

**The Corporation of the  
Town of Ingersoll**

Consolidated Financial Statements  
For the year ended December 31, 2021

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Consolidated Financial Statements  
For the year ended December 31, 2021**

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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, 2021, 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, 2021, 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.



December 12, 2022  
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 2021 2020

**Financial Assets**

Cash and Cash Equivalents	\$ 23,709,102	\$ 24,879,307
Taxes Receivable	362,379	730,839
Accounts Receivable	1,028,994	721,266
Land for resale (Note 1)	1,919,129	1,919,129
Investments (Note 2)	500,048	-
Investment in Government Business Enterprise (Note 3)	12,054,925	11,168,038
	<b>39,574,577</b>	<b>39,418,579</b>

**Liabilities**

Accounts Payable and Accrued Liabilities	6,968,255	6,262,167
Employee Benefits Liability (Note 4)	5,097,484	5,071,497
Deferred Revenue (Note 5)	4,260,598	3,658,442
Net Long-Term Debt (Note 6)	2,235,611	2,841,259
Boundary Adjustment Liability (Note 7)	24,257,646	-
	<b>42,819,594</b>	<b>17,833,365</b>

**Net Financial Assets (Debt)**

**(3,245,017)** 21,585,214

**Non-financial Assets**

Tangible Capital Assets (Note 8)	68,385,215	65,312,731
Prepaid Expenses and Inventories of Supplies	293,045	209,028
	<b>68,678,260</b>	<b>65,521,759</b>

**Accumulated Surplus (Note 9)**

**\$ 65,433,243** \$ 87,106,973

**Contingent Liabilities (Note 14)**

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Mayor

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

For the year ended December 31	Budget 2021	2021	2020
	Note 13		
<b>Revenue</b>			
Taxation	\$ 15,615,091	\$ <b>15,554,088</b>	\$ 14,448,099
Government Grants - Federal (Note 10)	11,652	<b>396,032</b>	403,140
Government Grants - Provincial (Note 10)	296,146	<b>871,463</b>	1,024,691
Municipal Transfers	334,373	<b>343,770</b>	300,524
User fees and service charges	727,241	<b>456,008</b>	539,794
Income (loss) from government business enterprises (Note 3)	-	<b>1,182,407</b>	888,331
Other (Note 11)	1,101,841	<b>1,249,791</b>	1,249,776
	<b>18,086,344</b>	<b>20,053,559</b>	18,854,355
<b>Expenses</b>			
General Government	\$ 3,967,359	\$ <b>28,387,101</b>	\$ 3,164,283
Protection Services	4,370,150	<b>4,320,602</b>	4,048,577
Transportation Services	4,247,842	<b>4,169,586</b>	4,120,003
Environmental Services	681,496	<b>702,790</b>	684,878
Health Services	147,700	<b>142,762</b>	161,018
Recreational and Cultural Services	4,455,615	<b>3,718,220</b>	3,398,095
Planning and Development	337,077	<b>286,228</b>	313,926
	<b>18,207,239</b>	<b>41,727,289</b>	15,890,780
<b>Annual Surplus</b>	<b>(120,895)</b>	<b>(21,673,730)</b>	2,963,575
<b>Accumulated Surplus, beginning of year</b>	<b>87,106,973</b>	<b>87,106,973</b>	84,143,398
<b>Accumulated Surplus, end of year</b>	<b>\$ 86,986,078</b>	<b>\$ 65,433,243</b>	\$ 87,106,973

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 2021	2021	2020
	Note 13		
Annual surplus	\$ (120,895)	\$ <b>(21,673,730)</b>	\$ 2,963,575
Acquisition of tangible capital assets	(3,105,625)	<b>(6,382,926)</b>	(3,104,625)
Amortization of tangible capital assets	3,020,339	<b>3,025,794</b>	3,102,306
Loss (gain) on disposal of tangible capital assets	284,649	<b>242,660</b>	153,024
Proceeds on sale of tangible capital assets	-	<b>41,988</b>	19,646
	<u>\$ 78,468</u>	<u>\$ <b>(24,746,214)</b></u>	<u>\$ 3,133,926</u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ <b>(84,017)</b>	\$ 19,866
<b>Net change in net financial assets (debt)</b>	78,468	<b>(24,830,231)</b>	3,153,792
<b>Net financial assets (debt), beginning of year</b>	21,585,214	<b>21,585,214</b>	18,431,422
<b>Net financial assets (debt), end of year</b>	<u>\$ 21,663,682</u>	<u>\$ <b>(3,245,017)</b></u>	<u>\$ 21,585,214</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

