

**The Corporation of the
Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2012**

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2012**

	Contents
Auditors' Report	2
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets (Debt)	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to the Consolidated Financial Statements	11 - 24



Tel: 519 271 2491
Fax: 519 271 4013
www.bdo.ca

BDO Canada LLP
380 Hibernia Street
Stratford ON N5A 5W3 Canada

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, 2012, the consolidated statements of operations, changes in net financial assets (debt) 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 public sector accounting standards, 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 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 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, 2012 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants, Licenced Public Accountants

**Stratford, Ontario
July 25, 2013**



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

December 31 **2012** **2011**

Restated
(See Note 1)

Financial assets		
Cash and cash equivalents	\$ 979,560	\$ 592,714
Taxes receivable	1,326,695	1,171,950
Accounts receivable	673,469	1,996,104
Land for resale (Note 2)	1,919,129	-
Investment in government business enterprise (Note 3)	9,482,652	9,620,844
Long-term receivable	553,135	553,135
	14,934,640	13,934,747
Liabilities		
Bank indebtedness (Note 5)	-	150,000
Short-term promissory note (Note 6)	1,535,000	-
Accounts payable and accrued liabilities	1,259,477	2,695,025
Employee benefits liability (Note 4)	6,036,408	5,676,147
Deferred revenue (Note 7)	1,488,648	1,954,491
Net long-term debt (Note 8)	4,761,414	5,292,258
	15,080,947	15,767,921
Net debt	(146,307)	(1,833,174)
Non-financial assets		
Tangible capital assets (Note 9)	60,616,800	61,447,581
Prepaid expenses and inventories of supplies	192,154	205,534
	60,808,954	61,653,115
Accumulated surplus (Note 10)	\$ 60,662,647	\$ 59,819,941

Contingent liabilities (Note 15)

 <hr style="width: 100%;"/>	Treasurer	 <hr style="width: 100%;"/>	Mayor
---	-----------	--	-------

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2012	2012	2011
	(Note 18)		Restated (See Note 1)
Revenue			
Taxation	\$ 10,869,695	\$ 11,220,382	\$ 8,666,326
Government transfers - Federal (Note 11)	640,921	672,376	364,881
Government transfers - Provincial (Note 12)	1,135,242	1,160,316	1,405,880
Municipal transfers	372,174	406,820	379,948
User fees and service charges	1,329,141	1,210,307	1,172,412
Income (loss) from government business enterprises (Note 3)	-	(44,414)	281,686
Other (Note 13)	1,462,105	2,257,747	2,694,118
	<u>15,809,278</u>	<u>16,883,534</u>	<u>14,965,251</u>
Expenses			
General government	2,273,167	2,239,450	2,111,591
Protection services	4,114,978	3,924,082	4,073,351
Transportation services	5,361,039	4,770,510	4,493,924
Environmental services	523,032	489,953	695,667
Health services	111,844	103,535	109,437
Recreation and cultural services	4,057,812	4,036,362	3,992,800
Planning and development	389,456	476,936	381,845
	<u>16,831,328</u>	<u>16,040,828</u>	<u>15,858,615</u>
Annual surplus (deficit)	<u>(1,022,050)</u>	<u>842,706</u>	<u>(893,364)</u>
Accumulated surplus, beginning of year as previously stated	65,347,774	65,347,774	65,803,543
Prior period adjustment (Note 1)	<u>(5,527,833)</u>	<u>(5,527,833)</u>	<u>(5,090,238)</u>
Accumulated surplus, beginning of year, restated	<u>59,819,941</u>	<u>59,819,941</u>	<u>60,713,305</u>
Accumulated surplus, end of year	<u>\$ 58,797,891</u>	<u>\$ 60,662,647</u>	<u>\$ 59,819,941</u>

