

**The Corporation of the  
Town of Ingersoll**

Consolidated Financial Statements  
For the year ended December 31, 2018

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Consolidated Financial Statements  
For the year ended December 31, 2018**

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## INDEPENDENT AUDITORS' REPORT

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

#### Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Ingersoll (the 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and the results of its operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

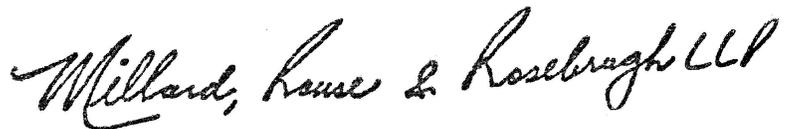
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



July 26, 2019  
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

**The Corporation of the Town of Ingersoll**  
**Consolidated Statement of Financial Position**

For the year ended December 31

2018

2017

**Financial Assets**

Cash and Cash Equivalents	\$ 17,286,835	\$ 14,454,067
Taxes Receivable	799,283	874,370
Accounts Receivable	990,459	931,877
Land for resale (Note 1)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 2)	10,127,618	9,914,829
	<b>31,123,324</b>	<b>28,094,272</b>

**Liabilities**

Accounts Payable and Accrued Liabilities	4,352,187	3,870,368
Employee Benefits Liability (Note 3)	5,065,805	5,164,817
Deferred Revenue (Note 4)	2,411,143	2,641,756
Net Long-Term Debt (Note 5)	4,094,506	4,837,441
	<b>15,923,641</b>	<b>16,514,382</b>

**Net Financial Assets (Debt)**

	<b>15,199,683</b>	<b>11,579,890</b>
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**Non-financial Assets**

Tangible Capital Assets (Note 6)	64,811,054	65,573,398
Prepaid Expenses and Inventories of Supplies	259,836	153,597
	<b>65,070,890</b>	<b>65,726,995</b>

**Accumulated Surplus (Note 7)**

	<b>\$ 80,270,573</b>	<b>\$ 77,306,885</b>
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**Contingent Liabilities (Note 12)**

  
 \_\_\_\_\_  
 Treasurer

  
 \_\_\_\_\_  
 Mayor

**The Corporation of the Town of Ingersoll**  
**Consolidated Statement of Operations**

For the year ended December 31	Budget 2018	<b>2018</b>	2017
	Note 11		
<b>Revenue</b>			
Taxation	\$ 13,939,777	\$ <b>13,952,954</b>	\$ 13,678,597
Government Grants - Federal (Note 8)	11,400	<b>407,160</b>	621,686
Government Grants - Provincial (Note 8)	468,075	<b>808,083</b>	871,496
Municipal Transfers	352,078	<b>319,397</b>	347,773
User fees and service charges	1,024,623	<b>1,015,624</b>	1,018,225
Income (loss) from government business enterprises (Note 2)	-	<b>212,789</b>	180,762
Other (Note 9)	494,755	<b>2,140,377</b>	2,289,350
	<u>16,290,708</u>	<u><b>18,856,384</b></u>	<u>19,007,889</u>
<b>Expenses</b>			
General Government	\$ 2,843,774	\$ <b>2,775,984</b>	\$ 2,726,820
Protection Services	3,743,542	<b>3,692,001</b>	3,756,134
Transportation Services	4,206,211	<b>4,177,910</b>	4,152,418
Environmental Services	684,436	<b>606,173</b>	667,793
Health Services	161,735	<b>117,234</b>	106,667
Recreational and Cultural Services	4,382,153	<b>4,219,977</b>	4,155,314
Planning and Development	379,062	<b>303,417</b>	236,481
	<u>16,400,913</u>	<u><b>15,892,696</b></u>	<u>15,801,627</u>
<b>Annual Surplus</b>	<u>(110,205)</u>	<u><b>2,963,688</b></u>	<u>3,206,262</u>
<b>Accumulated Surplus, beginning of year</b>	<u>77,306,885</u>	<u><b>77,306,885</b></u>	<u>74,100,623</u>
<b>Accumulated Surplus, end of year</b>	<u>\$ 77,196,680</u>	<u><b>\$ 80,270,573</b></u>	<u>\$ 77,306,885</u>

