

**The Corporation of the
Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2011**

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2011**

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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, 2011, the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

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 generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, and for such internal control as management determines is necessary to enable the preparation and fair presentation 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 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 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, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Ingersoll as at December 31, 2011 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

"BDO Canada LLP"

Chartered Accountants, Licenced Public Accountants

Stratford, Ontario
August 7, 2012

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

December 31	2011	2010
		Restated (See Note 1)
Financial assets		
Cash and cash equivalents	\$ 592,714	\$ -
Taxes receivable	1,171,950	747,147
Accounts receivable	1,996,104	5,035,302
Investment in government business enterprise (Note 2)	9,620,844	9,620,503
Long-term receivable	385,451	385,451
	13,767,063	15,788,403
Liabilities		
Bank indebtedness (Note 3)	150,000	1,254,563
Accounts payable and accrued liabilities	2,695,026	2,343,722
Employee benefits liability (Note 4)	550,111	566,578
Deferred revenue (Note 5)	1,879,491	1,446,776
Net long-term debt (Note 6)	5,292,258	4,670,273
	10,566,886	10,281,912
Net financial assets	3,200,177	5,506,491
Non-financial assets		
Tangible capital assets (Note 7)	61,942,063	60,171,750
Prepaid expenses and inventories of supplies	205,534	125,302
	62,147,597	60,297,052
Accumulated surplus (Note 8)	\$ 65,347,774	\$ 65,803,543

Contingent liabilities (Note 13)

_____ Treasurer _____ Mayor

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2011	2011	2010
	(Note 16)		Restated (See Note 1)
Revenue			
Taxation	\$ 9,116,740	\$ 8,666,326	\$ 8,939,448
Government grants - Federal (Note 9)	236,466	364,881	2,630,932
Government grants - Provincial (Note 10)	1,336,901	1,405,880	3,483,040
Municipal grants	235,042	379,948	439,185
User fees and service charges	1,321,653	1,172,412	1,002,479
Income (loss) from government business enterprises (Note 2)	187,500	281,686	(316,871)
Other (Note 11)	1,043,691	2,769,118	1,471,779
	<u>13,477,993</u>	<u>15,040,251</u>	<u>17,649,992</u>
Expenses			
General government	1,991,732	2,011,088	2,378,132
Protection services	3,874,228	4,027,569	4,007,820
Transportation services	2,662,992	4,375,473	4,229,539
Environmental services	221,048	695,667	463,463
Health services	134,715	109,437	109,172
Recreation and cultural services	3,540,818	3,902,218	3,917,735
Planning and development	399,364	374,568	410,117
	<u>12,824,897</u>	<u>15,496,020</u>	<u>15,515,978</u>
Annual surplus (deficit)	<u>653,096</u>	<u>(455,769)</u>	<u>2,134,014</u>
Accumulated surplus, beginning of year as previously stated	66,829,809	66,829,809	63,669,529
Prior period adjustment (Note 1)	<u>(1,026,266)</u>	<u>(1,026,266)</u>	<u>-</u>
Accumulated surplus, beginning of year, restated	<u>65,803,543</u>	<u>65,803,543</u>	<u>63,669,529</u>
Accumulated surplus, end of year	<u>\$ 66,456,639</u>	<u>\$ 65,347,774</u>	<u>\$ 65,803,543</u>

The Corporation of the Town of Ingersoll
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2011	2011	2010
	(Note 16)		Restated (See Note 1)
Annual surplus (deficit)	\$ 653,096	\$ (455,769)	\$ 2,134,014
Acquisition of tangible capital assets	(920,700)	(4,818,196)	(7,609,624)
Amortization of tangible capital assets	-	2,241,011	2,164,156
Loss on disposal of tangible capital assets	-	659,079	257,251
Proceeds on sale of tangible capital assets	-	147,792	9,467
	<u>(267,604)</u>	<u>(2,226,083)</u>	<u>(3,044,736)</u>
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	(80,231)	15,299
	-	<u>(80,231)</u>	<u>15,299</u>
Net change in net financial assets	(267,604)	(2,306,314)	(3,029,437)
Net financial assets, beginning of year	5,506,491	5,506,491	8,535,928
Net financial assets, end of year	<u>\$ 5,238,887</u>	<u>\$ 3,200,177</u>	<u>\$ 5,506,491</u>

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

For the year ended December 31

2011

2010

Restated
(See Note 1)