**2021**

2020

**Operating Transactions**

Annual surplus	\$ (21,673,730)	\$ 2,963,575
Items not involving cash		
Share of earnings, Net of dividends - EARTH Corporation	(886,887)	(731,525)
Amortization	3,025,794	3,102,306
(Gain) loss on disposal of tangible capital assets	242,660	153,024
Changes in non-cash operating balances		
Taxes receivable	368,460	188,941
Accounts receivable	(307,728)	25,772
Prepaid expenses and inventories of supplies	(84,017)	19,866
Accounts payable and accrued liabilities	706,088	1,655,608
Employee benefits liability	25,987	(14,430)
Deferred Revenue	602,156	309,197
Boundary Adjustment Liability	24,257,646	-
	<b>6,276,429</b>	<b>7,672,334</b>

**Capital Transactions**

Acquisition of tangible capital assets	(6,382,926)	(3,104,625)
Proceeds on sale of tangible capital assets	41,988	19,646
	<b>(6,340,938)</b>	<b>(3,084,979)</b>

**Investing Transactions**

Portfolio Investments	(500,048)	-
	<b>(500,048)</b>	-

**Financing Transactions**

Repayment of long-term debt	(605,648)	(593,874)
	<b>(605,648)</b>	<b>(593,874)</b>

<b>Net change in cash and cash equivalents</b>	<b>(1,170,205)</b>	<b>3,993,481</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>24,879,307</b>	<b>20,885,826</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 23,709,102</b>	<b>\$ 24,879,307</b>

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, 2021**

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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	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.

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**The Corporation of the Town of Ingersoll**  
**Summary of Significant Accounting Policies**  
**December 31, 2021**

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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, 2021**

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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, 2021**

**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. Investments**

The total investments of \$500,048 (2020 - nil) are recorded on the statement of financial position at cost, having a market value of \$489,997 (2020 - nil). The market value represents the realizable value of the investment if they were sold on December 31, 2021. Accordingly, only realized gains and losses are recognized in the financial statements.

**3. 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 30.16% (2020 - 30.16%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2021	2020
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	2,967,925	2,081,038
	\$ 12,054,925	\$ 11,168,038
	2021	2020
Share of equity earnings, beginning of year	\$ 2,081,038	\$ 1,349,513
Share in net income	1,182,407	888,331
Dividends	(295,520)	(156,806)
Increase from government business enterprise	886,887	731,525
	\$ 2,967,925	\$ 2,081,038

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2020 - 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 (2020 - \$329,404). During the year, ERTH Corporation declared, but has not yet paid, dividends totaling \$980,000 (2020 - \$520,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll was \$295,520 (2020 - \$156,806).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**3. 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:

	2021	2020
Financial position		
Assets		
Current	\$ 21,000,436	\$ 20,427,673
Property, Plant and Equipment	69,320,000	66,710,355
Regulatory and other assets	20,044,334	19,597,988
Total assets and regulatory balances	\$ 110,364,770	\$ 106,736,016
Liabilities		
Current	\$ 24,512,383	\$ 24,670,683
Long-term debt	39,419,177	40,488,940
Other non-current liabilities	13,272,747	11,323,477
Total liabilities	\$ 77,204,307	\$ 76,483,100
Equity		
Share capital	\$ 22,803,855	\$ 22,803,855
Retained earnings	10,513,649	7,717,432
Accumulated other comprehensive income (loss)	(671,412)	(816,293)
Total equity	\$ 32,646,092	\$ 29,704,994
Regulatory balances	514,371	547,922
Total liabilities, equity and regulatory balances	\$ 110,364,770	\$ 106,736,016
Results of Operations		
Revenue	\$ 96,543,343	\$ 99,075,396
Expenses	92,767,126	96,018,808
Net income before other comprehensive income	3,776,217	3,056,588
Other comprehensive income (loss)	144,881	(110,705)
Total comprehensive income (loss) for the year	\$ 3,921,098	\$ 2,945,883
Corporation of the Town of Ingersoll's Share 30.16% (2020 - 30.16%)	\$ 1,182,407	\$ 888,331
	2021	2020
Retained earnings, beginning of year	\$ 6,901,139	\$ 4,475,256
Net income before other comprehensive income	3,776,217	3,056,588
Other comprehensive income (loss)	144,881	(110,705)
Less: Dividends	980,000	520,000
Retained earnings, end of year	\$ 9,842,237	\$ 6,901,139
Corporation of the Town of Ingersoll's Share 30.16% (2020 - 30.16%)	\$ 2,967,925	\$ 2,081,038

