Promissory notes receivable from Veridian Corporation as at December 31, 2008 amounted to \$19,610,000 (2007 - \$19,610,000), are due November 1, 2009, bear 7.6% interest per annum, and are 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, 2009. The Town has signed an inter-creditor agreement confirming the subordinated ranking of these promissory notes to the senior debt financing issued by Veridian.

#### c. Equity in Government Business Enterprise

|   | <u>2008</u>          | <u>2007</u>          |
|---|----------------------|----------------------|
| <b>Veridian Corporation</b>                       |                      |                      |
| Share of equity                                   | <u>\$ 30,248,626</u> | \$ 28,798,111        |
| Convertible promissory notes receivable (from 3b) | <u>19,610,000</u>    | 19,610,000           |
|   | <u>\$ 49,858,626</u> | <u>\$ 48,408,111</u> |

Dividends of \$1,348,200 (2007 - \$1,284,000) were received from Veridian Corporation in the year.

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

**December 31, 2008**

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**4. Temporary Borrowings**

There was no temporary financing for capital projects as at December 31, 2008. The temporary borrowings identified in 2007 were either repaid in 2008 or set up as municipal debt as noted below.

|  | <b>2008</b> | <b>2007</b>  |
|--|-------------|--------------|
| Alexander's Crossing - advances from Ontario Lottery and Gaming Corporation to a maximum of \$3,980,000, interest at Royal Bank Prime, repayment 50% of each quarter's slot income. Full payment April 2008.   | \$ -        | \$ 516,156   |
| Achilles Road (Construction) - cash advances from developer, 0% interest, full payment December 31, 2008.  | -           | 2,510,000    |
| Williamson Structure - payable to developer a maximum of \$1,800,000, 0% interest, \$600,000 due December 31, 2011 with the balance due December 31, 2015. Construction and costing was completed in 2008 and \$1,797,687 has been recognized as debt in 2008. | -           | 1,681,858    |
|  | \$ -        | \$ 4,708,014 |

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**5. Accounts Payable and Other Liabilities**

As at December 31, 2008 accounts payable included amounts due to developers for security deposits, performance guarantees, and capital works totalling approximately \$4,930,000 (2007 - \$2,600,000). These amounts are held until the work they pertain to is essentially complete.

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

**December 31, 2008**

**6. Deferred Revenue**

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

|                                 | 2008          | 2007          |
|---------------------------------|---------------|---------------|
| <b>Obligatory reserve funds</b> |               |               |
| Development charges             | \$ 22,565,500 | \$ 24,490,449 |
| Gas tax                         | 1,535,474     | 769,396       |
| Recreational land               | 1,758,501     | 1,170,215     |
| Building approvals              | 1,841,548     | 1,937,051     |
|                                 | 27,701,023    | 28,367,111    |
| <b>Other</b>                    |               |               |
| Other unearned revenues         | 1,414,358     | 1,353,874     |
|                                 | \$ 29,115,381 | \$ 29,720,985 |

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

|                              | Development<br>Charges Act | Gas Tax      | Recreational<br>Land | Building<br>Approvals | Total         |
|------------------------------|----------------------------|--------------|----------------------|-----------------------|---------------|
| Opening balance              | \$ 24,490,449              | \$ 769,396   | \$ 1,170,215         | \$ 1,937,051          | \$ 28,367,111 |
| Restricted funds<br>received | 5,702,086                  | 1,198,233    | 547,642              | -                     | 7,447,961     |
| Interest earned              | 913,240                    | 33,019       | 40,644               | -                     | 986,903       |
| Revenue recognized           | (8,540,275)                | (465,174)    | -                    | (95,503)              | (9,100,952)   |
| Closing balance              | \$ 22,565,500              | \$ 1,535,474 | \$ 1,758,501         | \$ 1,841,548          | \$ 27,701,023 |

**7. Net Taxation**

|   | 2008           | 2007           |
|---|----------------|----------------|
| Taxation revenue                                    | \$ 161,480,966 | \$ 146,859,231 |
| Amount levied and remitted to School Boards         | (38,770,782)   | (36,536,394)   |
| Amounts levied and remitted to the Region of Durham | (81,240,861)   | (72,397,151)   |
|   | \$ 41,469,323  | \$ 37,925,686  |



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

**December 31, 2008**

### 8. Municipal Debt

|   | 2008                 | 2007          |
|---|----------------------|---------------|
| The municipality has assumed responsibility for the payment of principal and interest charges on certain debt issued by the Regional Municipality of Durham and internally. At the end of the year, the outstanding principal was | <b>\$ 16,807,743</b> | \$ 13,789,027 |
| 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     | <b>1,797,687</b>     | -             |
| <b>Amount to be recovered from future revenue</b> (Note 11)   | <b>18,605,430</b>    | 13,789,027    |
| Less amount owed to operating fund  | <b>(80,500)</b>      | (165,500)     |
| <b>Net Municipal Debt</b>   | <b>\$ 18,524,930</b> | \$ 13,623,527 |

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 2009 is \$2,098,874 including principal and interest, and the timing of principal repayments are as follows to be paid from general municipal revenues:

|              |                      |
|--------------|----------------------|
| 2009         | \$ 1,153,019         |
| 2010         | 3,775,725            |
| 2011         | 1,424,452            |
| 2012         | 863,255              |
| 2013         | 905,188              |
| 2014 to 2021 | 10,403,291           |
|              | <b>\$ 18,524,930</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 2008 and included in current expenditures is \$729,962 (2007 - \$786,853).

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

**December 31, 2008**

**9. Employee Benefits Payable**

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

|  | 2008                | 2007                |
|--|---------------------|---------------------|
| Vacation payable   | \$ 885,436          | \$ 843,903          |
| Post employment benefits   | 2,868,666           | 2,495,353           |
| Council severance  | 177,662             | 148,762             |
| <b>Total estimated liability</b>   | <b>3,931,764</b>    | <b>3,488,018</b>    |
| Less amount already funded from operations to mitigate<br>the future impact of these obligations | (459,692)           | (424,712)           |
| <b>Amount to be recovered from future revenue (Note 11)</b>                                      | <b>\$ 3,472,072</b> | <b>\$ 3,063,306</b> |

**a. Vacation Payable**

Vacation pay owing at December 31, 2008 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. During 2008 these benefits were added for councillors as well. 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 \$88,788 (2007 - \$87,099).

