

**THE CORPORATION OF THE TOWN OF INGERSOLL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
FINANCIAL ASSETS		
Cash and temporary investments	\$ 656,070	\$ 1,681,571
Taxes receivable	524,105	824,248
Trade and other receivables	1,925,968	968,136
Prepaid expenses	4,629	13,400
Other financial assets	<u>15,755</u>	<u>3,870</u>
TOTAL FINANCIAL ASSETS	<u>3,126,527</u>	<u>3,491,225</u>
Investment in Municipal Electrical Utility (Note 7)	<u>9,646,847</u>	<u>9,729,252</u>
Total Assets	<u>\$ 12,773,374</u>	<u>\$ 13,220,477</u>
LIABILITIES		
Accounts payable	\$ 700,948	\$ 452,537
Other	275,807	211,843
Deferred revenue	306,899	108,295
Long term debt (Note 5)	802,000	884,000
Employee benefits payable	<u>445,915</u>	<u>426,598</u>
Total Liabilities	<u>\$ 2,531,569</u>	<u>\$ 2,083,273</u>
MUNICIPAL POSITION		
Revenue fund (Note 8)	20,609	16,724
Capital fund (Note 8)	(89,681)	410,536
Reserves and reserve funds (Note 10)	1,911,945	2,291,290
Equity in Municipal Electrical Utility (Note 7)	<u>9,646,847</u>	<u>9,729,252</u>
	11,489,720	12,447,802
Amounts to be recovered (Note 9)	<u>(1,247,915)</u>	<u>(1,310,598)</u>
	<u>10,241,805</u>	<u>11,137,204</u>
TOTAL LIABILITIES AND MUNICIPAL POSITION	<u>\$ 12,773,374</u>	<u>\$ 13,220,477</u>

" The accompanying summary of significant accounting policies and notes
are integral parts of these financial statements"

**THE CORPORATION OF THE TOWN OF INGERSOLL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
REVENUES		
Net taxation	\$ 6,275,860	\$ 6,167,367
Payments-in-lieu of taxes	38,919	15,601
User charges	924,913	950,390
Transfer payments		
Government of Canada	3,952	13,124
Province of Ontario	754,753	816,755
Other Municipalities	346,408	313,382
Investment income	96,960	118,284
Interest - Municipal Electrical Utility	386,197	329,404
Sale of land and other assets	257,905	211,912
Penalties and interest on taxes	128,273	133,933
Donations	9,136	10,823
Net Recognition of obligatory funds	2,271	217,019
Other	332,051	406,217
Total Revenues	<u>9,557,598</u>	<u>9,704,211</u>
EXPENDITURES		
Current		
General government	1,060,666	1,069,697
Protection to persons and property	2,671,076	2,982,901
Transportation services	1,621,788	1,460,528
Environmental services	152,022	184,076
Health services	84,970	88,451
Social and family services	20,000	169,940
Recreation and culture	2,037,732	1,891,469
Planning and development	239,082	138,532
Total Current Expenditures	<u>7,887,336</u>	<u>7,985,594</u>
Capital		
General government	20,334	72,019
Protection to persons and property	55,804	44,593
Transportation services	2,176,445	721,655
Health services	--	1,479
Recreation and culture	204,579	219,185
Planning and development	88,777	82,683
Total Capital Expenditures	<u>2,545,939</u>	<u>1,141,614</u>
Total Expenditures	<u>10,433,275</u>	<u>9,127,208</u>
EQUITY IN ERIE THAMES POWER CORPORATION	<u>(82,405)</u>	<u>475,257</u>
Net Revenues	<u>(958,082)</u>	<u>1,052,260</u>
CHANGE IN AMOUNTS TO BE RECOVERED	<u>62,683</u>	<u>(75,178)</u>
CHANGE IN MUNICIPAL POSITION	<u>\$ (895,399)</u>	<u>\$ 977,082</u>