## The Corporation of the Town of Ingersoll

### Notes to Consolidated Financial Statements

December 31, 2021

#### 4. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	Total 2021	Total 2020
Employee Benefit Liability	<b>\$ 77,237</b>	<b>\$ 5,020,247</b>	<b>\$ 5,097,484</b>	<b>\$ 5,071,497</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 an actuarial valuation completed March 04, 2022 and management estimates as at December 31, 2021. Employee contributions were nil (2020 - nil). The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<u>2021</u>	2020
Discount Rate	3.00%	3.75%
Rate of compensation increase	2.75%	2.75%
Healthcare cost increase	5.75%	6.42%

The benefit obligation continuity is as follows:

Accrued benefit obligation, January 1	<b>\$ 5,400,510</b>	\$ 5,427,542	
Current period benefit cost	<b>17,655</b>	16,684	
Increase due to plan amendment	<b>37,039</b>	-	
Retirement interest expenditure	<b>198,211</b>	199,289	
Benefits paid	<b>(247,430)</b>	(243,005)	
Accrued benefit obligation, December 31	<b>\$ 5,405,985</b>	\$ 5,400,510	
Unamortized actuarial gain/(loss)	<b>(405,411)</b>	(425,084)	
Amortization of actuarial gains/losses	<b>19,673</b>	19,673	
Liability for post-retirement benefits	<b>\$ 5,020,247</b>	\$ 4,995,099	

Post - retirement benefits expense is as follows:

Current period benefit cost	<b>\$ 17,655</b>	\$ 16,684	
Prior period cost of plan amendment	<b>37,039</b>	-	
Amortization of actuarial gains/losses	<b>19,673</b>	19,673	
Retirement interest expense	<b>198,211</b>	199,289	
Post-retirement benefits expense	<b>\$ 272,578</b>	\$ 235,646	

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 \$77,237 (2020 - \$76,398).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**4. 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 \$406,949 (2020 - \$408,986) 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.

**5. Deferred Revenue**

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Federal Gas Tax	\$ 1,126,889	\$ 793,534	\$ 10,565	\$ (358,679)	\$ 1,572,309
Development Charges	1,469,725	184,245	10,936	(93,793)	1,571,113
Recreational Land	66,681	5,171	492	-	72,344
Provincial Gas Tax	962,727	55,595	7,265	(15,000)	1,010,587
Other	32,420	5,745	-	(3,920)	\$ 34,245
	<u>\$ 3,658,442</u>	<u>\$ 1,044,290</u>	<u>\$ 29,258</u>	<u>\$ (471,392)</u>	<u>\$ 4,260,598</u>

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**6. Net Long Term Debt**

	2021	2020
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	<b>\$ 2,235,611</b>	\$ 2,841,259

Principal repayments relating to net long term debt of \$2,235,611 outstanding are due as follows:

	Principal Repayments
2022	491,957
2023	500,260
2024	307,400
2025	168,294
2026	85,300
Thereafter	682,400
	<b>\$ 2,235,611</b>

The above long-term liabilities have maturity dates and interest rates ranging from 2022 to 2034 and 3.04% to 3.99% respectively.

