

**The Corporation of the
Town of Ingersoll**

Consolidated Financial Statements
For the year ended December 31, 2017

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2017**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Ingersoll which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Town Management's Responsibility for the Consolidated 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 Town management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Town management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Ingersoll as at December 31, 2017, and the consolidated results of its operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



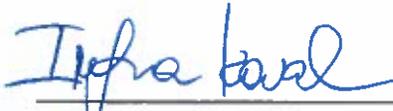
August 2, 2018
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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

For the year ended December 31	2017	2016
Financial Assets		
Cash and Cash Equivalents	\$ 14,454,067	\$ 11,199,872
Taxes Receivable	874,370	1,115,078
Accounts Receivable	931,877	938,189
Land for resale (Note 1)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 2)	9,914,829	9,734,067
	28,094,272	24,906,335
Liabilities		
Accounts Payable and Accrued Liabilities	3,870,368	3,535,957
Employee Benefits Liability (Note 3)	5,164,817	5,257,015
Deferred Revenue (Note 4)	2,641,756	2,378,094
Net Long-Term Debt (Note 5)	4,837,441	5,567,032
	16,514,382	16,738,098
Net Financial Assets (Debt)	11,579,890	8,168,237
Non-financial Assets		
Tangible Capital Assets (Note 6)	65,573,398	65,716,506
Prepaid Expenses and Inventories of Supplies	153,597	215,880
	65,726,995	65,932,386
Accumulated Surplus (Note 7)	\$ 77,306,885	\$ 74,100,623

Contingent Liabilities (Note 12)



 Treasurer



 Mayor

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
	Note 11		
Revenue			
Taxation	\$ 13,516,982	\$ 13,678,597	\$ 13,343,154
Government Grants - Federal (Note 8)	24,966	621,686	399,397
Government Grants - Provincial (Note 8)	480,776	871,496	885,109
Municipal Transfers	345,242	347,773	338,135
User fees and service charges	1,096,053	1,018,225	1,093,963
Income (loss) from government business enterprises (Note 2)	-	180,762	454,123
Other (Note 9)	1,605,838	2,289,350	3,064,662
	17,069,857	19,007,889	19,578,543
Expenses			
General Government	\$ 2,431,112	\$ 2,726,820	\$ 2,414,833
Protection Services	3,802,525	3,756,134	3,917,915
Transportation Services	4,237,615	4,152,418	3,926,729
Environmental Services	629,185	667,793	617,080
Health Services	146,930	106,667	104,080
Recreational and Cultural Services	4,228,468	4,155,314	4,223,189
Planning and Development	285,565	236,481	252,402
	15,761,400	15,801,627	15,456,228
Annual Surplus	1,308,457	3,206,262	4,122,315
Accumulated Surplus, beginning of year	74,100,623	74,100,623	69,978,308
Accumulated Surplus, end of year	\$ 75,409,080	\$ 77,306,885	\$ 74,100,623

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 2017	2017	2016
	Note 11		
Annual surplus	\$ 1,308,457	\$ 3,206,262	\$ 4,122,315
Acquisition of tangible capital assets	(4,250,000)	(2,918,974)	(4,331,285)
Amortization of tangible capital assets	2,823,237	2,825,820	2,712,972
Loss (gain) on disposal of tangible capital assets	236,262	58,560	123,157
Proceeds on sale of tangible capital assets	-	177,702	76,634
	<u>\$ 117,956</u>	<u>\$ 3,349,370</u>	<u>\$ 2,703,793</u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ 62,283	\$ (39,123)
Net change in net financial assets (debt)	117,956	3,411,653	2,664,670
Net financial assets (debt), beginning of year	8,168,237	8,168,237	5,503,567
Net financial assets (debt), end of year	<u>\$ 8,286,193</u>	<u>\$ 11,579,890</u>	<u>\$ 8,168,237</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

2017

2016

Operating Transactions

Annual surplus	\$ 3,206,262	\$ 4,122,315
Items not involving cash		
Change in net equity - ERTH Corporation	(180,762)	(454,123)
Amortization	2,825,820	2,712,972
(Gain) loss on disposal of tangible capital assets	58,560	123,157
Changes in non-cash operating balances		
Taxes receivable	240,708	86,812
Accounts receivable	6,312	311,556
Prepaid expenses and inventories of supplies	62,283	(39,123)
Accounts payable and accrued liabilities	334,411	271,950
Employee benefits liability	(92,198)	(85,845)
Deferred Revenue	263,662	325,818
	6,725,058	7,375,489