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

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

For the year ended December 31	Budget 2012	2012	2011
	(See Note 18)		Restated (See Note 1)
Annual surplus (deficit)	\$ (1,022,050)	\$ 842,706	\$ (893,364)
Acquisition of tangible capital assets	(1,853,025)	(4,224,211)	(4,818,196)
Amortization of tangible capital assets	2,223,544	2,223,544	2,241,011
Loss on disposal of tangible capital assets	875,319	875,319	659,079
Proceeds on sale of tangible capital assets	-	37,000	147,792
	<u>223,788</u>	<u>(245,642)</u>	<u>(2,663,678)</u>
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	13,380	(80,231)
Change in land to resale	1,919,129	1,919,129	-
Change in employee benefit liability	-	-	362,594
	<u>1,919,129</u>	<u>1,932,509</u>	<u>282,363</u>
Net change in net financial assets (debt)	2,142,917	1,686,867	(2,381,315)
Net financial assets (debt), beginning of year	<u>(1,833,174)</u>	<u>(1,833,174)</u>	548,141
Net financial assets (debt), end of year	<u>\$ 309,743</u>	<u>\$ (146,307)</u>	<u>\$ (1,833,174)</u>

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

For the year ended December 31	2012	2011
		Restated (See Note 1)
Operating transactions		
Annual surplus (deficit)	\$ 842,706	\$ (893,364)
Items not involving cash		
Change in net equity - ERTH corporation	138,192	(341)
Amortization	2,223,544	2,241,011
Loss on disposal of tangible capital assets	875,319	659,079
Changes in non-cash operating balances		
Taxes receivable	(154,745)	(424,803)
Accounts receivable	1,322,635	3,039,198
Prepaid expenses and inventories of supplies	13,380	(80,232)
Accounts payable and accrued liabilities	(1,435,548)	351,305
Employee benefits liability	360,261	346,127
Deferred revenue	(465,843)	507,715
	3,719,901	5,745,695
Capital transactions		
Acquisition of tangible capital assets	(4,224,211)	(4,818,196)
Proceeds on sale of tangible capital assets	37,000	147,792
	(4,187,211)	(4,670,404)
Financing transactions		
Decrease in bank indebtedness	(150,000)	(1,104,563)
Proceeds from issuance of long-term debt	-	1,047,733
Repayment of long-term debt	(530,844)	(425,747)
Increase in short-term promissory note	1,535,000	-
	854,156	(482,577)
Net change in cash and cash equivalents	386,846	592,714
Cash and cash equivalents, beginning of year	592,714	-
Cash and cash equivalents, end of year	\$ 979,560	\$ 592,714

The Corporation of the Town of Ingersoll
Summary of Significant Accounting Policies

December 31, 2012

**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 Public Sector Accounting Standards. 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%
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 Standards, 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, 2012

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, 2012

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 as it becomes 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 public sector accounting standards 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, 2012

1. Prior Period Adjustment

During the year, The Corporation of the Town of Ingersoll determined that certain accounts receivable, employee benefit liabilities, deferred revenue and assets under construction for tangible capital assets were incorrectly calculated for the previous year. These errors resulted in the long-term receivable being understated, employee benefits liability being understated, deferred revenue being understated and tangible capital assets being overstated. The retrospective impact of these adjustments has been reported as follows:

	<u>2011</u>
<u>Statement of Financial Position</u>	
Increase in long-term receivable	167,684
Increase in employee benefits liability	\$ (5,126,036)
Increase in deferred revenue	<u>(75,000)</u>
Decrease in net financial assets	\$ (5,033,352)
Decrease of assets under construction for tangible capital assets	<u>\$ (494,481)</u>
Decrease in 2011 closing accumulated surplus	<u>(5,527,833)</u>
<u>Statement of Operations</u>	
Decrease in revenue	
Other - recreation charges	<u>75,000</u>
Increase in expenses	
General government	100,503
Protection services	45,782
Transportation services	118,451
Recreational and cultural services	90,582
Planning and development	<u>7,277</u>
Total increase in expenses	<u>\$ 362,595</u>
Decrease in 2011 annual surplus	<u>\$ 437,595</u>
Decrease in 2011 opening accumulated surplus	<u>\$ 5,090,238</u>

2. Land for Resale

The land for resale is zoned for commercial purposes. The land is recorded at cost and has a current market value that exceeds cost.