**7. Boundary Adjustment Liability - The Township of South-West Oxford**

On January 1, 2021, the Town's boundary lines were expanded to include 786 hectares of land transferred from the Township of South-West Oxford ("the Township") to the Town's jurisdiction. Using a present value technique with a discount rate of 3%, a liability was recognized on January 1, 2021 for compensation due to the Township in the amount of \$24,257,646. For each year following December 31, 2020 the Town is required to pay the Township the Base Amount for the annexed lands based upon the 2020 Township municipal tax levy on those lands adjusted annually by Ontario CPI plus an amount for the Total CAMI Plant Lands determined as 24% (twenty four percent) of the Town's own purpose taxes for the total CAMI Plant Lands. In addition, the Town will pay the Township 24% (twenty four percent) of the Town's own purpose taxes levied for all new commercial and industrial development created on the annexed lands after December 31, 2020.

As part of the agreement, the Town received contributed assets in the amount of \$181,075. The assets were recorded using Township's historical cost and consisted of mainly linear assets, traffic signals, traffic signs, and land.

**7. Boundary Adjustment Liability - The Township of South-West Oxford (continued)**

General Government expense increased significantly in 2021 as a result of establishing the long-term liability due to the Township in the amount of \$24,257,646 representing the total compensation payable to the Township for the boundary adjustment. The liability is payable in annual instalments anticipated to continue for an infinite number of years.

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## The Corporation of the Town of Ingersoll

### Notes to Consolidated Financial Statements

December 31, 2021

#### 8. Tangible Capital Assets

2021

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,572,918	\$ 4,964,907	\$ 15,916,564	\$ 6,756,646	\$ 81,200,212	\$ 112,411,246
Additions	106,114	97,489	1,038,514	94,647	5,046,162	6,382,926
Disposals	-	(13,746)	(308,073)	(151,108)	(585,422)	(1,058,350)
Cost, end of year	\$ 3,679,031	\$ 5,048,650	\$ 16,647,005	\$ 6,700,185	\$ 85,660,952	\$ 117,735,823
Accumulated Amortization, beginning of year	\$ -	\$ 3,021,739	\$ 7,377,216	\$ 4,177,498	\$ 32,522,062	\$ 47,098,516
Amortization	-	181,711	425,765	447,566	1,970,751	3,025,794
Disposals	-	(13,746)	(145,111)	(151,108)	(463,736)	(773,701)
Accumulated Amortization, end of year	\$ -	\$ 3,189,703	\$ 7,657,871	\$ 4,473,955	\$ 34,029,078	\$ 49,350,608
Net carrying amount, end of year	\$ 3,679,031	\$ 1,858,946	\$ 8,989,134	\$ 2,226,230	\$ 51,631,874	\$ 68,385,215

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 \$3,422,4426 (2020 - \$1,551,436). During the year, contributed capital assets was \$181,075 (2020 - nil). 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.

2020

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,572,918	\$ 4,706,658	\$ 15,734,211	\$ 6,626,138	\$ 79,139,430	\$ 109,779,355
Additions	-	353,491	317,616	170,123	2,263,395	3,104,625
Disposals	-	(95,242)	(135,264)	(39,615)	(202,613)	(472,734)
Cost, end of year	\$ 3,572,918	\$ 4,964,907	\$ 15,916,564	\$ 6,756,646	\$ 81,200,212	\$ 112,411,246
Accumulated Amortization, beginning of year	\$ -	\$ 2,947,244	\$ 7,025,278	\$ 3,750,188	\$ 30,573,563	\$ 44,296,273
Amortization	-	136,859	410,733	450,926	2,103,789	3,102,306
Disposals	-	(62,364)	(58,794)	(23,616)	(155,289)	(300,064)
Accumulated Amortization, end of year	\$ -	\$ 3,021,739	\$ 7,377,216	\$ 4,177,498	\$ 32,522,062	\$ 47,098,516
Net carrying amount, end of year	\$ 3,572,918	\$ 1,943,167	\$ 8,539,347	\$ 2,579,149	\$ 48,678,150	\$ 65,312,731