Capital Transactions

Acquisition of tangible capital assets	(2,918,974)	(4,331,285)
Proceeds on sale of tangible capital assets	177,702	76,634
	(2,741,272)	(4,254,651)

Financing transactions

Repayment of long-term debt	(729,591)	(716,744)
	(729,591)	(716,744)

Net change in cash and cash equivalents

3,254,195 2,404,094

Cash and cash equivalents, beginning of year

11,199,872 8,795,778

Cash and cash equivalents, end of year

\$ 14,454,067 \$ 11,199,872

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, 2017

**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.

The Corporation of the Town of Ingersoll
Summary of Significant Accounting Policies
December 31, 2017

**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, 2017

**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, 2017

1. Land for Resale

The Land for resale is zoned for commercial 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% (2016 - 38.91%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2017	2016
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	827,829	647,067
	\$ 9,914,829	\$ 9,734,067
	2017	2016
Share of equity earnings, beginning of year	\$ 647,067	\$ 192,944
Share in net income	375,311	454,123
Less: Dividends	194,549	-
Increase from government business enterprise	180,762	454,123
Share of equity earnings, end of year	\$ 827,829	\$ 647,067

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2016 - 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 (2016 - \$329,404). During the year, ERTH Corporation declared but has not yet paid dividends totaling \$500,000 (2016 - \$Nil). 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 \$194,549 (2016 - \$Nil).

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

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:

	2017	2016
Financial position		
Current	\$ 19,054,326	\$ 18,845,749
Capital	43,003,288	41,552,100
Regulatory and other assets	17,872,280	17,408,053
Total Assets	\$ 79,929,894	\$ 77,805,902
Liabilities		
Current	\$ 22,144,891	\$ 23,688,356
Long-term debt	35,015,194	33,955,421
Regulatory and other liabilities	8,213,760	6,070,639
Total Liabilities	\$ 65,373,845	\$ 63,714,416
Equity		
Share capital	\$ 12,428,501	\$ 12,428,501
Retained earnings	2,284,991	1,700,525
Accumulated other comprehensive income (loss)	(157,443)	(37,540)
	\$ 14,556,049	\$ 14,091,486
Results of Operations		
Revenue	\$ 80,660,199	\$ 91,044,239
Expenses	79,575,733	89,999,555
Net income before other comprehensive income	1,084,466	1,044,684
Other comprehensive income (loss)	(119,903)	122,427
Total comprehensive income (loss) for the year	\$ 964,563	\$ 1,167,111
Corporation of the Town of Ingersoll's Share 38.91% (2016 - 38.91%)	\$ 375,311	\$ 454,123
	2017	2016
Retained earnings, beginning of year	\$ 1,662,985	\$ 495,874
Net income before other comprehensive income	1,084,466	1,044,684
Other comprehensive income (loss)	(119,903)	122,427
Less: Dividends	500,000	-
Retained earnings, end of year	\$ 2,127,548	\$ 1,662,985
Corporation of the Town of Ingersoll's Share 38.91% (2016 - 38.91%)	\$ 827,829	\$ 647,067

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

3. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	Total 2017	Total 2016
Employee Benefit Liability	\$ 71,298	\$ 5,093,519	\$ 5,164,817	\$ 5,257,015

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, 2017. The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<u>2017</u>	<u>2016</u>
Discount Rate	4.75%	4.75%
Rate of compensation increase	3.00%	3.00%
Healthcare cost increase	5.00%	5.00%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	\$ 5,190,273	\$ 5,273,905
Current period benefit cost	12,745	11,929
(Decrease) / Increase due to plan amendment	-	0
Amortization of actuarial gains/losses	(133,850)	(133,850)
Retirement interest expenditure	185,787	183,760
Benefits paid	(161,436)	(145,471)
Liability for post-retirement benefits	\$ 5,093,519	\$ 5,190,273
Post - retirement benefits expense is as follows:		
Current period benefit cost	\$ 12,745	\$ 11,929
Plan amendment cost	-	0
Amortization of actuarial gains/losses	(133,850)	(133,850)
Retirement interest expense	185,787	183,760
Post-retirement benefits expense	\$ 64,682	\$ 61,839

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 \$71,298 (2016 - \$66,742).