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

**The Corporation of the Town of Ingersoll**  
**Consolidated Statement of Change in Net Financial Assets (Debt)**

For the year ended December 31	Budget 2018	2018	2017
	Note 11		
Annual surplus	\$ (110,205)	\$ <b>2,963,688</b>	\$ 3,206,262
Acquisition of tangible capital assets	(2,901,126)	<b>(2,893,559)</b>	(2,918,974)
Amortization of tangible capital assets	2,893,107	<b>2,893,107</b>	2,825,820
Loss (gain) on disposal of tangible capital assets	440,584	<b>440,584</b>	58,560
Proceeds on sale of tangible capital assets	322,212	<b>322,212</b>	177,702
	<u>\$ 644,572</u>	<u>\$ <b>3,726,032</b></u>	<u>\$ <b>3,349,370</b></u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ <b>(106,239)</b>	\$ <b>62,283</b>
<b>Net change in net financial assets (debt)</b>	644,572	<b>3,619,793</b>	3,411,653
<b>Net financial assets (debt), beginning of year</b>	11,579,890	<b>11,579,890</b>	8,168,237
<b>Net financial assets (debt), end of year</b>	<u>\$ 12,224,462</u>	<u>\$ <b>15,199,683</b></u>	<u>\$ <b>11,579,890</b></u>

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

**The Corporation of the Town of Ingersoll**  
**Consolidated Statement of Cash Flows**

For the year ended December 31

**2018**

2017

**Operating Transactions**

Annual surplus	\$ 2,963,688	\$ 3,206,262
Items not involving cash		
Change in net equity - ERTH Corporation	(212,789)	(180,762)
Amortization	2,893,107	2,825,820
(Gain) loss on disposal of tangible capital assets	440,584	58,560
Changes in non-cash operating balances		
Taxes receivable	75,087	240,708
Accounts receivable	(58,582)	6,312
Prepaid expenses and inventories of supplies	(106,239)	62,283
Accounts payable and accrued liabilities	481,819	334,411
Employee benefits liability	(99,012)	(92,198)
Deferred Revenue	(230,613)	263,662
	<b>6,147,050</b>	<b>6,725,058</b>

**Capital Transactions**

Acquisition of tangible capital assets	(2,893,559)	(2,918,974)
Proceeds on sale of tangible capital assets	322,212	177,702
	<b>(2,571,347)</b>	<b>(2,741,272)</b>

**Financing transactions**

Repayment of long-term debt	(742,935)	(729,591)
	<b>(742,935)</b>	<b>(729,591)</b>

**Net change in cash and cash equivalents**

**2,832,768**      3,254,195

**Cash and cash equivalents, beginning of year**

**14,454,067**      11,199,872

**Cash and cash equivalents, end of year**

**\$ 17,286,835**      \$ 14,454,067

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

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**The Corporation of the Town of Ingersoll**  
**Summary of Significant Accounting Policies**  
**December 31, 2018**

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**Management's  
Responsibility for the  
Financial Statements**

The consolidated financial statements of the Corporation of the Town of Ingersoll are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Town of Ingersoll is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Town of Ingersoll provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

**Basis of Consolidation**

The consolidated statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the Corporation of the Town of Ingersoll.

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 expenses are reflected in the financial statements using the proportionate consolidation method. All inter-entity transactions and balances have been eliminated. The following entity has been proportionately consolidated:

Ingersoll Rural Cemetery Board	87.5%
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The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation	38.91%
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**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

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**The Corporation of the Town of Ingersoll**  
**Summary of Significant Accounting Policies**  
**December 31, 2018**

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**Tangible Capital  
Assets**

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

Land Improvements	20 to 25 years
Facilities	25 to 100 years
Infrastructure	11 to 80 years
Vehicles, machinery and equipment	5 to 20 years

**County and School  
Board**

The Corporation of the Town of Ingersoll collects taxation revenue on behalf of the school boards and the County of Oxford. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

**Trust Funds**

Trust funds held in trust by the Corporation of the Town of Ingersoll, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specific purpose.