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 \$3,171,887 shown for 2008 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 \$303,221 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2008 includes the following components:

|   | 2008                | 2007                |
|---|---------------------|---------------------|
| Actuarially determined accrued benefit obligation | \$ 3,171,887        | \$ 3,594,146        |
| Unamortized actuarial losses                      | (303,221)           | (1,098,793)         |
| Post-employment benefit liability                 | <b>\$ 2,868,666</b> | <b>\$ 2,495,353</b> |

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

December 31, 2008

### 9. 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  | 7.00%       |
| Medical cost increases   | 10.00%      |
| - first year   |             |
| - 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. During 2008, post-retirement health benefits were added for Councillors and the obligation related to this change is included in the calculations. Composition of the amount is as follows:

|   | 2008       | 2007       |
|---|------------|------------|
| Current year benefit cost                         | \$ 163,539 | \$ 160,190 |
| Past service cost for plan changes in the year    | 24,528     | 101,330    |
| Amortization of actuarial losses                  | 88,613     | 21,471     |
| Interest on post-employment benefit liability     | 190,521    | 134,858    |
| Total expense related to post-employment benefits | \$ 467,201 | \$ 417,849 |

### 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 380,000 active and retired members and approximately 910 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, 2008. The results of this valuation disclosed total actuarial liabilities of \$50,080 million in respect of benefits accrued for service with actuarial assets at that date of \$49,801 million indicating an actuarial deficit of \$279 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 2008 was \$1,787,345 (2007 - \$1,665,680)

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

**December 31, 2008**

### 9. 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, 2008 totalling \$177,662 (2007 - \$148,762) has been fully funded from operations and included in employee benefits payable in these financial statements.

### 10. 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 Amounts to be Recovered (Note 11).

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, 2008 is \$464,628 (2007 - \$466,345). Composition of the liability is as follows:

|                                  | <u>2008</u>    | <u>2007</u>    |
|----------------------------------|----------------|----------------|
| Liability, beginning of the year | \$ 466,345     | \$ 455,474     |
| Expenditures                     | (26,634)       | (13,800)       |
| Interest                         | 24,917         | 24,671         |
|                                  | <u>464,628</u> | <u>466,345</u> |
| Liability, end of the year       | \$ 464,628     | \$ 466,345     |

### 11. Amounts to be Recovered

|                                    | <u>2008</u>       | <u>2007</u>       |
|------------------------------------|-------------------|-------------------|
| Municipal debt (Note 8)            | \$ 18,605,430     | \$ 13,789,027     |
| Employee benefits payable (Note 9) | 3,472,072         | 3,063,306         |
| Prepaid expenses                   | 12,182            | 28,904            |
| Landfill post-closure (Note 10)    | 464,628           | 466,345           |
|                                    | <u>22,554,312</u> | <u>17,347,582</u> |

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

**December 31, 2008**

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### 12. Fund Balances

|  | 2008         | 2007           |
|--|--------------|----------------|
| <b>Current fund</b>  |              |                |
| To offset (be recovered from) taxation or user charges                 | \$ 219,229   | \$ 158,155     |
| For benefiting landowners related to special charges and special areas | 139,050      | 132,899        |
|  | \$ 358,279   | \$ 291,054     |
| <b>Capital fund</b>  |              |                |
| Acquisition of fixed assets to be recovered through:                   |              |                |
| - development charges or cost sharing agreements                       | \$ (55,906)  | \$ (2,165,678) |
| - reserves and reserve funds   | (1,333,487)  | (1,140,470)    |
| - external debt  | -            | (3,203,371)    |
| Funds available for the acquisition of fixed assets                    | 9,637,763    | 2,950,711      |
|  | \$ 8,248,370 | \$ (3,558,808) |

The timing and amount of revenue to finance costs to be recovered through future development charges or cost sharing agreements is dependent on future event triggers such as final project completion.

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### 13. Budget Figures

The budget approved by Council on February 25, 2008 to establish the tax rates for the year was not prepared on the same basis as these financial statements, and has been restated to conform to the requirements under PSAB accounting.

Budgets for capital, reserves and reserve funds are prepared on a project-oriented basis, the costs of which may be carried out over one or more years. As such they may not be directly comparable with current year actual amounts.

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### 14. 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 station, and various road works. As at December 31, 2008 the Town had awarded contracts in the amount of \$46,532,900 but only \$39,431,900 of those awarded amounts had been spent. The remaining contractual commitments of \$7,101,000 will be recognized 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.

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

December 31, 2008

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

#### 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.

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

As at December 31, 2008 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 transaction 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.

As at December 31, 2008, Veridian Corporation had committed to operating leases totaling \$2,140,000. The Town's proportionate share as 32.1% shareholder of Veridian Corporation is \$687,000 (\$663,000 due in the first five years and the remainder due after 2013).

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. 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 \$233,956 (2007 - \$233,956) and fully recognized the deductible amounts of \$232,600 for all outstanding claims.

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

**December 31, 2008**

**15. Tangible Capital Assets**

For the year ending December 31, 2009 the municipality will be 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. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category.

As at December 31, 2008 information is available for the following major categories:

|   | <b>General Assets</b> |                      |   |                               |
|---|-----------------------|----------------------|---|-------------------------------|
|   | <b>Land</b>           | <b>Buildings</b>     | <b>Vehicles &amp;<br/>Rolling<br/>Equipment</b> | <b>Library<br/>Collection</b> |
| Cost, beginning of year                     | \$ 82,546,200         | \$ 52,614,355        | \$ 10,082,368                                   | \$ 2,583,765                  |
| Additions                                   | 5,462,926             | 10,881,187           | 477,841   | 409,879                       |
| Disposals                                   | (453,317)             | -                    | (279,364)                                       | (366,923)                     |
| Cost, end of year                           | <b>\$ 87,555,809</b>  | <b>\$ 63,495,542</b> | <b>\$ 10,280,845</b>                            | <b>\$ 2,626,721</b>           |
| Accumulated Amortization, beginning of year | \$ -                  | \$ 12,496,669        | \$ 3,843,838                                    | \$ 1,272,447                  |
| Amortization                                | -                     | 1,344,015            | 750,994   | 372,178                       |
| Disposals                                   | -                     | -                    | (279,364)                                       | (366,923)                     |
| Accumulated Amortization, end of year       | <b>\$ -</b>           | <b>\$ 13,840,684</b> | <b>\$ 4,315,468</b>                             | <b>\$ 1,277,702</b>           |
| Net book value, beginning of year           | <b>\$ 82,546,200</b>  | <b>\$ 40,117,686</b> | <b>\$ 6,238,530</b>                             | <b>\$ 1,311,318</b>           |
| Net book value, end of year                 | <b>\$ 87,555,809</b>  | <b>\$ 49,654,858</b> | <b>\$ 5,965,377</b>                             | <b>\$ 1,349,019</b>           |