Operating transactions

Annual surplus (deficit)	\$ (455,769)	\$ 2,134,014
Items not involving cash		
Change in net equity - ERTH corporation	(341)	316,871
Amortization	2,241,011	2,164,156
Loss on disposal of tangible capital assets	659,079	257,251
Changes in non-cash operating balances		
Taxes receivable	(424,803)	19,575
Accounts receivable	3,039,198	(3,496,063)
Long-term receivable	-	(385,451)
Prepaid expenses and inventories of supplies	(80,232)	15,299
Accounts payable and accrued liabilities	351,305	811,012
Employee benefits liability	(16,467)	149,527
Deferred revenue	432,715	141,977
	5,745,696	2,128,168

Capital transactions

Acquisition of tangible capital assets	(4,818,196)	(7,609,624)
Proceeds on sale of tangible capital assets	147,792	9,467
	(4,670,404)	(7,600,157)

Financing transactions

Increase (decrease) in bank indebtedness	(1,104,563)	1,254,563
Proceeds from issuance of long-term debt	1,047,733	1,422,830
Repayment of long-term debt	(425,748)	(344,876)
	(482,578)	2,332,517

Net change in cash and cash equivalents	592,714	(3,139,472)
Cash and cash equivalents, beginning of year	-	3,139,472
Cash and cash equivalents, end of year	\$ 592,714	\$ -

The Corporation of the Town of Ingersoll

Summary of Significant Accounting Policies

December 31, 2011

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 the Canadian Institute of Chartered Accountants. 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. The following entity has been [proportionately] consolidated:

Ingersoll Rural Cemetery Board	87.5%
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All inter-entity transactions and balances have been eliminated.

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

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, 2011

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 year 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.

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.

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 specified 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, 2011

Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>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.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.</p> <p>Sales of services and other revenue are recognized on an accrual basis.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.</p>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

1. Prior Period Adjustment

During the year, The Corporation of the Town of Ingersoll determined that certain asset costs were incorrectly treated in the tangible capital assets inventory at December 31, 2010. It was also determined that certain accounts receivable and government grants were incorrectly calculated at the year end. These errors resulted in revenue from government grants being overstated, current accounts receivable being overstated, long-term receivable being understated and tangible capital assets being overstated. The retrospective impact of these adjustments has been reported as follows:

	<u>2010</u>
<u>Statement of Financial Position</u>	
Decrease in accounts receivable	\$ (255,364)
Increase in long-term receivable	<u>385,451</u>
Increase in net financial assets	\$ 130,087
Decrease of assets under construction included in tangible capital assets	<u>\$ (1,156,353)</u>
Decrease in 2010 closing accumulated surplus	<u>(1,026,266)</u>
<u>Statement of Operations</u>	
Decrease in revenue	
Government grants - Federal	(513,133)
- Provincial	<u>(513,133)</u>
Total decrease in revenue	<u>\$ (1,026,266)</u>
Decrease in 2010 annual surplus	<u>\$ (1,026,266)</u>
Decrease in 2010 ending accumulated surplus	<u>\$ (1,026,266)</u>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

2. Investment in Government Business Enterprise

ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Ingersoll owns 37.51% (2010 - 37.51%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2011	2010
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	533,844	533,503
	9,620,844	9,620,503

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2010 - 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 (2010 - \$329,404).

During the year, ERTH Corporation declared and paid dividends totaling \$750,000. The proportionate share of these dividends received by The Corporation of the Town of Ingersoll and included in other income is \$281,345 (2010 - \$Nil).

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

	2011	2010
Financial position		
Current	\$ 16,684,059	\$ 21,785,104
Capital	28,915,029	27,354,756
Regulatory and other assets	15,870,452	17,024,885
Total assets	\$ 61,469,540	\$ 66,164,745
Liabilities		
Current	\$ 17,291,374	\$ 20,944,019
Long-term debt	26,659,109	28,190,046
Regulatory and other liabilities	5,360,451	4,872,983
Total liabilities	\$ 49,310,934	\$ 54,007,048
Net assets	\$ 12,158,606	\$ 12,157,697
Results of operations		
Revenue	\$ 65,394,040	\$ 63,424,488
Expenses	64,643,132	63,530,627
Net income (loss) for the year	\$ 750,908	\$ (106,139)

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

3. Bank Indebtedness

Bank indebtedness of \$150,000 (2010 - \$1,254,563) is secured by a general security agreement covering certain assets of the municipality. The maximum authorized amount is \$5,938,356, bears interest at the prime bank rate and is renegotiable each year in January for the subsequent year.

