

**The Corporation of the
Town of Ingersoll**

Consolidated Financial Statements
For the year ended December 31, 2019

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2019**

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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, 2019, 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, 2019, 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.



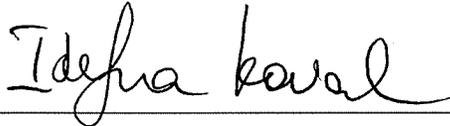
October 13, 2020
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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

For the year ended December 31	2019	2018
Financial Assets		
Cash and Cash Equivalents	\$ 20,885,826	\$ 17,286,835
Taxes Receivable	919,780	799,283
Accounts Receivable	747,038	990,459
Land for resale (Note 1)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 2)	10,436,513	10,127,618
	34,908,286	31,123,324
Liabilities		
Accounts Payable and Accrued Liabilities	4,606,559	4,352,187
Employee Benefits Liability (Note 3)	5,085,927	5,065,805
Deferred Revenue (Note 4)	3,349,245	2,411,143
Net Long-Term Debt (Note 5)	3,435,133	4,094,506
	16,476,864	15,923,641
Net Financial Assets (Debt)	18,431,422	15,199,683
Non-financial Assets		
Tangible Capital Assets (Note 6)	65,483,082	64,811,054
Prepaid Expenses and Inventories of Supplies	228,894	259,836
	65,711,976	65,070,890
Accumulated Surplus (Note 7)	\$ 84,143,398	\$ 80,270,573

Contingent Liabilities (Note 12)



 Treasurer



 Mayor

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
	Note 11		
Revenue			
Taxation	\$ 14,280,494	\$ 14,601,654	\$ 13,952,954
Government Grants - Federal (Note 8)	13,172	204,741	407,160
Government Grants - Provincial (Note 8)	289,566	1,434,443	808,083
Municipal Transfers	330,098	330,521	319,397
User fees and service charges	1,044,245	1,084,161	1,015,624
Income (loss) from government business enterprises (Note 2)	-	723,971	572,707
Other (Note 9)	1,192,488	1,767,651	1,780,459
	17,150,063	20,147,142	18,856,384
Expenses			
General Government	\$ 3,151,843	\$ 2,758,839	\$ 2,775,984
Protection Services	3,881,923	3,804,623	3,692,001
Transportation Services	4,217,431	4,072,847	4,177,910
Environmental Services	667,692	676,456	606,173
Health Services	136,631	116,873	117,234
Recreational and Cultural Services	4,481,621	4,288,982	4,219,977
Planning and Development	414,760	321,551	303,417
	16,951,901	16,040,171	15,892,696
Annual Surplus	198,162	4,106,971	2,963,688
Accumulated Surplus, beginning of year	80,270,573	80,270,573	77,306,885
Equity adjustment-Investment in GBE (Note 2)	-	(234,146)	-
Accumulated Surplus, end of year	\$ 80,468,735	\$ 84,143,398	\$ 80,270,573

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 2019	2019	2018
	Note 11		
Annual surplus	\$ 198,162	\$ 4,106,971	\$ 2,963,688
Acquisition of tangible capital assets	(3,729,958)	(3,927,323)	(2,893,559)
Amortization of tangible capital assets	2,889,664	2,894,791	2,893,107
Loss (gain) on disposal of tangible capital assets	270,181	270,181	440,584
Proceeds on sale of tangible capital assets	90,323	90,323	322,212
Equity adjustment-Investment in GBE (Note 2)	-	(234,146)	-
	<u>\$ (281,628)</u>	<u>\$ 3,200,797</u>	<u>\$ 3,726,032</u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ 30,942	\$ (106,239)
Net change in net financial assets (debt)	(281,628)	3,231,739	3,619,793
Net financial assets (debt), beginning of year	15,199,683	15,199,683	11,579,890
Net financial assets (debt), end of year	<u>\$ 14,918,055</u>	<u>\$ 18,431,422</u>	<u>\$ 15,199,683</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

2019

2018

Operating Transactions

Annual surplus	\$ 4,106,971	\$ 2,963,688
Items not involving cash		
Share of earnings, Net of dividends - ERTH Corporation	(543,041)	(212,789)
Amortization	2,894,791	2,893,107
(Gain) loss on disposal of tangible capital assets	270,181	440,584
 Changes in non-cash operating balances		
Taxes receivable	(120,497)	75,087
Accounts receivable	243,421	(58,582)
Prepaid expenses and inventories of supplies	30,942	(106,239)
Accounts payable and accrued liabilities	254,372	481,819
Employee benefits liability	20,122	(99,012)
Deferred Revenue	938,102	(230,613)
	8,095,364	6,147,050

Capital Transactions

Acquisition of tangible capital assets	(3,927,323)	(2,893,559)
Proceeds on sale of tangible capital assets	90,323	322,212
	(3,837,000)	(2,571,347)

Financing transactions

Repayment of long-term debt	(659,373)	(742,935)
	(659,373)	(742,935)

Net change in cash and cash equivalents	3,598,991	2,832,768
Cash and cash equivalents, beginning of year	17,286,835	14,454,067
Cash and cash equivalents, end of year	\$ 20,885,826	\$ 17,286,835

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

The Corporation of the Town of Ingersoll

Summary of Significant Accounting Policies

December 31, 2019

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	30.16%
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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.