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2017

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 \$368,166 (2016 - \$375,703) 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	\$ 604,288	\$ 375,814	\$ 6,454	\$ (607,052)	\$ 379,504
Development Charges	966,495	390,428	13,009	(25,998)	1,343,934
Recreational Land	5,727	3,801	81	-	9,609
Provincial Gas Tax	701,966	57,053	8,620	-	767,639
Other	99,618	126,603	-	(85,151)	\$ 141,070
	<u>\$ 2,378,094</u>	<u>\$ 953,699</u>	<u>\$ 28,164</u>	<u>\$ (718,201)</u>	<u>\$ 2,641,756</u>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

5. Net Long Term Debt

	2017	2016
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	\$ 4,837,441	\$ 5,567,032

Principal repayments relating to net long term debt of \$4,837,441 outstanding are due as follows:

	Principal Repayments
2018	742,935
2019	659,373
2020	593,875
2021	605,647
2022	491,957
Thereafter	1,743,654
	\$ 4,837,441

The above long-term liabilities have maturity dates and interest rates ranging from 2018 to 2034 and 3.16% to 4.75% respectively.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

6. Tangible Capital Assets

2017

	Land		Facilities	Machinery and		Total
	Land	Improvements		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 net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service is \$354,529 (2016 - \$151,422). During the year, contributed capital assets of \$614,648 (2016 - \$1,591,385) 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.

2016

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,521,798	\$ 4,215,899	\$ 15,876,691	\$ 6,001,027	\$ 71,364,846	\$ 100,980,261
Additions	45,348	48,535	140,125	394,096	3,703,181	4,331,285
Disposals	-	-	(73,598)	(261,665)	(537,897)	(873,160)
Cost, end of year	\$ 3,567,146	\$ 4,264,434	\$ 15,943,218	\$ 6,133,458	\$ 74,530,130	\$ 104,438,386
Accumulated Amortization, beginning of year	\$ -	\$ 2,567,975	\$ 6,547,397	\$ 2,992,298	\$ 24,574,608	\$ 36,682,278
Amortization	-	128,905	377,587	431,615	1,774,865	2,712,972
Disposals	-	-	(25,256)	(200,515)	(447,599)	(673,370)
Accumulated Amortization, end of year	\$ -	\$ 2,696,880	\$ 6,899,728	\$ 3,223,398	\$ 25,901,874	\$ 38,721,880
Net carrying amount, end of year	\$ 3,567,146	\$ 1,567,554	\$ 9,043,490	\$ 2,910,060	\$ 48,628,256	\$ 65,716,506

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

7. Accumulated Surplus

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

	2017	2016
Investment in tangible capital assets	\$ 65,573,398	\$ 65,716,506
Current Funds	(2,645,214)	(3,399,674)
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	8,888,286	6,771,587
Industrial development	548,125	342,874
Investment in Government Business	9,914,829	9,734,067
Unfunded employee benefits liability	(5,164,817)	(5,257,015)
	\$ 77,306,885	\$ 74,100,623

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

8. Government Transfers

	Budget 2017	2017	2016
Federal			
Operating			
Conditional	\$ 24,966	\$ 14,634	\$ 25,561
Capital			
Conditional	-	-	28,856
Federal Gas Tax Revenue		607,052	344,980
	\$ 24,966	\$ 621,686	\$ 399,397
Provincial			
Operating			
Ontario Municipal Partnership Fund	\$ 388,800	\$ 388,800	\$ 457,300
Conditional	91,976	104,400	138,271
Capital			
Conditional	-	378,296	289,538
	\$ 480,776	\$ 871,496	\$ 885,109