4. Employee Benefits Liability

	Accrued vacation payable	Sick leave benefits	Post - employment benefits	Total 2011	Total 2010
Employee benefit liability	20,000	98,556	\$ 431,555	550,111	566,578

Post - employment Benefits

The Corporation of the Town of Ingersoll provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age.

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 \$87,153 (2010 - \$76,085)

Pension Agreements

The Corporation of the Town of Ingersoll makes contributions to the Ontario Municipal Employees Retirement Fund (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 length of service and rates of pay. The Corporation of the Town of Ingersoll paid \$307,623 (2010 - \$257,178) for employer contributions.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

5. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Dedicated gas tax	\$ 473,753	360,738	9,134	(45,769)	\$ 797,856
Development charges	508,570	66,546	5,283	-	580,399
Recreational land	76,214	265	18	(75,000)	1,497
Other restricted grants	335,583	64,367	4,398	(5,229)	399,119
Other	52,656	47,964	-	-	100,620
	<u>\$ 1,446,776</u>	<u>539,880</u>	<u>18,833</u>	<u>(125,998)</u>	<u>\$ 1,879,491</u>

Federal gas tax

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Corporation of the Town of Ingersoll and the Government of Canada. Gas tax funding may be used towards designated environmentally sustainable municipal infrastructure and capacity building projects as specified in the funding agreements.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

6. Net Long-term Debt

Net long term debt reported on the statement of financial position is comprised of the following:

	<u>2011</u>	<u>2010</u>
Long term liabilities issued by the County of Oxford for which the Town has assumed responsibility for repayment	<u>\$ 5,292,258</u>	<u>\$ 4,670,273</u>

Principal repayments relating to net long term debt of \$5,292,258 outstanding are due as follows:

	<u>Principal Repayments</u>
2012	\$ 530,843
2013	424,058
2014	436,750
2015	449,937
2016	463,639
Thereafter	<u>2,987,031</u>
	<u>\$ 5,292,258</u>

The above long-term liabilities have maturity dates and interest rates ranging from 2012 to 2025 and 3.46% and 5.65% respectively.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

	2011						
7. Tangible Capital Assets	Land	Land Improvements	Land	Facilities	Machinery and Equipment	Vehicles, Infrastructure	Total
Cost, beginning of year	\$ 3,715,370	\$ 3,876,371	\$ 15,364,994	\$ 5,514,413	\$ 61,312,574	\$ 89,783,722	
Additions		84,132	260,899	299,198	4,173,967	4,818,196	
Disposals	(31,558)	-	-	(197,206)	(1,705,488)	(1,934,252)	
Cost, end of year	\$ 3,683,812	\$ 3,960,503	\$ 15,625,893	\$ 5,616,405	\$ 63,781,053	\$ 92,667,666	
Accumulated amortization, beginning of year	\$ -	\$ 2,196,364	\$ 4,491,077	\$ 2,670,117	\$ 20,254,414	\$ 29,611,972	
Amortization	-	136,331	367,573	394,980	1,342,127	2,241,011	
Disposals	-	-	-	(197,206)	(930,174)	(1,127,380)	
Accumulated amortization, end of year	\$ -	\$ 2,332,695	\$ 4,858,650	\$ 2,867,891	\$ 20,666,367	\$ 30,725,603	
Net carrying amount, end of year	\$ 3,683,812	\$ 1,627,808	\$ 10,767,243	\$ 2,748,514	\$ 43,114,686	\$ 61,942,063	

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 \$5,689,535 (2010 - \$6,681,280 (restated)). During the year contributed capital assets of \$1,595,874 (2010 - \$nil) 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.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

7. Tangible Capital Assets (continued)

									2010 Restated (See Note 1)
	Land	Land improvements	Land	Facilities	Machinery and Equipment	Infrastructure	Total		
Cost, beginning of year	\$ 3,872,870	\$ 3,907,753	\$ 14,687,337	\$ 5,382,215	\$ 55,018,030	\$ 82,868,205			
Additions		26,778	677,657	292,249	6,612,940	7,609,624			
Disposals	(157,500)	(58,160)	-	(160,051)	(318,396)	(694,107)			
Cost, end of year	\$ 3,715,370	\$ 3,876,371	\$ 15,364,994	\$ 5,514,413	\$ 61,312,574	\$ 89,783,722			
Accumulated amortization, beginning of year	\$ -	\$ 2,115,939	\$ 4,157,541	\$ 2,395,111	\$ 19,206,614	\$ 27,875,205			
Amortization		135,464	333,536	400,568	1,294,588	2,164,156			
Disposals	(55,039)		-	(125,562)	(246,788)	(427,389)			
Accumulated amortization, end of year	\$ -	\$ 2,196,364	\$ 4,491,077	\$ 2,670,117	\$ 20,254,414	\$ 29,611,972			
Net carrying amount, end of year	\$ 3,715,370	\$ 1,680,007	\$ 10,873,917	\$ 2,844,296	\$ 41,058,160	\$ 60,171,750			