The Corporation of the Town of Ingersoll

Summary of Significant Accounting Policies

December 31, 2019

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.

The Corporation of the Town of Ingersoll

Summary of Significant Accounting Policies

December 31, 2019

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, 2019

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. During the year, ERTH Corporation expanded its operating territory, consequently the Town's respective share of ownership decreased to 30.16% from 38.91%. The investment in ERTH Corporation is comprised of the following:

	2019	2018
Promissory note receivable	\$ 4,543,500	\$ 4,543,500
Class A shares	1	1
Class B shares	4,543,499	4,543,499
Share of equity earnings	1,349,513	1,040,618
	\$ 10,436,513	\$ 10,127,618
	2019	2018
Share of equity earnings, beginning of year	\$ 1,040,618	\$ 827,829
Share in net income	723,971	572,707
Change in ownership 30.16% (2018 - 38.91%)	(234,146)	-
Dividends	(180,930)	(359,918)
Increase from government business enterprise	308,895	212,789
Share of equity earnings, end of year	\$ 1,349,513	\$ 1,040,618

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2018 - 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 (2018 - \$329,404). During the year, ERTH Corporation declared, but has not yet paid, dividends totaling \$600,000 (2018 - \$925,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll was \$180,930 (2018 - \$359,918).

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

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:

	2019	2018
Financial position		
Current	\$ 23,929,046	\$ 21,726,063
Property, Plant and Equipment	63,240,520	46,706,597
Regulatory and other assets	23,641,489	18,521,521
Total Assets	\$ 110,811,055	\$ 86,954,181
Liabilities		
Current	\$ 31,556,873	\$ 26,825,630
Long-term debt	41,412,426	35,250,626
Regulatory and other liabilities	10,562,645	9,775,000
Total Liabilities	\$ 83,531,944	\$ 71,851,256
Equity		
Share capital	\$ 22,803,855	\$ 12,428,501
Retained earnings	5,180,844	2,793,304
Accumulated other comprehensive income (loss)	(705,588)	(118,880)
	\$ 27,279,111	\$ 15,102,925
Results of Operations		
Revenue	\$ 96,484,311	\$ 86,425,738
Expenses	93,496,771	84,992,425
Net income before other comprehensive income	2,987,540	1,433,313
Other comprehensive income (loss)	(586,708)	38,563
Total comprehensive income (loss) for the year	\$ 2,400,832	\$ 1,471,876
Corporation of the Town of Ingersoll's Share 30.16% (2018 - 38.91%)	\$ 723,971	\$ 572,707
	2019	2018
Retained earnings, beginning of year	\$ 2,674,424	\$ 2,127,548
Net income before other comprehensive income	2,987,540	1,433,313
Other comprehensive income (loss)	(586,708)	38,563
Less: Dividends	600,000	925,000
Retained earnings, end of year	\$ 4,475,256	\$ 2,674,424
Corporation of the Town of Ingersoll's Share 30.16% (2018 - 38.91%)	\$ 1,349,513	\$ 1,040,618

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2019

3. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	Total 2019	Total 2018
Employee Benefit Liability	\$ 83,469	\$ 5,002,458	\$ 5,085,927	\$ 5,065,805

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, 2019. The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<u>2019</u>	<u>2018</u>
Discount Rate	3.75%	4.75%
Rate of compensation increase	2.75%	3.00%
Healthcare cost increase	6.75%	4.67%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	\$ 4,987,911	\$ 5,093,519
Current period benefit cost	15,764	13,618
Amortization of actuarial gains/losses	19,673	(133,850)
Retirement interest expenditure	199,881	187,301
Benefits paid	(220,771)	(172,677)
Liability for post-retirement benefits	\$ 5,002,458	\$ 4,987,911
Post - retirement benefits expense is as follows:		
Current period benefit cost	\$ 15,764	\$ 13,618
Amortization of actuarial gains/losses	19,673	(133,850)
Retirement interest expense	199,881	187,301
Post-retirement benefits expense	\$ 235,318	\$ 67,069

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 \$83,469 (2018 - \$77,896).