**Government Transfers**

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

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**The Corporation of the Town of Ingersoll**  
**Summary of Significant Accounting Policies**  
**December 31, 2018**

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**Retirement Benefits and  
Other Employee  
Benefit Plans**

The Corporation of the Town of Ingersoll's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred. The costs of other retirement benefits that accumulate over the period of service provided by employees are determined using the projected benefit method prorated on services based on management's best estimate.

**Revenue Recognition**

Taxes are recognized as revenue in the year they are levied. Taxation revenue recognized each year is adjusted for estimates for expected supplementary taxes, appeals and non-collectible taxes.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of services and other revenue are recognized on an accrual basis.

**Use of Estimates**

The preparation of financial statements in accordance with PSAB requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Contaminated Sites**

Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination.

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

**1. Land for Resale**

The Land for resale is zoned for industrial purposes. The land is recorded at net realizable value which is less than cost.

**2. Investment in Government Business Enterprise**

- (a) ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Ingersoll owns 38.91% (2017 - 38.91%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	<b>2018</b>	<b>2017</b>
Promissory note receivable	<b>\$ 4,543,500</b>	\$ 4,543,500
Class A shares	<b>1</b>	1
Class B shares	<b>4,543,499</b>	4,543,499
Share of equity earnings	<b>1,040,618</b>	827,829
	<b>\$ 10,127,618</b>	\$ 9,914,829
	<b>2018</b>	<b>2017</b>
Share of equity earnings, beginning of year	<b>\$ 827,829</b>	\$ 647,067
Share in net income	<b>572,707</b>	375,311
Less: Dividends	<b>359,918</b>	194,549
Increase from government business enterprise	<b>212,789</b>	180,762
Share of equity earnings, end of year	<b>\$ 1,040,618</b>	\$ 827,829

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2017 - 7.25%). The term of the note is undefined but no principal repayments are expected within the next twelve months. Interest received in the year and included in other income is \$329,404 (2017 - \$329,404). During the year, ERTH Corporation declared but has not yet paid dividends totaling \$925,000 (2017 - \$500,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll and included in the municipality's share of retained earnings was \$359,918 (2017 - \$194,549).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

**2. Investment in Government Business Enterprise (continued)**

(b) The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

	<b>2018</b>	<b>2017</b>
Financial position		
Current	\$ <b>21,726,063</b>	\$ 19,054,326
Property, Plant and Equipment	<b>46,706,597</b>	43,003,288
Regulatory and other assets	<b>18,521,521</b>	17,872,280
Total Assets	<b>\$ 86,954,181</b>	\$ 79,929,894
Liabilities		
Current	\$ <b>26,825,630</b>	\$ 22,144,891
Long-term debt	<b>35,250,626</b>	35,015,194
Regulatory and other liabilities	<b>9,775,000</b>	8,213,760
Total Liabilities	<b>\$ 71,851,256</b>	\$ 65,373,845
Equity		
Share capital	\$ <b>12,428,501</b>	\$ 12,428,501
Retained earnings	<b>2,793,304</b>	2,284,991
Accumulated other comprehensive income (loss)	<b>(118,880)</b>	(157,443)
	<b>\$ 15,102,925</b>	\$ 14,556,049
Results of Operations		
Revenue	\$ <b>86,425,738</b>	\$ 80,660,199
Expenses	<b>84,992,425</b>	79,575,733
Net income before other comprehensive income	<b>1,433,313</b>	1,084,466
Other comprehensive income (loss)	<b>38,563</b>	(119,903)
Total comprehensive income (loss) for the year	<b>\$ 1,471,876</b>	\$ 964,563
Corporation of the Town of Ingersoll's Share 38.91% (2017 - 38.91%)	<b>\$ 572,707</b>	\$ 375,311
	<b>2018</b>	<b>2017</b>
Retained earnings, beginning of year	\$ <b>2,127,548</b>	\$ 1,662,985
Net income before other comprehensive income	<b>1,433,313</b>	1,084,466
Other comprehensive income (loss)	<b>38,563</b>	(119,903)
Less: Dividends	<b>925,000</b>	500,000
Retained earnings, end of year	<b>\$ 2,674,424</b>	\$ 2,127,548
Corporation of the Town of Ingersoll's Share 38.91% (2017 - 38.91%)	<b>\$ 1,040,618</b>	\$ 827,829