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

8. Accumulated Surplus

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

	2011	2010
		Restated (See Note 1)
Investment in tangible capital assets	\$ 61,942,063	\$ 60,171,750
Current Funds	(7,626,162)	(5,045,647)
Reserve Funds		
Working funds	192,278	192,278
Current purposes	926,415	646,977
Capital purposes	751,935	694,865
Industrial development	90,512	89,395
Investment in government business	9,620,844	9,620,503
Unfunded	(550,111)	(566,578)
	\$ 65,347,774	\$ 65,803,543

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

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

9. Government Transfers - Federal

	Budget 2011	2011	2010
	(Note 16)		Restated (See Note 1)
Federal Transfers			
Operating			
Unconditional	\$ 48,240	\$ 83,408	\$ 52,619
Federal gas tax revenue	-	-	675
Capital			
Infrastructure stimulus funding	-	173,204	2,071,108
Federal gas tax revenue	44,060	45,769	286,090
Other capital funding	144,166	62,500	220,440
	\$ 236,466	\$ 364,881	\$ 2,630,932

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

10. Government Transfers - Provincial

	Budget 2011	2011	2010
	(Note 16)		Restated (See Note 1)
Provincial Transfers			
Operating			
Ontario municipal partnership fund	\$ 983,200	\$ 983,200	\$ 1,092,400
Unconditional	266,835	244,247	131,092
Capital			
Infrastructure stimulus funding	-	173,204	2,045,608
Paratransit fund	5,200	5,229	18,000
Other capital funding	81,666	-	195,940
	\$ 1,336,901	\$ 1,405,880	\$ 3,483,040

11. Other Income

	Budget 2011	2011	2010
	(Note 16)		
Penalties and interest on taxation	\$ 150,000	\$ 182,679	\$ 150,797
Other fines and penalties	16,700	19,363	19,242
Investment income	58,800	51,753	51,833
Licences, permits and rents	262,777	310,168	436,163
Donations	203,833	180,597	166,853
Donated assets	-	1,595,874	-
Sales of publications and equipment	21,531	13,126	42,458
Interest - GBE (Note 2)	330,000	329,404	329,404
Other	50	86,154	275,029
	\$ 1,043,691	\$ 2,769,118	\$ 1,471,779

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

12. Expenses by Object

	Budget 2011	2011	2010
	(Note 16)		Restated (See Note 1)
Salaries, wages and employee benefits	\$ 5,972,851	\$ 6,035,440	\$ 5,901,234
Materials	3,530,813	3,170,961	3,172,076
Contracted services	3,004,087	3,066,953	3,469,602
Rent and financial expenses	33,058	41,812	35,415
Interest on long-term debt	196,263	196,263	153,171
Contributions to others	87,825	84,501	363,074
Amortization	-	2,241,011	2,164,155
Loss on disposal of capital assets	-	659,079	257,251
	\$ 12,824,897	\$ 15,496,020	\$ 15,515,978

13. Contingent Liabilities

A significant ratepayer of the Municipality currently has appealed to the Assessment Review Board (ARB) with respect to the taxation years between 2009 to 2011. This same ratepayer has also filed vacancy rebate applications for its property. These appeals could potentially result in a reduction of taxes which would be distributed between the town, the county and school boards. As there is considerable uncertainty surrounding both the hearing process and the potential settlement of reduction in taxation revenue an amount is not determinable at this time. The effect on taxation of the settlement of these appeals will be recorded in the fiscal year in which they can be determined.