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

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 \$404,643 (2018 - \$388,898) 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	\$ 482,037	\$ 781,066	\$ 18,273	\$ (179,922)	\$ 1,101,454
Development Charges	1,009,855	250,236	25,392	(70,496)	1,214,987
Recreational Land	11,066	10,144	341	-	21,551
Provincial Gas Tax	824,016	55,496	19,832	-	899,344
Other	84,169	73,290	-	(45,550)	\$ 111,909
	<u>\$ 2,411,143</u>	<u>\$ 1,170,232</u>	<u>\$ 63,838</u>	<u>\$ (295,968)</u>	<u>\$ 3,349,245</u>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2019

5. Net Long Term Debt

	2019	2018
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	\$ 3,435,133	\$ 4,094,506

Principal repayments relating to net long term debt of \$3,435,133 outstanding are due as follows:

	Principal Repayments
2020	593,875
2021	605,647
2022	491,957
2023	500,260
2024	307,400
Thereafter	935,994
	\$ 3,435,133

The above long-term liabilities have maturity dates and interest rates ranging from 2020 to 2034 and 3.04% to 3.99% respectively.

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

6. Tangible Capital Assets

2019

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,572,918	\$ 4,705,770	\$ 15,101,283	\$ 6,387,976	\$ 77,252,785	\$ 107,020,732
Additions	-	12,683	979,089	482,653	2,452,898	3,927,323
Disposals	-	(11,795)	(346,161)	(244,491)	(566,253)	(1,168,700)
Cost, end of year	\$ 3,572,918	\$ 4,706,658	\$ 15,734,211	\$ 6,626,138	\$ 79,139,430	\$ 109,779,355
Accumulated Amortization, beginning of year	\$ -	\$ 2,803,158	\$ 6,830,177	\$ 3,531,066	\$ 29,045,276	\$ 42,209,677
Amortization	-	155,432	393,188	461,115	1,885,056	2,894,791
Disposals	-	(11,346)	(198,087)	(241,993)	(356,769)	(808,195)
Accumulated Amortization, end of year	\$ -	\$ 2,947,244	\$ 7,025,278	\$ 3,750,188	\$ 30,573,563	\$ 44,296,273
Net carrying amount, end of year	\$ 3,572,918	\$ 1,759,414	\$ 8,708,933	\$ 2,875,950	\$ 48,565,867	\$ 65,483,082

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 \$1,154,402 (2018 - \$338,357). During the year, contributed capital assets of \$279,864 (2018 - \$26,500) 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.

2018

	Land		Facilities	Machinery and		Total
	Land	Improvements		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	-	(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 Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

7. Accumulated Surplus

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

	2019	2018
Investment in tangible capital assets	\$ 65,483,082	\$ 64,811,054
Current Funds	(429,210)	(974,081)
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	12,822,693	10,379,072
Industrial development	723,969	800,437
Investment in Government Business	10,436,513	10,127,618
Unfunded employee benefits liability	(5,085,927)	(5,065,805)
	\$ 84,143,398	\$ 80,270,573

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

8. Government Transfers

	Budget			
	2019	2019	2019	2018
Federal				
Operating				
Conditional	\$ 13,172	\$ 24,819	\$	24,763
Capital				
Conditional	-	-		90,000
Federal Gas Tax Revenue	-	179,922		292,397
	\$ 13,172	\$ 204,741	\$	407,160
Provincial				
Operating				
Ontario Municipal Partnership Fund	\$ 247,875	\$ 281,000	\$	330,500
Conditional	41,691	699,307		123,947
Capital				
Conditional	-	454,136		353,636
	\$ 289,566	\$ 1,434,443	\$	808,083

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

9. Other Income

	Budget		
	2019	2019	2018
Penalties and interest on taxation	\$ 140,000	\$ 129,745	\$ 145,485
Other fines and penalties	16,100	27,582	21,216
Investment Income	205,213	428,210	283,847
Licences, permits and rents	375,136	554,425	415,983
Donations	135,553	201,459	436,683
Donated assets	279,864	279,864	26,500
Sales of publications and other	12,480	14,113	28,503
Gain (loss) on disposal of tangible capital assets	(360,504)	(270,181)	(440,584)
Interest - GBE (Note 2)	329,400	329,404	329,404
Development Charges	56,746	70,496	510,711
Other	2,500	2,534	22,711
	<u>\$ 1,192,488</u>	<u>\$ 1,767,651</u>	<u>\$ 1,780,459</u>