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

**December 31, 2008**

**17. Tangible Capital Assets (continued)**

|   | <b>Infrastructure Assets</b> |                   |   |                                  |
|---|------------------------------|-------------------|---|----------------------------------|
|   | <b>Land</b>                  | <b>Buildings</b>  | <b>Vehicles &amp;<br/>Rolling<br/>Equipment</b> | <b>Linear - Sotrm<br/>Sewers</b> |
| Cost, beginning of year                     | \$ 113,866,538               | \$ 237,003        | \$ 3,454,906                                    | \$ 44,517,291                    |
| Additions                                   | 6,872,288                    | -                 | 396,194   | 4,619,378                        |
| Disposals                                   | (61)                         | -                 | (192,394)                                       | (832,926)                        |
| Cost, end of year                           | <u>\$ 120,738,765</u>        | <u>\$ 237,003</u> | <u>\$ 3,658,706</u>                             | <u>\$ 48,303,743</u>             |
| Accumulated Amortization, beginning of year | \$ -                         | \$ 172,053        | \$ 1,801,908                                    | \$ 16,336,893                    |
| Amortization                                | -                            | 4,479             | 263,868   | 1,283,611                        |
| Disposals                                   | -                            | -                 | (192,394)                                       | (832,926)                        |
| Accumulated Amortization, end of year       | <u>\$ -</u>                  | <u>\$ 176,532</u> | <u>\$ 1,873,382</u>                             | <u>\$ 16,787,578</u>             |
| Net book value, beginning of year           | <u>\$ 113,866,538</u>        | <u>\$ 64,950</u>  | <u>\$ 1,652,998</u>                             | <u>\$ 28,180,398</u>             |
| Net book value, end of year                 | <u>\$ 120,738,765</u>        | <u>\$ 60,471</u>  | <u>\$ 1,785,324</u>                             | <u>\$ 31,516,165</u>             |

In determining the above amounts, cost was determined by reference to historical records where available. When not available the following methods were used:

- Land – Discounted Fair Market Value
- Buildings – Discounted Current Replacement Cost
- Linear – Storm Sewers – Discounted Current Replacement Cost

Accumulated amortization of the tangible capital assets is determined on a straight line basis over their estimated useful lives as follows:

- Buildings – 25 to 50 years
- Library Collection – 7 years
- Vehicles & Equipment – 7 to 20 years
- Linear – Storm Sewers – 25 to 75 years



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

**December 31, 2008**

### 17. Tangible Capital Assets (continued)

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/maintenance of assets 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 within the Linear-Storm Sewer and Building Classes.

|   | <b>General Assets</b> |                  | <b>Infrastructure Assets</b> |                |
|---|-----------------------|------------------|------------------------------|----------------|
|   | <b>Buildings</b>      |                  | <b>Linear - Storm Sewers</b> |                |
| Cost, beginning of year                     | \$                    | 1,408,814        | \$                           | 616,130        |
| Additions                                   |                       | 241,750          |                              | -              |
| Disposals                                   |                       |                  |                              | -              |
| Cost, end of year                           | <b>\$</b>             | <b>1,650,564</b> | <b>\$</b>                    | <b>616,130</b> |
| Accumulated Amortization, beginning of year | \$                    | 224,441          | \$                           | 321,041        |
| Amortization                                |                       | 32,059           |                              | 24,645         |
| Disposals                                   |                       | -                |                              | -              |
| Accumulated Amortization, end of year       | <b>\$</b>             | <b>256,500</b>   | <b>\$</b>                    | <b>345,686</b> |
| Net book value, beginning of year           | <b>\$</b>             | <b>1,184,373</b> | <b>\$</b>                    | <b>295,089</b> |
| Net book value, end of year                 | <b>\$</b>             | <b>1,394,064</b> | <b>\$</b>                    | <b>270,444</b> |

Assets contributed to the Town in 2008 consisting of Linear - Storm Sewers and Land had a fair market value of \$14,506,010. They have been capitalized at their fair value.

The major categories for which such information is not available are: Linear – Roads, Furniture, Fixtures & Equipment, Computer Hardware & Software, Land Improvements and Work in Process.

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

**December 31, 2008**

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### **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 segment.