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

December 31, 2012

3. 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% (2011 - 37.51%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2012	2011
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	395,652	533,844
	9,482,652	9,620,844

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2011 - 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 (2011 - \$329,404).

During the year, ERTH Corporation declared and paid dividends totaling \$250,000 (2011 - \$750,000). The proportionate share of these dividends received by The Corporation of the Town of Ingersoll and included in municipality's share of retained earning was \$93,782 (2011 - \$281,345).

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

	2012	2011
Financial position		
Current	\$ 18,564,309	\$ 18,113,748
Capital	30,657,793	28,915,029
Regulatory and other assets	14,928,052	16,087,993
Total assets	\$ 64,150,154	\$ 63,116,770
Liabilities		
Current	\$ 19,125,807	\$ 18,137,795
Long-term debt	26,477,343	26,659,109
Regulatory and other liabilities	6,756,796	6,161,261
Total liabilities	\$ 52,359,946	\$ 50,958,165
Net assets	\$ 11,790,208	\$ 12,158,606
Results of operations		
Revenue	\$ 72,591,098	\$ 65,394,040
Expenses	72,709,495	64,643,132
Net income (loss) for the year	\$ (118,397)	\$ 750,908

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

December 31, 2012

4. Employee Benefits Liability

	Accrued vacation payable	Sick leave benefits	Post - employment benefits	Total 2012	Total 2011 Restated (See Note 1)
Employee benefit liability	\$ 20,000	\$ 77,029	\$ 5,939,379	\$ 6,036,408	\$ 5,676,147

Post - employment Benefits

The Corporation of the Town of Ingersoll provides 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 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, 2012. Significant assumptions used in the actuarial valuation are as follows:

	2012	2011
Discount Rate	4.5%	4.5%
Rate of compensation increase	3.0%	3.0%
Healthcare cost increase	6.0%	6.0%

The benefit obligation continuity is as follows:

Accrued benefit obligation, January 1	\$ 5,557,590	\$ 5,194,996
Current period benefit cost	225,347	209,449
Retirement interest expenditure	252,990	236,609
Benefits paid	(96,548)	(83,464)
Liability for post-retirement benefits	\$ 5,939,379	\$ 5,557,590

Post-retirement benefits expense is as follows:

Current period benefit cost	\$ 225,347	\$ 209,449
Retirement interest expense	252,990	236,609
Post-retirement benefits expense	\$ 478,337	\$ 446,058

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 \$77,029 (2011 - \$87,153)

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 \$333,159 (2011 - \$307,623) for employer contributions.

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

December 31, 2012

5. Bank Indebtedness

Bank indebtedness of \$nil (2011 - \$150,000) is secured by a general security agreement covering certain assets of the municipality. The maximum authorized amount is \$3,000,000, bears interest at the prime bank rate and is renegotiable each year in January for the subsequent year.

6. Short-Term Promissory Note

The municipality has received an advance from Ontario Infrastructure and Lands Corporation for an amount of \$1,535,000 (2011 - \$nil) as short term financing for the LED street lighting project. This note bears interest at a rate in effect for each interest period by Ontario Infrastructure and Lands Corporation and has a maximum authorized amount of \$2,128,448. On completion of the project this note will be financed as long-term debentures.

7. Deferred Revenue

	Opening balance Restated (See Note 1)	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Dedicated gas tax	\$ 797,856	360,738	11,477	(644,781)	\$ 525,290
Development charges	580,399	133,196	6,886	(442,416)	278,065
Recreational land	76,497	2,385	49	-	78,931
Other restricted grants	399,119	64,862	5,225	-	469,206
Other	100,620	47,964	-	(11,427)	137,156
	<u>\$ 1,954,491</u>	<u>609,145</u>	<u>23,637</u>	<u>(1,098,624)</u>	<u>\$ 1,488,648</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, 2012

8. Net Long-term Debt

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

	<u>2012</u>	<u>2011</u>
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment	<u>\$ 4,761,414</u>	<u>\$ 5,292,258</u>

Principal repayments relating to net long term debt of \$4,761,414 outstanding are due as follows:

	<u>Principal Repayments</u>
2013	\$ 424,058
2014	436,750
2015	449,937
2016	463,639
2017	477,875
Thereafter	<u>2,509,155</u>
	<u>\$ 4,761,414</u>

The above long-term liabilities have maturity dates and interest rates ranging from 2013 to 2025 and 3.46% and 4.75% respectively.