10. Expenses by Object

	Budget		
	2019	2019	2018
Salaries, Wages and Employee Benefits	\$ 7,032,264	\$ 6,802,358	\$ 6,512,547
Materials	3,302,258	2,905,913	2,922,120
Contracted Services	3,501,989	3,219,211	3,324,321
Rent & Financial Expenses	34,587	31,621	29,341
Interest on Long-term Debt	137,057	132,408	158,224
Contributions to Others	48,955	53,869	53,036
Amortization	2,894,791	2,894,791	2,893,107
	<u>\$16,951,901</u>	<u>\$ 16,040,171</u>	<u>\$ 15,892,696</u>

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

11. Budget Figures

The budget data presented in these consolidated financial statements are based upon the 2019 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:

	2019
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	-
Add:	
Net transfers (from) to reserves	2,653,800
Principal repayment of debt	659,373
Contributed Assets	279,864
Less:	
Loss on disposal of tangible capital assets	360,504
Amortization	2,894,791
Change in post - employment benefits liability	20,122
Capital project cost resulting in operating expenses	119,458
Budget Surplus (Full accrual)	<u>\$ 198,162</u>

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 2019. 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 \$2,348,000 (2018 - \$1,898,000) has been recognized at this time.

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

13. Funds Held in Trust

The trust funds administered by the municipality amounting to \$285,652 (2018 - \$278,643) 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>2019</u>	<u>2018</u>
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	277,052	270,043
W.J. Bickerton	3,600	3,600
	<u>\$ 285,652</u>	<u>\$ 278,643</u>

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.

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:

2020	119,000
2021	120,847
2022	122,724
2023	124,634
2024	126,576
Thereafter	495,191
	<u>\$ 1,108,972</u>

16. Subsequent Event

Subsequent to year end, the outbreak of a novel strain of coronavirus has resulted in the declaration of a pandemic by the World Health Organization. Measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak is unknown at this time, as are the efficacy of the government and central bank interventions. Recreation centres and other Town facilities have been closed to the public and Council has approved a Tax Deferral Program for the remaining 2020 tax instalments. At the time of financial statement preparation, it is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results of the Town.

17. Comparative Figures

Certain of prior year figures, presented for the purposes of comparison, have been reclassified to conform with current year presentation.

18. 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.

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2019

18. Segmented Information

For the year ended December 31, 2019	General government	Protection to persons and property	Transportation	Environmental services	Health services	Recreation and cultural services	Planning and development	2019 Total
Revenue								
Taxation	\$ 14,601,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,601,654
Grants	992,450	60,011	646,766	41,752	-	225,601	3,125	1,969,705
User fees and service charges	115,947	24,450	105,681	-	36,327	798,264	3,492	1,084,161
Other	912,302	433,471	364,283	(106,670)	8,195	148,352	7,718	1,767,651
	16,622,353	517,932	1,116,730	(64,918)	44,522	1,172,217	14,335	19,423,171
Expenses								
Salaries and wages	1,545,967	1,020,334	1,217,415	188,295	78,495	2,590,102	161,750	6,802,358
Goods and services	1,030,183	2,650,183	954,345	159,829	33,251	1,223,022	159,801	6,210,614
Interest	10,244	-	122,164	-	-	0	-	132,408
Amortization	172,445	134,106	1,778,923	328,332	5,127	475,858	-	2,894,791
	2,758,839	3,804,623	4,072,847	676,456	116,873	4,288,982	321,551	16,040,171
Income from government business enterprise	723,971	-	-	-	-	-	-	723,971
Net surplus (deficit)	\$ 14,587,485	\$ (3,286,691)	\$ (2,956,117)	\$ (741,374)	\$ (72,351)	\$ (3,116,765)	\$ (307,216)	\$ 4,106,971

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2019

18. Segmented Information								2018	
For the year ended	December 31, 2018	General government	Protection and property to persons and	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	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		1,006,734	310,787	678,914	(7,454)	17,634	(228,949)	2,793	1,780,459
		<u>15,443,121</u>	<u>429,461</u>	<u>1,524,066</u>	<u>20,495</u>	<u>53,251</u>	<u>795,231</u>	<u>18,052</u>	<u>18,283,677</u>
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
		<u>2,775,984</u>	<u>3,692,001</u>	<u>4,177,910</u>	<u>606,173</u>	<u>117,234</u>	<u>4,219,977</u>	<u>303,417</u>	<u>15,892,696</u>
Income from government business enterprise		572,707	-	-	-	-	-	-	572,707
Net surplus (deficit)		<u>\$ 13,239,844</u>	<u>\$ (3,262,540)</u>	<u>\$ (2,653,844)</u>	<u>\$ (585,678)</u>	<u>\$ (63,983)</u>	<u>\$ (3,424,746)</u>	<u>\$ (285,365)</u>	<u>\$ 2,963,688</u>