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

**3. Employee Benefits Liability**

	Sick Leave Benefits	Post Employment Benefits	Total 2018	Total 2017
Employee Benefit Liability	<b>\$ 77,896</b>	<b>\$ 4,987,909</b>	<b>\$ 5,065,805</b>	<b>\$ 5,164,817</b>

Post-Employment Benefits

The Corporation of the Town of Ingersoll continues to provide life insurance, dental and health care benefits to certain employee groups. These benefits vary, with some groups receiving benefits after retirement until the members reach 60 or 65 years of age, where other groups receive the benefits for life. The values are based on actuarial valuation and management estimates as at December 31, 2018. The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<u>2018</u>	<u>2017</u>
Discount Rate	4.75%	4.75%
Rate of compensation increase	3.00%	3.00%
Healthcare cost increase	4.67%	5.00%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	<b>\$ 5,093,519</b>	\$ 5,190,273
Current period benefit cost	<b>13,618</b>	12,745
(Decrease) / Increase due to plan amendment	-	0
Amortization of actuarial gains/losses	<b>(133,850)</b>	(133,850)
Retirement interest expenditure	<b>187,301</b>	185,787
Benefits paid	<b>(172,677)</b>	(161,436)
Liability for post-retirement benefits	<b>\$ 4,987,911</b>	\$ 5,093,519
Post - retirement benefits expense is as follows:		
Current period benefit cost	<b>\$ 13,618</b>	\$ 12,745
Plan amendment cost	-	0
Amortization of actuarial gains/losses	<b>(133,850)</b>	(133,850)
Retirement interest expense	<b>187,301</b>	185,787
Post-retirement benefits expense	<b>\$ 67,069</b>	\$ 64,682

No reserves or reserve funds have been established to provide for this past service liability.

Sick Leave Benefits

The Corporation of the Town of Ingersoll provides paid sick leave that can be carried forward up to a maximum defined by the employee group and may become entitled to cash payment when they leave the Town's employment. The Town has established a reserve to provide for past service liability in the amount of \$77,896 (2017 - \$71,298).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

**3. Employee Benefits Liability (continued)**

Pension Agreements

The Corporation of the Town of Ingersoll makes contributions to the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer plan, on behalf of all permanent, full-time 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 their length of service and rates of pay. The Corporation of the Town of Ingersoll paid \$388,898 (2017 - \$368,166) for employer contributions. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

**4. Deferred Revenue**

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Federal Gas Tax	\$ 379,504	\$ 386,862	\$ 8,068	\$ (292,397)	\$ 482,037
Development Charges	1,343,934	152,398	24,234	(510,711)	1,009,855
Recreational Land	9,609	1,267	190	-	11,066
Provincial Gas Tax	767,639	41,633	14,744	-	824,016
Other	141,070	66,013	-	(122,914)	\$ 84,169
	<u>\$ 2,641,756</u>	<u>\$ 648,173</u>	<u>\$ 47,236</u>	<u>\$ (926,022)</u>	<u>\$ 2,411,143</u>

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

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**5. Net Long Term Debt**

	<b>2018</b>	<b>2017</b>
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	<b>\$ 4,094,506</b>	<b>\$ 4,837,441</b>

Principal repayments relating to net long term debt of \$4,094,506 outstanding are due as follows:

	Principal Repayments
2019	659,373
2020	593,875
2021	605,647
2022	491,957
2023	500,260
Thereafter	1,243,394
	<b>\$ 4,094,506</b>

The above long-term liabilities have maturity dates and interest rates ranging from 2019 to 2034 and 3.16% to 4.75% respectively.