#### **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, 2008

### 18. 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 |   | 2008 Total |   |           |
|---------------------------------------|--------------------|---------------|------------------------------------|------------|-------------------------|---------------|------------------------|--------------|------------------------------------|---|---------------------------------|---|--------------------------|---|-------------|---|------------|---|-----------|
|                                       |                    |               |                                    |            |                         |               |                        |              |                                    |   |                                 |   |                          |   |             |   |            |   |           |
| <b>Revenue</b>                        |                    |               |                                    |            |                         |               |                        |              |                                    |   |                                 |   |                          |   |             |   |            |   |           |
| Taxation                              | \$ 6,168,418       | \$ 10,841,042 | \$ 9,970,412                       | \$ 178,316 | \$ 153,589              | \$ 12,818,858 | \$ 1,947,980           | \$ -         | \$ 42,078,615                      |   |                                 |   |                          |   |             |   |            |   |           |
| User charges                          | 309,128            | 2,051,717     | 214,515                            | 119,457    | 33,790                  | 6,789,442     | 1,390,188              | -            | 10,908,237                         |   |                                 |   |                          |   |             |   |            |   |           |
| Government grants                     | -                  | 12,000        | 4,120,952                          | -          | -                       | 1,882,109     | -                      | -            | -                                  | - | -                               | - | -                        | - | -           | - | -          | - | 6,015,061 |
| Gaming and casinos                    | 760,704            | 1,336,944     | 1,229,576                          | 21,990     | 18,941                  | 1,580,853     | 240,230                | -            | 5,189,238                          |   |                                 |   |                          |   |             |   |            |   |           |
| Investment income                     | 471,539            | 828,733       | 762,178                            | 13,631     | 11,741                  | 979,925       | 148,911                | -            | 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       | 190,683            | 335,127       | 308,213                            | 5,512      | 4,748                   | 396,267       | 60,218                 | -            | 1,300,768                          |   |                                 |   |                          |   |             |   |            |   |           |
| Cost sharing                          | 2,000              | 9,000         | 2,969,640                          | -          | -                       | -             | -                      | -            | 2,980,640                          |   |                                 |   |                          |   |             |   |            |   |           |
| Sale of land                          | 1,000              | -             | -                                  | -          | -                       | -             | -                      | -            | 1,000                              |   |                                 |   |                          |   |             |   |            |   |           |
| Other                                 | 77,030             | 135,381       | 124,509                            | 2,227      | 1,918                   | 160,080       | 24,325                 | -            | 525,470                            |   |                                 |   |                          |   |             |   |            |   |           |
|                                       | 8,024,281          | 16,036,134    | 26,502,253                         | 341,133    | 224,727                 | 26,249,839    | 3,938,272              | -            | 81,316,639                         |   |                                 |   |                          |   |             |   |            |   |           |
| <b>Expenses</b>                       |                    |               |                                    |            |                         |               |                        |              |                                    |   |                                 |   |                          |   |             |   |            |   |           |
| Salaries, wages and benefits          | 6,056,813          | 12,393,280    | 2,523,824                          | 105,079    | 60,624                  | 11,000,664    | 2,593,406              | -            | 34,733,690                         |   |                                 |   |                          |   |             |   |            |   |           |
| Materials, supplies and services      | 1,447,405          | 812,013       | 1,438,963                          | 34,050     | 14,521                  | 3,694,146     | 197,762                | -            | 7,638,860                          |   |                                 |   |                          |   |             |   |            |   |           |
| 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          | 403,521            | 26,942        | 265,884                            | -          | 10,868                  | 151,613       | 661                    | -            | 859,489                            |   |                                 |   |                          |   |             |   |            |   |           |
| Capital expenditures                  | 974,226            | 3,629,470     | 11,684,026                         | 49,746     | -                       | 4,093,682     | 500,938                | -            | 20,932,088                         |   |                                 |   |                          |   |             |   |            |   |           |
| Other                                 | 73,644             | 703,439       | (115,878)                          | 2,883      | 166,536                 | 1,008,526     | (324,063)              | -            | 1,515,087                          |   |                                 |   |                          |   |             |   |            |   |           |
|                                       | 10,225,964         | 17,972,209    | 16,528,885                         | 295,611    | 254,619                 | 21,251,020    | 3,229,348              | -            | 69,757,656                         |   |                                 |   |                          |   |             |   |            |   |           |
| <b>Government business enterprise</b> |                    |               |                                    |            |                         |               |                        |              |                                    |   |                                 |   |                          |   |             |   |            |   |           |
| Net equity                            | (2,201,683)        | (1,936,075)   | 9,973,368                          | 45,522     | (29,892)                | 4,998,819     | 708,924                | -            | 2,798,716                          |   |                                 |   |                          |   |             |   |            |   |           |
| Financing/transfers                   | (350,923)          | 4,167,726     | 1,829,170                          | (1,717)    | -                       | (478,191)     | 40,665                 | -            | 14,357,699                         |   |                                 |   |                          |   |             |   |            |   |           |
| Increase in non financial assets      | -                  | -             | 5,700                              | 1,938      | -                       | -             | -                      | -            | 5,206,730                          |   |                                 |   |                          |   |             |   |            |   |           |
| Change in fund balances               | \$ (2,552,606)     | \$ 2,231,651  | \$ 11,808,238                      | \$ 45,743  | \$ (29,892)             | \$ 4,520,628  | \$ 749,589             | \$ 2,798,716 | \$ 19,572,067                      |   |                                 |   |                          |   |             |   |            |   |           |

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

December 31, 2008

### 18. Segmented Information (continued)

| Revenue                          | General Government |               | Protection to Persons and Property |              | Transportation Services |               | Environmental services |              | Health, Social and Family Services |               | Recreation and Culture Services |   | Planning and Development |   | Unallocated |   | 2007 Total |   |
|----------------------------------|--------------------|---------------|------------------------------------|--------------|-------------------------|---------------|------------------------|--------------|------------------------------------|---------------|---------------------------------|---|--------------------------|---|-------------|---|------------|---|
|                                  |                    |               |                                    |              |                         |               |                        |              |                                    |               |                                 |   |                          |   |             |   |            |   |
| Taxation                         | \$ 5,951,394       | \$ 11,671,639 | \$ 7,798,092                       | \$ 464,227   | \$ 171,981              | \$ 10,851,776 | \$ 1,620,184           | \$ -         | \$ -                               | \$ 38,529,293 |                                 |   |                          |   |             |   |            |   |
| User charges Government          | 297,456            | 2,375,338     | 234,667                            | 73,721       | 24,766                  | 6,451,389     | 1,255,690              | -            | -                                  | 10,723,027    |                                 |   |                          |   |             |   |            |   |
| grants                           | -                  | 17,357        | -                                  | -            | -                       | 239,920       | -                      | -            | -                                  | -             | -                               | - | -                        | - | -           | - | 257,277    |   |
| Gaming and casinos               | 755,975            | 1,482,567     | 990,551                            | 58,968       | 21,846                  | 1,378,444     | 205,803                | -            | -                                  | 4,894,174     |                                 |   |                          |   |             |   |            |   |
| Investment income                | 539,957            | 1,058,944     | 707,505                            | 42,118       | 15,604                  | 984,559       | 146,996                | -            | -                                  | 3,495,683     |                                 |   |                          |   |             |   |            |   |
| Restricted funds earned          | 44,688             | 4,951,791     | 8,409,465                          | -            | -                       | 2,732,590     | 56,435                 | -            | -                                  | 16,194,969    |                                 |   |                          |   |             |   |            |   |
| Penalties and interest on taxes  | 177,638            | 348,376       | 232,758                            | 13,856       | 5,133                   | 323,905       | 48,359                 | -            | -                                  | 1,150,025     |                                 |   |                          |   |             |   |            |   |
| Cost sharing                     | 17,150             | -             | 589,729                            | -            | -                       | 28,703        | -                      | -            | -                                  | 635,582       |                                 |   |                          |   |             |   |            |   |
| Other                            | 184,483            | 361,799       | 241,726                            | 14,390       | 5,331                   | 336,385       | 50,223                 | -            | -                                  | 1,194,337     |                                 |   |                          |   |             |   |            |   |
|                                  | 7,968,741          | 22,267,831    | 19,204,493                         | 667,280      | 244,661                 | 23,327,671    | 3,393,690              | -            | -                                  | 77,074,367    |                                 |   |                          |   |             |   |            |   |
| <b>Expenses</b>                  |                    |               |                                    |              |                         |               |                        |              |                                    |               |                                 |   |                          |   |             |   |            |   |
| Salaries, wages and benefits     | 5,456,557          | 11,459,491    | 2,345,737                          | 138,142      | 35,255                  | 10,250,683    | 2,417,337              | -            | -                                  | 32,103,202    |                                 |   |                          |   |             |   |            |   |
| Materials, supplies and services | 1,279,556          | 703,653       | 1,003,505                          | 51,547       | 2,329                   | 3,816,726     | 175,644                | -            | -                                  | 7,032,960     |                                 |   |                          |   |             |   |            |   |
| Contracted services              | 1,246,904          | 336,139       | 723,448                            | 73,073       | -                       | 1,099,510     | 322,855                | -            | -                                  | 3,801,929     |                                 |   |                          |   |             |   |            |   |
| Rents and financial expenses     | 92,976             | 13,037        | 164,770                            | -            | 15,000                  | 165,964       | 438                    | -            | -                                  | 452,185       |                                 |   |                          |   |             |   |            |   |
| Capital expenditures             | 2,850,572          | 8,085,680     | 10,060,605                         | 568,645      | -                       | 3,416,627     | 333,550                | -            | -                                  | 25,315,679    |                                 |   |                          |   |             |   |            |   |
| Other                            | (57,487)           | 718,010       | (56,346)                           | 16,414       | 261,507                 | 1,069,177     | (290,869)              | -            | -                                  | 1,660,406     |                                 |   |                          |   |             |   |            |   |
|                                  | 10,869,078         | 21,316,010    | 14,241,719                         | 847,821      | 314,091                 | 19,818,687    | 2,958,955              | -            | -                                  | 70,366,361    |                                 |   |                          |   |             |   |            |   |
| <b>Government</b>                |                    |               |                                    |              |                         |               |                        |              |                                    |               |                                 |   |                          |   |             |   |            |   |
| business enterprise              | -                  | -             | -                                  | -            | -                       | -             | -                      | -            | -                                  | -             | -                               | - | -                        | - | -           | - | -          | - |
| Net equity                       | (2,900,337)        | 951,821       | 4,962,774                          | (180,541)    | (69,430)                | 3,508,984     | 434,735                | -            | -                                  | 2,861,300     |                                 |   |                          |   |             |   |            |   |
| Financing/transfers              | (332,108)          | 131,896       | 25,492                             | 10,871       | -                       | (933,035)     | 33,251                 | -            | -                                  | 9,569,306     |                                 |   |                          |   |             |   |            |   |
| Increase in non financial assets | -                  | -             | 9,539                              | -            | -                       | 5,489         | -                      | -            | -                                  | (1,063,633)   |                                 |   |                          |   |             |   |            |   |
| Change in fund balances          | \$ (3,232,445)     | \$ 1,083,717  | \$ 4,997,805                       | \$ (169,670) | \$ (69,430)             | \$ 2,581,438  | \$ 467,986             | \$ 2,861,300 | \$ 8,520,701                       |               |                                 |   |                          |   |             |   |            |   |