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**9. Accumulated Surplus**

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

	2021	2020
Investment in tangible capital assets	\$ 68,385,215	\$ 65,312,731
Current Funds	99,630	(411,292)
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	16,113,849	15,237,812
Industrial development	(2,057,524)	678,903
Investment in Government Business Enterprise	12,054,925	11,168,038
Unfunded employee benefits liability	(5,097,484)	(5,071,497)
Unfunded boundary adjustment liability	(24,257,646)	-
	\$ 65,433,243	\$ 87,106,973

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

**10. Government Transfers**

	Budget		2021		2020
	2021				
<b>Federal</b>					
Operating					
Conditional	\$ 11,652	\$	37,353	\$	27,084
Capital					
Federal Gas Tax Revenue	-		358,679		376,056
	\$ 11,652	\$	396,032	\$	403,140
<b>Provincial</b>					
Operating					
Ontario Municipal Partnership Fund	\$ 203,100	\$	203,100	\$	238,900
Conditional	93,046		367,482		435,979
Capital					
Conditional	-		300,881		349,812
	\$ 296,146	\$	871,463	\$	1,024,691

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

	Budget		
	2021	<b>2021</b>	2020
Penalties and interest on taxation	\$ 130,000	\$ <b>126,445</b>	\$ 88,477
Other fines and penalties	21,200	<b>16,320</b>	19,791
Investment Income	172,000	<b>166,906</b>	260,218
Licences, permits and rents	349,523	<b>440,406</b>	487,349
Donations	137,893	<b>27,646</b>	105,435
Donated assets	181,075	<b>181,075</b>	-
Sales of publications and other	13,680	<b>8,558</b>	19,818
Gain (loss) on disposal of tangible capital assets	(284,649)	<b>(242,660)</b>	(153,024)
Interest - GBE (Note 3)	329,400	<b>329,404</b>	329,404
Development Charges	49,219	<b>93,793</b>	79,904
Other	2,500	<b>101,898</b>	12,404
	<b>\$ 1,101,841</b>	<b>\$ 1,249,791</b>	<b>\$ 1,249,776</b>

**12. Expenses by Object**

	Budget		
	2021	<b>2021</b>	2020
Salaries, Wages and Employee Benefits	\$ 7,432,797	\$ <b>7,086,095</b>	\$ 6,378,045
Materials	3,199,615	<b>2,936,040</b>	2,682,453
Contracted Services	3,731,883	<b>3,619,674</b>	3,523,510
Rent & Financial Expenses	33,400	<b>18,131</b>	29,941
Interest on Long-term Debt	94,073	<b>89,638</b>	110,528
Contributions to Others	695,132	<b>24,951,917</b>	63,996
Amortization	3,020,339	<b>3,025,794</b>	3,102,307
	<b>\$18,207,239</b>	<b>\$ 41,727,289</b>	<b>\$ 15,890,780</b>

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
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**13. Budget Figures**

The budget data presented in these consolidated financial statements are based upon the 2021 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>2021</u>
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	-
Add:	
Net transfers (from) to reserves	2,519,654
Principal repayment of debt	605,648
Donated tangible capital assets	181,075
Less:	
Change in post - employment benefits liability	25,987
Loss on disposal of tangible capital assets	284,649
Amortization	3,020,339
Capital project cost resulting in operating expenses	96,297
Budget Surplus (Full accrual)	<u>\$ (120,895)</u>

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**14. 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 2021. 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 \$3,273,000 (2020 - \$2,798,000) has been recognized at this time.

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2021**

**15. Funds Held in Trust**

The trust funds administered by the municipality amounting to \$310,006 (2020 - \$298,485) 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:

	2021	2020
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	301,406	289,885
W.J. Bickerton	3,600	3,600
	\$ 310,006	\$ 298,485

**16. Contaminated Sites**

The Corporation of the Town of Ingersoll has implemented Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites. This standard requires the Town to disclose the liability, if any, related to remediation of such sites. Accordingly, there is nothing to report for the purpose of these financial statements.