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

**6. Tangible Capital Assets**

2018

	Land		Machinery and			Total
	Land	Improvements	Facilities	Equipment	Infrastructure	
Cost, beginning of year	\$ 3,561,234	\$ 4,488,467	\$ 15,877,375	\$ 6,218,933	\$ 76,388,811	\$ 106,534,820
Additions	26,500	380,979	582,900	538,133	1,365,046	2,893,559
Disposals	(14,816)	(163,675)	(1,358,993)	(369,090)	(501,073)	(2,407,647)
Cost, end of year	\$ 3,572,918	\$ 4,705,770	\$ 15,101,283	\$ 6,387,976	\$ 77,252,785	\$ 107,020,731
Accumulated Amortization, beginning of year	\$ -	\$ 2,768,196	\$ 7,235,447	\$ 3,461,876	\$ 27,495,903	\$ 40,961,422
Amortization	-	142,272	385,498	434,230	1,931,107	2,893,107
Disposals	0	(107,309)	(790,768)	(365,040)	(381,734)	(1,644,851)
Accumulated Amortization, end of year	\$ -	\$ 2,803,158	\$ 6,830,177	\$ 3,531,066	\$ 29,045,276	\$ 42,209,677
Net carrying amount, end of year	\$ 3,572,918	\$ 1,902,612	\$ 8,271,106	\$ 2,856,911	\$ 48,207,508	\$ 64,811,054

The net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service is \$338,357 (2017 - \$354,529). During the year, contributed capital assets of \$26,500 (2017 - \$614,648) were recognized in the financial statements. The Corporation of the Town of Ingersoll holds various historical treasures pertaining to the cheese factory museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

2017

	Land		Machinery and			Total
	Land	Improvements	Facilities	Equipment	Infrastructure	
Cost, beginning of year	\$ 3,567,146	\$ 4,264,434	\$ 15,943,218	\$ 6,133,458	\$ 74,530,130	\$ 104,438,386
Additions	-	284,882	141,419	334,963	2,157,710	2,918,974
Disposals	(5,912)	(60,849)	(207,262)	(249,488)	(299,029)	(822,540)
Cost, end of year	\$ 3,561,234	\$ 4,488,467	\$ 15,877,375	\$ 6,218,933	\$ 76,388,811	\$ 106,534,820
Accumulated Amortization, beginning of year	\$ -	\$ 2,696,880	\$ 6,899,728	\$ 3,223,398	\$ 25,901,874	\$ 38,721,880
Amortization	-	131,715	380,297	439,310	1,874,498	2,825,820
Disposals	-	(60,399)	(44,578)	(200,832)	(280,469)	(586,278)
Accumulated Amortization, end of year	\$ -	\$ 2,768,196	\$ 7,235,447	\$ 3,461,876	\$ 27,495,903	\$ 40,961,422
Net carrying amount, end of year	\$ 3,561,234	\$ 1,720,271	\$ 8,641,928	\$ 2,757,057	\$ 48,892,908	\$ 65,573,398

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
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**7. Accumulated Surplus**

The Corporation of the Town of Ingersoll segregates its accumulated surplus in the following categories:

	<b>2018</b>	<b>2017</b>
Investment in tangible capital assets	\$ <b>64,811,054</b>	\$ 65,573,398
Current Funds	<b>(974,081)</b>	(2,645,214)
Reserves and Reserve Funds		
Working Funds	<b>192,278</b>	192,278
Capital and current purposes	<b>10,379,072</b>	8,888,286
Industrial development	<b>800,437</b>	548,125
Investment in Government Business	<b>10,127,618</b>	9,914,829
Unfunded employee benefits liability	<b>(5,065,805)</b>	(5,164,817)
	<b>\$ 80,270,573</b>	<b>\$ 77,306,885</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

**8. Government Transfers**

	Budget 2018	<b>2018</b>	2017
<b>Federal</b>			
Operating			
Conditional	\$ 11,400	\$ <b>24,763</b>	\$ 14,634
Capital			
Conditional	-	<b>90,000</b>	-
Federal Gas Tax Revenue		<b>292,397</b>	607,052
	\$ 11,400	\$ <b>407,160</b>	\$ 621,686
<b>Provincial</b>			
Operating			
Ontario Municipal Partnership Fund	\$ 330,500	\$ <b>330,500</b>	\$ 388,800
Conditional	137,575	<b>123,947</b>	104,400
Capital			
Conditional	-	<b>353,636</b>	378,296
	\$ 468,075	\$ <b>808,083</b>	\$ 871,496