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## Auditors' Report

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**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, 2008 and the statements of financial activities 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, 2008 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  
March 24, 2009

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

| December 31   | 2008              | 2007              |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| <b>Financial assets</b>                               |                   |                   |
| Cash  | \$ 312,759        | \$ 241,091        |
| Accounts receivable                                   | 8,369             | 28,602            |
|   | <b>\$ 321,128</b> | <b>\$ 269,693</b> |
| <br><b>Liabilities and Municipal Position</b>         |                   |                   |
| <b>Liabilities</b>                                    |                   |                   |
| Accounts payable and accrued liabilities              | \$ 27,207         | \$ 77,257         |
| Employee future benefits payable (Note 1)             | 135,261           | 121,822           |
| Deferred revenue                                      | 17,842            | 17,842            |
| Due to own municipality                               | 37,002            | 4,393             |
|   | <b>217,312</b>    | <b>221,314</b>    |
| <b>Municipal position</b>                             |                   |                   |
| Current fund (Page 32)                                | 219,229           | 158,155           |
| Amounts to be recovered from future revenues (Note 2) | (115,413)         | (109,776)         |
|   | <b>103,816</b>    | <b>48,379</b>     |
|   | <b>\$ 321,128</b> | <b>\$ 269,693</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  
Statement of Financial Activities**

| <b>For the year ended December 31</b>                           | Budget             | 2008             | 2007             |
|---|--------------------|------------------|------------------|
| <b>Revenues</b>   |                    |                  |                  |
| Contributions from own municipality                             |                    |                  |                  |
| - operating   | \$ 3,008,700       | \$ 3,008,700     | \$ 2,824,300     |
| - capital   | 100,000            | 99,472           | 90,323           |
| Fines and miscellaneous   | 117,000            | 129,679          | 117,368          |
| Province of Ontario Grant - per household                       | 83,300             | 83,286           | 83,286           |
| - pay equity  | 71,400             | 71,368           | 71,368           |
| - other   | -                  | -                | 1,310            |
| Employment Development Grant                                    | 1,000              | -                | -                |
| Donations   | 1,000              | 1,219            | 11,732           |
| Interest earned   | 16,500             | 12,267           | 18,145           |
|   | <b>3,398,900</b>   | <b>3,405,991</b> | <b>3,217,832</b> |
| <b>Expenditures</b>   |                    |                  |                  |
| <b>Current</b>  |                    |                  |                  |
| Salaries and benefits   | 2,459,800          | 2,402,789        | 2,229,676        |
| Materials and supplies  | 558,100            | 563,247          | 569,846          |
| Utilities, services and rent                                    | 316,000            | 285,046          | 299,429          |
|   | <b>3,333,900</b>   | <b>3,251,082</b> | <b>3,098,951</b> |
| <b>Capital (Page 33)</b>  | <b>100,000</b>     | <b>99,472</b>    | <b>90,323</b>    |
|   | <b>3,433,900</b>   | <b>3,350,554</b> | <b>3,189,274</b> |
| <b>Net revenues (expenditures)</b>                              | <b>(35,000)</b>    | <b>55,437</b>    | <b>28,558</b>    |
| <b>Financing (Note 2)</b>                                       |                    |                  |                  |
| Increase in post employment benefits payable                    | -                  | 7,359            | 21,006           |
| Increase in prepaid expenses                                    | -                  | (1,722)          | -                |
| <b>Increase in amounts to be recovered from future revenues</b> | <b>-</b>           | <b>5,637</b>     | <b>21,006</b>    |
| <b>Change in fund balances</b>                                  | <b>\$ (35,000)</b> | <b>\$ 61,074</b> | <b>\$ 49,564</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  
Statement of Cash Flows**

| <b>For the year ended December 31</b>        | <b>2008</b>       | <b>2007</b> |
|--|-------------------|-------------|
| <b>Cash flows from operating activities</b>  |                   |             |
| <b>Net revenues (expenditures)</b> (Page 30) | \$ 55,437         | \$ 28,558   |
| <b>Uses</b>                                  |                   |             |
| Decrease in accounts payable                 | (50,053)          | (19,449)    |
| <b>Sources</b>                               |                   |             |
| Decrease in accounts receivable              | 20,233            | 20,833      |
| Decrease in receivable from own municipality | 32,612            | 13,420      |
|  | <b>58,229</b>     | 43,362      |
| <b>Cash flows from financing activities</b>  |                   |             |
| Increase in employee benefits payable        | 13,439            | 6,375       |
| <b>Net change in cash</b>                    | <b>71,668</b>     | 49,737      |
| <b>Cash, beginning of year</b>               | <b>241,091</b>    | 191,354     |
| <b>Cash, end of year</b>                     | <b>\$ 312,759</b> | \$ 241,091  |