**17. Operating Lease Commitments**

The Corporation of the Town of Ingersoll has entered into commitments for rent and leases expiring at various dates prior to 2030. The future minimum annual payments are estimated to be as follows:

2022	122,724
2023	124,634
2024	126,576
2025	128,551
2026	120,159
Thereafter	246,480
	\$ 869,124

**18. Impact of COVID-19**

The coronavirus pandemic is still ongoing and the measures taken to combat the health threat of the virus have had a negative financial impact on the Town. The Town responded by implementing a variety of cost containment measures, while the Federal and Provincial governments responded by providing funding through the Safe Restart Agreement and additional program specific funding. The Town is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. Parking revenues, penalty and interest on taxes, marriage and lottery licence revenues, arena, sport fields and hall rental revenues were all impacted. The Arena, Victoria Park Community Centre, recreational fields, and the Fusion Centre were all closed to the public on and off throughout the pandemic. Summer camps were also cancelled along with other recreational programming. As of the date of issuance of these financial statements, the full impact to the Town's financial position is not known.

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**19. 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, 2021

<b>19. Segmented Information</b>								<b>December 31, 2021</b>	
For the year ended December 31, 2021	Revenue	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2021 Total
Taxation	\$ 15,554,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,554,088
Grants	566,226	78,080	863,311	43,475	-	50,737	9,436	-	1,611,265
User fees and service charges	82,546	8,845	53,197	-	46,190	265,230	-	-	456,008
Other	652,548	375,293	317,177	(104,131)	22,894	(16,010)	2,020	-	1,249,791
	<u>16,855,408</u>	<u>462,218</u>	<u>1,233,685</u>	<u>(60,656)</u>	<u>69,084</u>	<u>299,957</u>	<u>11,456</u>	<u>-</u>	<u>18,871,152</u>
<b>Expenses</b>									
Salaries and wages	2,088,681	1,163,937	1,172,624	205,672	92,432	2,223,489	139,260	-	7,086,095
Goods and services	1,217,375	3,026,901	1,006,830	168,892	44,874	962,005	146,968	-	6,573,845
Contributions to others	24,912,444	-	-	-	-	39,473	-	-	24,951,917
Interest	2,105	-	87,533	-	-	-	-	-	89,638
Amortization	166,496	129,764	1,902,599	328,226	5,456	493,253	-	-	3,025,794
	<u>28,387,101</u>	<u>4,320,602</u>	<u>4,169,586</u>	<u>702,790</u>	<u>142,762</u>	<u>3,718,220</u>	<u>286,228</u>	<u>-</u>	<u>41,727,289</u>
Income from government business enterprise	1,182,407	-	-	-	-	-	-	-	1,182,407
<b>Net surplus (deficit)</b>	<b>\$ (10,349,286)</b>	<b>\$ (3,858,384)</b>	<b>\$ (2,935,901)</b>	<b>\$ (763,446)</b>	<b>\$ (73,678)</b>	<b>\$ (3,418,263)</b>	<b>\$ (274,772)</b>	<b>\$ (21,673,730)</b>	

**The Corporation of the Town of Ingersoll**  
Notes to Consolidated Financial Statements  
December 31, 2021

<b>19. Segmented Information</b>								2020	
For the year ended December 31, 2020	Revenue	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	Total
Taxation		\$ 14,448,099	-	-	-	-	-	-	\$ 14,448,099
Grants		699,112	113,921	826,610	45,495		35,060	8,157	1,728,355
User fees and service charges		84,614	8,558	51,573		50,104	341,371	3,574	539,794
Other		675,072	419,934	63,380	4,204	19,766	64,940	2,480	1,249,776
		15,906,897	542,413	941,563	49,699	69,870	441,371	14,211	17,966,024
<b>Expenses</b>									
Salaries and wages		1,704,782	1,059,314	1,231,640	184,828	95,284	1,962,194	140,003	6,378,045
Goods and services		1,295,142	2,854,427	784,702	172,223	60,278	959,205	173,923	6,299,900
Interest		6,244		104,284					110,528
Amortization		158,115	134,837	1,999,376	327,827	5,456	476,696		3,102,307
		3,164,283	4,048,578	4,120,002	684,878	161,018	3,398,095	313,926	15,890,780
Income from government business enterprise		888,331	-	-	-	-	-	-	888,331
Net surplus (deficit)		\$ 13,630,945	\$ (3,506,165)	\$ (3,178,439)	\$ (635,179)	\$ (91,148)	\$ (2,956,724)	\$ (299,715)	\$ 2,963,575