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
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**9. Other Income**

	Budget 2018	<b>2018</b>	2017
Penalties and interest on taxation	\$ 160,000	\$ <b>145,485</b>	\$ 182,696
Other fines and penalties	9,100	<b>21,216</b>	12,287
Investment Income	115,313	<b>283,847</b>	150,090
Licences, permits and rents	384,356	<b>415,983</b>	588,591
Donations	170,477	<b>436,683</b>	198,891
Donated assets	26,500	<b>26,500</b>	614,648
Sales of publications and other	29,480	<b>28,503</b>	42,025
Gain (loss) on disposal of tangible capital assets	(762,796)	<b>(440,584)</b>	(58,560)
Interest - GBE (Note 2)	329,400	<b>329,404</b>	329,404
Dividends (Note 2)	-	<b>359,918</b>	194,549
Development Charges	26,625	<b>510,711</b>	25,998
Other	6,300	<b>22,711</b>	8,731
	<b>\$ 494,755</b>	<b>\$ 2,140,377</b>	<b>\$ 2,289,350</b>

**10. Expenses by Object**

	Budget 2018	<b>2018</b>	2017
Salaries, Wages and Employee Benefits	\$ 6,765,730	\$ <b>6,512,547</b>	\$ 6,396,556
Materials	3,239,722	<b>2,922,120</b>	2,958,600
Contracted Services	3,250,588	<b>3,324,321</b>	3,352,956
Rent & Financial Expenses	34,687	<b>29,341</b>	29,512
Interest on Long-term Debt	163,183	<b>158,224</b>	185,214
Contributions to Others	53,895	<b>53,036</b>	52,969
Amortization	2,893,108	<b>2,893,107</b>	2,825,820
	<b>\$16,400,913</b>	<b>\$ 15,892,696</b>	<b>\$ 15,801,627</b>

# The Corporation of the Town of Ingersoll

## Notes to Consolidated Financial Statements

December 31, 2018

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### 11. Budget Figures

The budget data presented in these consolidated financial statements are based upon the 2018 operating budget approved by Council. The budget approved by Council was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. As a result, the budget figures presented in these consolidated financial statements represent the budget adopted by Council with adjustments as follows:

	<u>2018</u>
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	-
Add:	
Net transfers (from) to reserves	2,823,071
Principal repayment of debt	742,935
Change in post - employment benefits liability	67,069
Contributed Assets	26,500
Deferred revenue earned	
Less:	
Loss on disposal of tangible capital assets	762,796
Amortization	2,892,057
Capital project cost resulting in operating expenses	114,927
Budget Surplus (Full accrual)	<u>\$ (110,205)</u>

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### 12. Contingent Liabilities

A significant ratepayer of the Municipality has appealed to the Assessment Review Board (ARB) with respect to the taxation years between 2009 to 2018. These appeals could potentially result in a reduction of taxes which would be distributed between the town, county and school boards. As there is considerable uncertainty surrounding both the hearing process and the potential settlement of reduction in taxation revenue, an estimated amount of \$1,898,000 (2017 - \$1,448,000) has been recognized at this time.

## The Corporation of the Town of Ingersoll

### Notes to Consolidated Financial Statements

December 31, 2018

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#### 13. Funds Held in Trust

The trust funds administered by the municipality amounting to \$278,643 (2017 - \$266,783) have not been included in the consolidated financial statements. Certain assets have been conveyed or assigned to the Corporation of the Town of Ingersoll to be administered as directed by agreement or statute. The Corporation of the Town of Ingersoll holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries. The following trust funds and assets are excluded from the Corporation of the Town of Ingersoll's financial statements:

	<u>2018</u>	<u>2017</u>
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	270,043	258,183
W.J. Bickerton	3,600	3,600
	<u>\$ 278,643</u>	<u>\$ 266,783</u>

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#### 14. Contaminated Sites

The Corporation of the Town of Ingersoll has implemented Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites. This change has been applied retroactively without the restatement of prior periods. The adoption of this standard did not have an impact on the Corporation's financial statements as no contaminated sites were found.