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  
Schedule of Current Fund Operations**

| <b>For the year ended December 31</b>        | Budget           | 2008                     | 2007              |
|--|------------------|--------------------------|-------------------|
| <b>Revenues</b>                              |                  |                          |                   |
| Contribution from own municipality           | \$ 3,008,700     | \$ <b>3,008,700</b>      | \$ 2,824,300      |
| Fines and miscellaneous                      | 117,000          | <b>129,679</b>           | 117,368           |
| Province of Ontario Grant - per household    | 83,300           | <b>83,286</b>            | 83,286            |
| - pay equity                                 | 71,400           | <b>71,368</b>            | 71,368            |
| - Urban CAP                                  | -                | -                        | 1,310             |
| Employment Development Grant                 | 1,000            | -                        | -                 |
| Donations                                    | 1,000            | <b>1,219</b>             | 11,732            |
| Interest earned                              | 16,500           | <b>12,267</b>            | 18,145            |
|  | <u>3,298,900</u> | <u><b>3,306,519</b></u>  | <u>3,127,509</u>  |
| <b>Expenditures</b>                          |                  |                          |                   |
| Salaries and benefits                        | 2,459,800        | <b>2,402,789</b>         | 2,229,676         |
| Materials and supplies                       | 558,100          | <b>563,247</b>           | 569,846           |
| Utilities, services and rent                 | 316,000          | <b>285,046</b>           | 299,429           |
|  | <u>3,333,900</u> | <u><b>3,251,082</b></u>  | <u>3,098,951</u>  |
| <b>Net revenues (expenditures)</b>           | <u>(35,000)</u>  | <u><b>55,437</b></u>     | <u>28,558</u>     |
| <b>Financing and transfers (Note 2)</b>      |                  |                          |                   |
| Increase in post employment benefits payable | -                | <b>7,359</b>             | 21,006            |
| Increase in prepaid expenses                 | -                | <b>(1,722)</b>           | -                 |
|  | <u>-</u>         | <u><b>5,637</b></u>      | <u>21,006</u>     |
| <b>Change in current fund</b>                | <u>(35,000)</u>  | <u><b>61,074</b></u>     | <u>49,564</u>     |
| <b>Current fund, beginning of year</b>       | <u>35,000</u>    | <u><b>158,155</b></u>    | <u>108,591</u>    |
| <b>Current fund, end of year</b>             | <u>\$ -</u>      | <u><b>\$ 219,229</b></u> | <u>\$ 158,155</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  
Schedule of Capital Fund Operations**

| <b>For the year ended December 31</b> | Budget     | <b>2008</b> | 2007      |
|---------------------------------------|------------|-------------|-----------|
| <b>Revenues</b>                       |            |             |           |
| Contributions from own municipality   | \$ 100,000 | \$ 99,472   | \$ 90,323 |
| <b>Expenditures</b>                   |            |             |           |
| Books                                 | 100,000    | 99,472      | 90,323    |
| <b>Net expenditures</b>               | \$ -       | \$ -        | -         |

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

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

**For the year ended December 31, 2008**

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**Management Responsibility**

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.

**Basis of Accounting**

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.

**Estimates and Measurement  
Uncertainty**

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.

**Revenue Recognition**

The Library receives revenue from a variety of sources and applies the following recognition policies:

- a) Grants and contributions received for operating and capital expenditures are recognized as revenue in the year in which the related expenses are incurred
- b) Fee and fine revenue is recognized when the cash is collected.

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

**For the year ended December 31, 2008**

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|   |  |
|---|--|
| <b>Property, Plant and Equipment</b>                | The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the statement of financial activities in the year of acquisition. |
| <b>Amounts to be Recovered from Future Revenues</b> | Amounts to be recovered from future revenues represent prepaid expenditures and employee benefits payable and are reported on the statement of financial position.   |
| <b>Deferred Revenue</b>                             | 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, 2008**

**1. Employee Future Benefits Payable**

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

|   | <b>2008</b>       | 2007             |
|---|-------------------|------------------|
| Vacation payable  | <b>\$ 32,030</b>  | \$ 25,950        |
| Post employment benefits  | <b>103,231</b>    | 95,872           |
| <b>Total estimated liability</b>  | <b>135,261</b>    | 121,822          |
| Less amount already funded from operations to mitigate the future impact of these obligations | <b>(32,030)</b>   | (25,950)         |
| <b>Net amount to be recovered from future revenues</b>  | <b>\$ 103,231</b> | <b>\$ 95,872</b> |

**a. Vacation Payable**

Vacation pay owing at December 31, 2008 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 \$5,100 (2007 - \$5,076).

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 \$103,231 shown for 2008 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 \$6,295 which will be amortized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2008 includes the following components:

|  | <b>2008</b>       | 2007             |
|--|-------------------|------------------|
| Accrued benefit obligation               | <b>\$ 109,526</b> | \$ 122,914       |
| Unamortized actuarial gains (losses)     | <b>(6,295)</b>    | (27,042)         |
| <b>Post employment benefit liability</b> | <b>\$ 103,231</b> | <b>\$ 95,872</b> |

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

**For the year ended December 31, 2008**

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

The calculation of the actuarial valuation for the period of January 1, 2008 to December 31, 2008 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  | 7.00%       |
| 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:

|   | <b>2008</b>      | 2007      |
|---|------------------|-----------|
| Current year benefit cost                         | <b>\$ 3,858</b>  | \$ 3,715  |
| Adjustment to reflect plan amendments             | -                | 18,661    |
| Amortization of actuarial (gains)losses           | <b>2,181</b>     | (708)     |
| Post-employment benefit expense                   | <b>6,039</b>     | 21,668    |
| Interest on post employment benefit liability     | <b>6,420</b>     | 4,414     |
| Total expense related to post employment benefits | <b>\$ 12,459</b> | \$ 26,082 |

On January 1, 2007, a plan amendment was made to the plan changing the qualification criteria for benefits. The amendment relates to both future and past service. The benefit expense adjustment of \$18,661 is based on an actuarial valuation of the increase in the accrued benefit obligation due to past service.