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**THE CORPORATION OF THE TOWN OF INGERSOLL
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
OPERATIONS		
Net Revenues	\$ (895,399)	\$ 977,082
USES		
Increase in taxes receivable	--	(82,933)
Increase in trade and other receivables	(957,832)	--
Increase in other financial assets and prepaid expenses	(11,885)	--
Decrease in accounts payable	--	(394,937)
Decrease in other liabilities	--	(73,194)
Decrease in deferred revenue	--	(48,983)
Decrease in long term debt	(82,000)	(80,000)
SOURCES		
Decrease in Taxes Receivable	300,143	--
Decrease in trade and other receivables	--	863,482
Decrease in prepaid expenses	8,771	147,832
Decrease in other financial assets and prepaid expenses	--	204
Increase in accounts payable	248,411	--
Increase in other liabilities	63,964	--
Increase in deferred revenue	198,604	--
Increase in employee benefits payable	19,317	155,178
Net change in Cash Flow from Operations	<u>(1,107,906)</u>	<u>1,463,731</u>
INVESTING		
Decrease/(Increase) in long term investments	<u>82,405</u>	<u>(475,257)</u>
Net Change in Cash	(1,025,501)	988,474
CASH, BEGINNING OF YEAR	<u>1,681,571</u>	<u>693,097</u>
CASH, END OF YEAR	<u>\$ 656,070</u>	<u>\$ 1,681,571</u>

" The accompanying summary of significant accounting policies and notes
are integral parts of these financial statements"

**THE CORPORATION OF THE TOWN OF INGERSOLL
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

MANAGEMENT RESPONSIBILITY

The consolidated financial statements of the Corporation of the Town of Ingersoll are the representation of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates 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 period. Actual results could differ from management's best estimates, as additional information becomes available in the future.

BASIS OF CONSOLIDATION

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the revenue fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards that are owned or controlled by Council. All interfund assets and liabilities and revenue and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures. The following board controlled by Council has been consolidated:

Ingersoll Board of Management

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnership is reflected in the consolidated financial statements:

Ingersoll Rural Cemetery Board

Government business enterprises and partnerships are separate legal entities that do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

**Erie Thames Services Corporation
Erie Thames Powerlines Corporation
Erie Thames Power Corporation**

BASIS OF ACCOUNTING

Revenues and expenditures are reported in 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.

The Consolidated Statement of Financial Position reflects all of 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 of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

TEMPORARY INVESTMENTS

Temporary investments are recorded at the lower of cost and market value.

**THE CORPORATION OF THE TOWN OF INGERSOLL
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

INVENTORIES

Inventories are recorded at replacement cost.

CAPITAL ASSETS

The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the period of acquisition.

DEFERRED REVENUE

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Financial Activities in the year in which it is used for the specified purpose.

AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the Consolidated Statement of Financial Position. The balance represents future expenditures not yet levied on the ratepayers.

COUNTY AND SCHOOL BOARDS

The municipality collects taxation revenue on behalf of the school boards and the County of Oxford. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Oxford are not reflected in these financial statements.

TRUST FUNDS

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

**THE CORPORATION OF THE TOWN OF INGERSOLL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

1. Operations of School Boards and the County of Oxford

The taxation, other revenues, expenditures and overlevies of the School Boards and the County of Oxford are comprised of the following:

	<u>School Boards</u>	<u>County General</u>	<u>County Sewer</u>
Overlevies at the beginning of the year	<u>\$ - -</u>	<u>\$ - -</u>	<u>\$ 91,303</u>
Taxation and user charges (95,615)	5,786,357	4,677,137	
Share of payments-in-lieu of taxes	62,155	29,468	(598)
Requisitions	<u>(5,848,512)</u>	<u>(4,706,605)</u>	<u>96,213</u>
Overlevies at the end of the year	<u>\$ - -</u>	<u>\$ - -</u>	<u>\$ - -</u>

2. Trust Funds

Trust funds administered by the municipality amounting to \$ 181,023 (2003 - \$173,569) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

3. Pension Agreement

The municipality made contributions to the Ontario Municipal Employees Retirement System (O.M.E.R.S.), which is a multi-employer plan, on behalf of 45 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 rate of pay.

The amount contributed to O.M.E.R.S. for 2004 was \$ 148,394 (2003 - \$ 48,243) for current service.

The municipality does not participate in any past service provisions for the O.M.E.R.S. agreement.

4. Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they leave the municipality's employment or they may select to take cash payment of the balance annually.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$ 57,133 (2003 - \$52,100) at the end of the year. An amount of \$ nil (2003 - \$ 88,546) was paid to employees during the current year.

A reserve fund has been established to provide for this past service liability and is reported on the "Consolidated Financial Position". The balance at the end of the year is \$ 69,810 (2003- \$46,654).

There are no anticipated payments over the next five years for eligible employees.