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#### 15. Operating Lease Commitments

The Corporation of the Town of Ingersoll has entered into commitments for rent and leases expiring at various dates prior to 2037. The future minimum annual payments are estimated to be as follows:

2019	117,185
2020	119,000
2021	120,847
2022	122,724
2023	124,634
Thereafter	621,767
	<u>\$ 1,226,157</u>

**16. Segmented Information**

The Corporation of the Town of Ingersoll 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 category relates to the revenues and expenses of the operations of the Municipality itself and cannot be directly attributed to a specific segment.

**Protection to Persons and Property**

Protection is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Protective inspection provides services related to the enforcement of building and construction codes.

**Transportation**

Transportation is responsible for the maintenance and upkeep of the Municipality's roads, winter control, street lighting and sidewalks.

**Environmental**

Environmental services provide waste disposal services for the Municipality's citizens.

**Health**

Health services relate to maintaining the Municipality's cemetery.

**Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the Municipality's citizens through recreational programs, youth centres and museum services.

**Planning and Development**

This service area is responsible for the economic development of the Municipality and its merchants.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transaction with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided.

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**The Corporation of the Town of Ingersoll**  
Notes to Consolidated Financial Statements  
December 31, 2018

<b>16. Segmented Information</b>								
For the year ended December 31, 2018	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2018 Total
Revenue								
Taxation	\$ 13,952,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,952,954
Grants	415,472	97,797	772,805	27,949		206,314	14,303	1,534,640
User fees and service charges	67,961	20,877	72,347	-	35,617	817,866	956	1,015,624
Other	1,366,652	310,787	678,914	(7,454)	17,634	(228,949)	2,793	2,140,377
	15,803,039	429,461	1,524,066	20,495	53,251	795,231	18,052	18,643,595
Expenses								
Salaries and wages	1,406,786	992,191	1,200,473	154,649	85,326	2,535,330	137,792	6,512,547
Goods and services	1,191,203	2,571,100	1,025,304	125,138	30,859	1,219,589	165,625	6,328,818
Interest	14,108	-	142,636	-	-	1,480	-	158,224
Amortization	163,887	128,710	1,809,497	326,386	1,049	463,578	-	2,893,107
	2,775,984	3,692,001	4,177,910	606,173	117,234	4,219,977	303,417	15,892,696
Income from government business enterprise	212,789	-	-	-	-	-	-	212,789
Net surplus (deficit)	\$ 13,239,844	\$ (3,262,540)	\$ (2,653,844)	\$ (585,678)	\$ (63,983)	\$ (3,424,746)	\$ (285,365)	\$ 2,963,688

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2018**

16. Segmented Information	2017						Total		
	For the year ended December 31, 2017	General government	Protection to persons and property	Transportation	Environmental services	Health services		Recreation and cultural services	Planning and development
<b>Revenue</b>									
Taxation	\$ 13,678,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,678,597
Grants	501,669	99,769	912,255	257,977	-	55,162	14,123	-	1,840,955
User fees and service charges	87,365	20,946	28,569	-	20,372	856,039	4,934	-	1,018,225
Other	1,093,789	487,665	255,624	199,656	10,636	240,307	1,673	-	2,289,350
	15,361,420	608,380	1,196,448	457,633	31,008	1,151,508	20,730	-	18,827,127
<b>Expenses</b>									
Salaries and wages	1,374,264	1,007,558	1,163,118	187,731	73,867	2,455,768	134,250	-	6,396,556
Goods and services	1,169,388	2,620,416	1,063,544	157,927	30,219	1,250,311	102,232	-	6,394,037
Interest	17,842	-	163,690	-	-	3,682	-	-	185,214
Amortization	165,327	128,160	1,762,065	322,135	2,581	445,552	-	-	2,825,820
	2,726,821	3,756,134	4,152,417	667,793	106,667	4,155,313	236,482	-	15,801,627
Income from government business enterprise	180,762	-	-	-	-	-	-	-	180,762
Net surplus (deficit)	\$ 12,815,361	\$ (3,147,754)	\$ (2,955,969)	\$ (210,160)	\$ (75,659)	\$ (3,003,805)	\$ (215,752)	\$	3,206,262