14. Operations of School Boards and the County of Oxford

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Oxford:

	2011	2010
School Boards	\$ 5,169,277	\$ 5,450,703
County of Oxford	5,967,603	5,758,324
	\$ 11,136,880	\$ 11,209,027

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

15. Funds Held in Trust

The trust funds administered by the municipality amounting to \$227,993 (2010 - \$219,219) 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:

	2011	2010
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	219,393	210,619
W.J. Bickerton	3,600	3,600
	\$ 227,993	\$ 219,219

16. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 3, 2011 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on May 3, 2011 with adjustments as follows:

	2011
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	920,700
Budgeted transfers to accumulated surplus	714,081
Principal payments on debt	425,748
Less:	
Budgeted transfers from accumulated surplus	(359,700)
Proceeds from issuance of long-term debt	(1,047,733)
Budget surplus per statement of operations	\$ 653,096

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

17. 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 cemeteries.

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 library 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 transactions with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided. Taxation and grants attributable to a number of segments have been allocated to those segments based on the current fund expenses for the year.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

17. Segmented Information (continued)

For the year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2011 Total
Revenue								
Taxation	\$ 1,347,871	\$ 2,621,818	\$ 1,802,135	\$ 149,590	\$ 78,461	\$ 2,396,188	\$ 270,263	\$ 8,666,326
Grants	165,872	400,087	781,399	111,248	-	656,041	36,062	2,150,709
User fees and service charges	18,318	85,854	27,467	-	27,943	989,625	23,205	1,172,412
Other	389,169	122,344	1,690,237	5,552	2,374	202,703	27,335	2,439,714
	<u>1,921,230</u>	<u>3,230,103</u>	<u>4,301,238</u>	<u>266,390</u>	<u>108,778</u>	<u>4,244,557</u>	<u>356,865</u>	<u>14,429,161</u>
Expenses								
Salaries and wages	1,219,476	1,042,981	1,142,285	14,165	81,306	2,334,750	200,477	6,035,440
Goods and services	741,407	2,867,540	1,273,879	177,911	26,801	1,022,097	170,091	6,279,726
Interest	-	-	166,263	-	-	30,000	-	196,263
Amortization	157,647	117,048	1,286,965	242,655	1,330	435,366	-	2,241,011
Loss (gain) on disposal	(107,442)	-	506,085	260,936	-	(500)	-	659,079
Other	-	-	-	-	-	80,501	4,000	84,501
	<u>2,011,088</u>	<u>4,027,569</u>	<u>4,375,477</u>	<u>695,667</u>	<u>109,437</u>	<u>3,902,214</u>	<u>374,568</u>	<u>15,496,020</u>
Net revenues from ERTH Corporation	611,090	-	-	-	-	-	-	611,090
Net surplus (deficit)	\$ 521,232	\$ (797,466)	\$ (74,239)	\$ (429,277)	\$ (659)	\$ 342,343	\$ (17,703)	\$ (455,769)

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements

December 31, 2011

17. Segmented Information (continued)

For the Year ended December 31	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2010 Restated (See Note 1) Total
Revenue								
Taxation	\$ 1,439,421	\$ 2,639,151	\$ 1,808,375	\$ 160,738	\$ 78,395	\$ 2,512,544	\$ 300,822	\$ 8,939,446
Grants	203,285	440,408	4,771,768	110,645	-	990,293	36,760	6,553,159
User fees and service charges	17,704	59,912	62,019	3,184	27,709	799,810	32,140	1,002,478
Other	512,439	330,530	18,572	3,236	5,499	230,993	41,107	1,142,376
	<u>2,172,849</u>	<u>3,470,001</u>	<u>6,660,734</u>	<u>277,803</u>	<u>111,603</u>	<u>4,533,640</u>	<u>410,829</u>	<u>17,637,459</u>
Expenses								
Salaries and wages	1,165,762	1,155,300	1,059,583	13,797	77,709	2,237,232	191,851	5,901,234
Goods and services	856,118	2,735,101	1,793,135	185,396	30,137	1,222,014	218,266	7,040,167
Interest	-	-	115,238	-	-	37,933	-	153,171
Amortization	159,275	112,094	1,259,045	235,220	1,326	397,195	-	2,164,155
Loss (gain) on disposal	196,977	5,325	2,538	29,050	-	23,361	-	257,251
	<u>2,378,132</u>	<u>4,007,820</u>	<u>4,229,539</u>	<u>463,463</u>	<u>109,172</u>	<u>3,917,735</u>	<u>410,117</u>	<u>15,515,978</u>
Net revenues from EARTH Corporation	12,533	-	-	-	-	-	-	12,533
Net surplus (deficit)	\$ (192,750)	\$ (537,819)	\$ 2,431,195	\$ (185,660)	\$ 2,431	\$ 615,905	\$ 712	\$ 2,134,014