**THE CORPORATION OF THE TOWN OF INGERSOLL
SCHEDULE OF REVENUE FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget (Unaudited)	2004 Actual	2003 Actual
REVENUES			
Net taxation	\$ 6,221,814	\$ 6,275,860	\$ 6,167,367
Payments-in-lieu of taxes	28,569	38,919	15,601
User charges	915,089	924,913	950,390
Transfer payments			
Government of Canada	2,895	3,952	3,842
Province of Ontario	734,759	754,753	807,474
Other municipalities	319,456	346,408	313,382
Other			
Investment income	112,225	91,984	112,449
Interest & Dividends - Municipal Electrical Utility	329,404	386,197	329,404
Sale of land and other assets	50,255	53,318	81,796
Penalties and interest on taxes	135,000	128,273	133,933
Donations	2,100	6,796	7,742
Other	239,957	294,371	322,254
Total Revenues	<u>9,091,523</u>	<u>9,305,744</u>	<u>9,245,634</u>
EXPENDITURES			
General government	1,100,077	1,060,666	1,069,697
Protection to persons and property	2,765,733	2,671,076	2,982,901
Transportation services	1,834,691	1,621,788	1,460,528
Environmental services	187,026	152,022	184,076
Health services	99,509	84,970	88,451
Social and family services	20,000	20,000	169,940
Recreation and culture	2,003,411	2,037,732	1,891,469
Planning and development	301,646	239,082	138,532
Total Expenditures	<u>8,312,093</u>	<u>7,887,336</u>	<u>7,985,594</u>
Net Revenues	779,430	1,418,408	1,260,040
FINANCING AND TRANSFERS			
Net transfers (from)/to reserves and reserve funds	(92,729)	617,158	445,722
Net transfers to capital operations	888,883	797,365	814,402
Net Transfers	796,154	1,414,523	1,260,124
CHANGE IN REVENUE FUND BALANCES	(16,724)	3,885	(84)
Revenue Fund Balance, beginning of year	<u>16,724</u>	<u>16,724</u>	<u>16,808</u>
Revenue Fund Balance, end of year	<u>\$ -</u>	<u>\$ 20,609</u>	<u>\$ 16,724</u>

**THE CORPORATION OF THE TOWN OF INGERSOLL
SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
REVENUES		
Transfer payments		
Government of Canada	\$ --	\$ 9,282
Province of Ontario	--	9,281
Other		
Net Obligatory reserve funds recognized	(5,413)	217,019
Sale of land and other assets	204,587	130,116
Donations	2,340	3,081
Contributions from others	<u>37,679</u>	<u>83,963</u>
Total Revenues	<u>\$ 239,193</u>	<u>\$ 452,742</u>
EXPENDITURES		
General government	20,334	72,019
Protection to persons and property	55,804	44,593
Transportation services	2,176,445	721,655
Health services	--	1,479
Recreation and culture	204,579	219,185
Planning and development	<u>88,777</u>	<u>82,683</u>
Total Expenditures	<u>2,545,939</u>	<u>1,141,614</u>
Net Expenditures	<u>(2,306,746)</u>	<u>(688,872)</u>
FINANCING AND TRANSFERS		
Net transfers from revenue fund	797,365	814,402
Net transfers from/(to) reserves and reserve funds	<u>1,009,164</u>	<u>(226,214)</u>
Net Financing and Transfers	<u>1,806,529</u>	<u>588,188</u>
CHANGE IN CAPITAL FUND BALANCE	(500,217)	(100,684)
Capital Fund Balance, beginning of year	<u>410,536</u>	<u>511,220</u>
Capital Fund Balance, end of year	<u>\$ (89,681)</u>	<u>\$ 410,536</u>

**THE CORPORATION OF THE TOWN OF INGERSOLL
SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>2004</u>	<u>2003</u>
REVENUES		
Other		
Investment income	\$ 4,976	\$ 5,835
Total Revenues	<u>4,976</u>	<u>5,835</u>
EXPENDITURES		
Total Expenditures	<u>--</u>	<u>--</u>
Net Revenues	<u>\$ 4,976</u>	<u>\$ 5,835</u>
NET TRANSFERS FROM/(TO) OTHER FUNDS		
Transfers from revenue fund	624,843	445,722
Transfers(to)/from capital fund	(1,009,164)	226,214
Transfer to equity in Municipal Electrical Utility		--
Total Net Transfers	<u>(384,321)</u>	<u>671,936</u>
CHANGE IN RESERVES AND RESERVE FUNDS BALANCE		
Reserves and Reserve Funds Balance, beginning of year	<u>2,291,290</u>	<u>1,613,519</u>
Reserves and Reserve Funds Balance, end of year	<u>\$ 1,911,945</u>	<u>\$ 2,291,290</u>