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

**For the year ended December 31, 2008**

**1. 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 380,000 active and retired members and approximately 910 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, 2008. The results of this valuation disclosed total actuarial liabilities of \$50,080 million in respect of benefits accrued for service with actuarial assets at that date of \$49,801 million indicating an actuarial deficit of \$279 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 2008 was \$126,904 (2007 - \$115,214).

**2. Amounts to be Recovered from Future Revenues**

|   | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
| Prepaid expenses                          | \$ 12,182         | \$ 13,904         |
| Post employment benefits payable (Note 1) | <b>103,231</b>    | <b>95,872</b>     |
|   | <b>\$ 115,413</b> | <b>\$ 109,776</b> |

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

**For the year ended December 31, 2008**

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**3. Budget Figures**

The 2008 operating budget approved by the Library Board on March 20, 2008 was not prepared on the same basis as these financial statements, and has been restated to conform to the requirements under PSAB accounting. Budgets for capital approved by the Council of the Town of Ajax are prepared on a project-oriented basis, the costs of which may be carried out over one or more years. As such they may not be directly comparable with current year actual amounts, and have not been included in these financial statements.

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**4. Lease Commitments**

**a. Building Rentals**

The Library Board had a lease agreement with a Board Member to rent a building for \$2,809 per month plus maintenance costs which expired in June 2008. Total costs for 2008 were \$17,189.

Three other library locations are owned by the Town of Ajax. The library contributed \$251,690 (2007 - \$246,168) 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:

|      |    |        |
|------|----|--------|
| 2009 | \$ | 30,920 |
| 2010 |    | 30,920 |
| 2011 |    | 30,475 |
| 2012 |    | 7,463  |



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

**For the year ended December 31, 2008**

**5. Tangible Capital Assets**

For the year ended December 31, 2009 the municipality will be 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. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible capital assets of that category.

The two major categories for which such information will be provided commencing in 2009 are Furniture/Equipment and Library Book Collection. As at December 31, 2008 information on Library Furniture/Equipment was not available.

| <b>Library Book Collection</b>             | <b>2008</b>      |
|--|------------------|
| Cost beginning of year                     | \$ 2,583,765     |
| Additions during the year                  | 409,879          |
| Disposals during the year                  | <u>(366,923)</u> |
| Cost end of the year                       | <u>2,626,721</u> |
| Accumulated amortization beginning of year | 1,272,447        |
| Amortization expense                       | 372,178          |
| Accumulated amortization of disposals      | <u>(366,923)</u> |
| Accumulated amortization end of year       | <u>1,277,702</u> |
| Net book value beginning of year           | <u>1,311,318</u> |
| Net book value end of year                 | <u>1,349,019</u> |

In determining the opening balances for the Library Book Collection, cost was determined using actual expenditures taken from the Library's Audited Financial Statements from 2001 to 2007. The 2008 additions came from the book purchases included in these Audited Financial Statements.

Accumulated amortization of the Library Collection is determined on a straight line basis over an estimated useful life of 7 years after which time books are deemed to have been disposed of.

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.

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## Auditors' Report


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**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, 2008 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, 2008 and the results of its financial activities in accordance with the Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
February 24, 2009

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

| <b>December 31</b>                        | <b>2008</b>       | <b>2007</b>       |
|---|-------------------|-------------------|
| <b>Assets</b>                             |                   |                   |
| <b>Financial assets</b>                   |                   |                   |
| Cash                                      | \$ 4,092          | \$ 1,138          |
| GST receivable                            | 116               | 112               |
| Due from Town of Ajax                     | <u>137,226</u>    | <u>126,884</u>    |
|   | <b>\$ 141,434</b> | <b>\$ 128,134</b> |
| <b>Liabilities and Municipal Position</b> |                   |                   |
| <b>Liabilities</b>                        |                   |                   |
| Accounts payable                          | <u>\$ 531</u>     | <u>\$ 579</u>     |
| <b>Fund balances</b>                      |                   |                   |
| Current Fund (Page 44)                    | 5,903             | 6,105             |
| Capital Fund (Page 45)                    | <u>135,000</u>    | <u>121,450</u>    |
|   | <u>140,903</u>    | <u>127,555</u>    |
|   | <b>\$ 141,434</b> | <b>\$ 128,134</b> |

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 Financial Activities**

| <b>December 31</b>   | Budget       | 2008      | 2007       |
|--|--------------|-----------|------------|
| <b>Revenues</b>  |              |           |            |
| Municipal tax levy   | \$ 22,445    | \$ 22,445 | \$ -       |
| Sign advertising   | 3,000        | 2,100     | 2,100      |
|  | 25,445       | 24,545    | 2,100      |
| <b>Expenditures</b>  |              |           |            |
| <b>Current</b>   |              |           |            |
| Bad debt   | -            | 103       | -          |
| Office   | 500          | 295       | 431        |
| Landscape maintenance  | 7,000        | 2,000     | 2,000      |
| Promotion and advertising  | 3,000        | 299       | 299        |
| Sign maintenance   | 2,500        | 3,500     | 2,990      |
|  | 13,000       | 6,197     | 5,720      |
| <b>Capital</b>   |              |           |            |
| Improvements   | 140,000      | 5,000     | -          |
|  | 153,000      | 11,197    | 5,720      |
| <b>Total expenditures</b>  |              |           |            |
|  | 153,000      | 11,197    | 5,720      |
| <b>Net revenue (expenditures) and<br/>change in fund balance</b> | \$ (127,555) | \$ 13,348 | \$ (3,620) |

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  
Schedule of Current Fund Operations**

| <b>December 31</b>                             | Budget    | 2008      | 2007     |
|--|-----------|-----------|----------|
| <b>Revenues</b>                                |           |           |          |
| Municipal tax levy                             | \$ 22,445 | \$ 22,445 | \$ -     |
| Sign advertising                               | 3,000     | 2,100     | 2,100    |
|  | 25,445    | 24,545    | 2,100    |
| <b>Expenditures</b>                            |           |           |          |
| Bad debt                                       | -         | 103       | -        |
| Office   | 500       | 295       | 431      |
| Landscape maintenance                          | 7,000     | 2,000     | 2,000    |
| Promotion and advertising                      | 3,000     | 299       | 299      |
| Sign maintenance                               | 2,500     | 3,500     | 2,990    |
|  | 13,000    | 6,197     | 5,720    |
| Net revenues (expenditures)                    | 12,445    | 18,348    | (3,620)  |
| <b>Financing and transfers</b>                 |           |           |          |
| To/from capital operations (Page 45)           | 140,000   | 18,550    | -        |
| <b>Change in current fund balance</b>          | (127,555) | (202)     | (3,620)  |
| <b>Current fund balance, beginning of year</b> | 127,555   | 6,105     | 9,725    |
| <b>Current fund balance, end of year</b>       | \$ -      | \$ 5,903  | \$ 6,105 |