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

9. Other Income

	Budget		
	2017	2017	2016
Penalties and interest on taxation	\$ 210,000	\$ 182,696	\$ 215,008
Other fines and penalties	5,300	12,287	5,281
Investment Income	83,313	150,090	97,447
Licences, permits and rents	363,760	588,591	627,244
Donations	154,121	198,891	237,375
Donated assets	614,648	614,648	1,591,385
Sales of publications and other	49,260	42,025	51,270
Gain (loss) on disposal of tangible capital assets	(236,262)	(58,560)	(123,157)
Interest - GBE (Note 2)	329,400	329,404	329,404
Dividends (Note 2)	-	194,549	-
Development Charges	25,998	25,998	25,396
Recreational Land	-	-	-
Other	6,300	8,731	8,009
	\$ 1,605,838	\$ 2,289,350	\$ 3,064,662

10. Expenses by Object

	Budget		
	2017	2017	2016
Salaries, Wages and Employee Benefits	\$ 6,470,782	\$ 6,396,556	\$ 6,442,514
Materials	3,191,041	2,958,600	2,882,978
Contracted Services	2,998,928	3,352,956	3,122,666
Rent & Financial Expenses	33,787	29,512	32,710
Interest on Long-term Debt	189,950	185,214	211,937
Contributions to Others	53,675	52,969	50,451
Amortization	2,823,237	2,825,820	2,712,972
	\$15,761,400	\$ 15,801,627	\$ 15,456,228

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2017

11. Budget Figures

The budget data presented in these consolidated financial statements are based upon the 2017 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:

	2017
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	-
Add:	
Net transfers (from) to reserves	3,236,575
Principal repayment of debt	729,590
Change in post - employment benefits liability	64,681
Contributed Assets	614,648
Deferred revenue earned	-
Less:	
Loss on disposal of tangible capital assets	236,262
Amortization	2,823,237
Capital project cost resulting in operating expenses	277,538
Budget Surplus (Full accrual)	\$ 1,308,457

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 2017. 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 \$1,448,000 (2016 - \$998,000) has been recognized at this time.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
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13. Funds Held in Trust

The trust funds administered by the municipality amounting to \$266,783 (2016 - \$263,143) 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:

	2017	2016
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	258,183	254,543
W.J. Bickerton	3,600	3,600
	\$ 266,783	\$ 263,143

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:

2018	115,400
2019	117,185
2020	119,000
2021	120,847
2022	122,724
Thereafter	746,400
	\$ 1,341,556

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.

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2017

16. Segmented Information

For the year ended December 31, 2017	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2017 Total
Revenue								
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
	<u>15,361,420</u>	<u>608,380</u>	<u>1,196,448</u>	<u>457,633</u>	<u>31,008</u>	<u>1,151,508</u>	<u>20,730</u>	<u>18,827,127</u>
Expenses								
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
	<u>2,726,821</u>	<u>3,756,134</u>	<u>4,152,417</u>	<u>667,793</u>	<u>106,667</u>	<u>4,155,313</u>	<u>236,482</u>	<u>15,801,627</u>
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

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2017

16. Segmented Information						2016		
For the year ended December 31, 2016	General government	Protection to persons and property	Transportation	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
Taxation	\$ 13,343,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,343,154
Grants	571,270	95,529	816,768	28,030	-	110,039	1,005	1,622,641
User fees and service charges	89,152	17,828	74,244	-	17,201	895,420	118	1,093,963
Other	755,447	551,476	883,251	582,428	8,768	281,766	1,526	3,064,662
	14,759,023	664,833	1,774,263	610,458	25,969	1,287,225	2,649	19,124,420
Expenses								
Salaries and wages	1,365,176	1,014,337	1,133,560	176,492	77,104	2,500,215	175,630	6,442,514
Goods and services	866,645	2,777,317	941,527	129,897	25,150	1,271,497	76,772	6,088,805
Interest	21,450	-	184,578	-	-	5,909	-	211,937
Amortization	161,562	126,261	1,667,064	310,691	1,826	445,568	-	2,712,972
	2,414,833	3,917,915	3,926,729	617,080	104,080	4,223,189	252,402	15,456,228
Income from government business enterprise	454,123	-	-	-	-	-	-	454,123
Net surplus (deficit)	\$ 12,798,313	\$ (3,253,082)	\$ (2,152,466)	\$ (6,622)	\$ (78,111)	\$ (2,935,964)	\$ (249,753)	\$ 4,122,315