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  
Schedule of Capital Fund Operations**

| <b>December 31</b>                             | Budget     | 2008       | 2007       |
|--|------------|------------|------------|
| <b>Expenditures</b>                            |            |            |            |
| Improvements (Note 2)                          | \$ 140,000 | \$ 5,000   | \$ -       |
| <b>Financing and transfers</b>                 |            |            |            |
| From/to current fund (Page 44)                 | 140,000    | 18,550     | -          |
| <b>Change in capital fund balance</b>          | -          | 13,550     | -          |
| <b>Capital fund balance, beginning of year</b> | -          | 121,450    | 121,450    |
| <b>Capital fund balance, end of year</b>       | \$ -       | \$ 135,000 | \$ 121,450 |

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

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

**December 31, 2008**

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|                                      |  |
|--------------------------------------|--|
| <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. Municipal position 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 expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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> <ul 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></ul>  |
| <b>Property, Plant and Equipment</b> | The historical cost and accumulated amortization of property, plant and equipment are not recorded for municipal purposes. Property, plant and equipment are recorded as an expenditure on the statement of financial activities in the year of acquisition.   |

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

**December 31, 2008**

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**1. Tangible Capital Assets**

For the year ending December 31, 2009 the municipality and local boards will be 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. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all the relevant information can be provided for the complete stock of tangible property, plant and equipment of that category.

The Ajax Downtown Business Improvement Area has no property, plant and equipment to disclose.

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**2. Related Party Transactions**

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

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**3. Statement of Cash Flows**

A Statement of Cash Flows is not presented since the cash flow information is readily apparent from other financial statements.

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**4. Capital Project**

In 2006, the BIA approved a major capital project for lighting improvements which have not occurred as planned. The December 31, 2008 Capital Fund Balance will be considered as a funding source in the BIA's 2009 capital budget and any excess funding will be used to offset the tax levy or be refunded to the BIA members in 2009.



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## Auditors' Report

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### 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, 2008 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, 2008 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  
February 26, 2009

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

| <b>December 31</b>                   | <b>2008</b>     | <b>2007</b>     |
|--------------------------------------|-----------------|-----------------|
| <b>Assets</b>                        |                 |                 |
| <b>Financial assets</b>              |                 |                 |
| Cash                                 | \$ 5,235        | \$ 1,906        |
| Due from Town of Ajax                | -               | 1,470           |
| GST rebate receivable                | 624             | 2,063           |
|                                      | <u>\$ 5,859</u> | <u>\$ 5,439</u> |
| <b>Municipal Position</b>            |                 |                 |
| <b>Liabilities</b>                   |                 |                 |
| Accounts payable                     | \$ 1,953        | \$ 95           |
| Due to Town of Ajax                  | 5,759           | -               |
|                                      | <u>7,712</u>    | <u>95</u>       |
| <b>Municipal position</b>            |                 |                 |
| To be (collected) offset by taxation | <u>(1,853)</u>  | 5,344           |
|                                      | <u>\$ 5,859</u> | <u>\$ 5,439</u> |

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 Financial Activities**

| <b>December 31</b>  | Budget    | <b>2008</b>       | 2007      |
|---|-----------|-------------------|-----------|
| <b>Revenues</b>   |           |                   |           |
| Municipal tax levy  | \$ 44,656 | \$ <b>44,656</b>  | \$ 46,267 |
| <b>Expenditures</b>   |           |                   |           |
| <b>Current</b>  |           |                   |           |
| Administration and office   | 3,650     | <b>1,097</b>      | 5,513     |
| Landscape maintenance   | -         | <b>3,568</b>      | 157       |
| Festivals and events (Note 1)                                     | 39,750    | <b>40,282</b>     | 38,232    |
|   | 43,400    | <b>44,947</b>     | 43,902    |
| <b>Capital</b>  |           |                   |           |
| Land improvements   | 6,600     | <b>6,906</b>      | 754       |
| <b>Total expenditures</b>   | 50,000    | <b>51,853</b>     | 44,656    |
| <b>Net revenues (expenditures) and<br/>Change in fund balance</b> | (5,344)   | <b>(7,197)</b>    | 1,611     |
| <b>Fund balance, beginning of year</b>                            | 5,344     | <b>5,344</b>      | 3,733     |
| <b>Fund balance, end of year</b>                                  | \$ -      | \$ <b>(1,853)</b> | \$ 5,344  |

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

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

**December 31, 2008**

**Nature of Business**

The Board is accountable to the Council of the Town of Ajax, with the goal of promoting the Pickering Village business area.

**Management Responsibility**

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. These have been made using careful judgments.

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. Municipal position 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.

**Accrual Basis of Accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

**Revenue Recognition**

The BIA receives revenue from a variety of sources and applies the following recognition policies:

- a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Town.
- b) Revenue from donations and events is recognized when the cash is collected.

**Property, Plant and Equipment**

The historical cost and accumulated amortization of property, plant and equipment are not recorded for municipal purposes. Property, plant and equipment are recorded as an expenditure on the statement of financial activities in the year of acquisition.

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

**December 31, 2008**

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**1. Festivals & 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>2008</u>      |    | <u>2007</u>   |
|-------------------------------|------------------|----|---------------|
| <b>Festivals &amp; Events</b> |                  |    |               |
| Expenditures                  | \$ 53,539        | \$ | 40,057        |
| Less recoveries               | <u>13,257</u>    |    | <u>1,825</u>  |
| Net                           | <u>\$ 40,282</u> | \$ | <u>38,232</u> |

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**2. Statement of Cash Flows**

A Statement of Cash Flows is not presented since the cash flow information is readily apparent from other financial statements.

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**3. Tangible Property Plant and Equipment**

For the year ending December 31, 2009 the municipality and local boards will be 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. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible property, plant and equipment for which all the relevant information can be provided for the complete stock of tangible property, plant and equipment of that category.

The Pickering Village Business Improvement Area has no property, plant and equipment to disclose.