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

December 31, 2012

	2012					
	Land	Land Improvements	Facilities	Machinery and Equipment	Infrastructure	Total
Cost, beginning of year	\$ 3,683,812	\$ 3,960,503	\$ 15,625,893	\$ 5,616,405	\$ 63,286,571	\$ 92,173,184
Additions		30,216	62,703	534,379	3,596,913	4,224,211
Disposals		(11,550)	-	(382,084)	(1,749,629)	(2,143,263)
Transfer of land for resale					(1,919,129)	(1,919,129)
Cost, end of year	\$ 3,683,812	\$ 3,979,169	\$ 15,688,596	\$ 5,768,700	\$ 63,214,726	\$ 92,335,003
Accumulated amortization, beginning of year	\$ -	\$ 2,332,695	\$ 4,858,650	\$ 2,867,891	\$ 20,666,367	\$ 30,725,603
Amortization	-	122,963	379,771	427,001	1,293,809	2,223,544
Disposals	-	(11,550)	-	(382,084)	(837,310)	(1,230,944)
Accumulated amortization, end of year	\$ -	\$ 2,444,108	\$ 5,238,421	\$ 2,912,808	\$ 21,122,866	\$ 31,718,203
Net carrying amount, end of year	\$ 3,683,812	\$ 1,535,061	\$ 10,450,175	\$ 2,855,892	\$ 42,091,860	\$ 60,616,800

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 \$5,346,044 (2011 - \$5,195,053). During the year contributed capital assets of \$724,376 (2011 - \$1,595,874) 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, 2012

9. Tangible Capital Assets (continued)

	2011 Restated (See Note 1)					
	Land	Land improvements	Facilities	Machinery and Equipment	Vehicles, Infrastructure	Total
Cost, beginning of year	\$ 3,715,370	\$ 3,876,371	\$ 15,364,994	\$ 5,514,413	\$ 60,818,092	\$ 89,289,240
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	\$ 63,286,571	\$ 92,173,184
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	\$ 42,620,204	\$ 61,447,581

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

December 31, 2012

10. Accumulated Surplus

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

	2012	2011
		Restated (See Note 1)
Investment in tangible capital assets	\$ 60,616,800	\$ 61,447,581
Current Funds	(6,650,891)	(7,701,162)
Reserve Funds		
Working funds	192,278	192,278
Capital and current purposes	2,966,572	1,678,350
Industrial development	91,644	90,512
Investment in government business	9,482,652	9,620,844
Unfunded employee benefits liability	(6,036,408)	(5,508,462)
	\$ 60,662,647	\$ 59,819,941

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.

11. Government Transfers - Federal

	Budget 2012 (Note 18)	2012	2011
Operating			
Unconditional	\$ 38,746	\$ 27,595	\$ 83,408
Capital			
Infrastructure stimulus funding	-	-	173,204
Federal gas tax revenue	602,175	644,781	45,769
Other capital funding	-	-	62,500
	\$ 640,921	\$ 672,376	\$ 364,881

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

December 31, 2012

12. Government Transfers - Provincial

	Budget 2012 (Note 18)	2012	2011
Operating			
Ontario municipal partnership fund	\$ 878,900	\$ 878,900	\$ 983,200
Unconditional	256,342	281,415	244,247
Capital			
Infrastructure stimulus funding	-	-	173,204
Paratransit fund	-	-	5,229
	\$ 1,135,242	\$ 1,160,315	\$ 1,405,880

13. Other Income

	Budget 2012 (Note 18)	2012	2011 Restated (See Note 1)
Penalties and interest on taxation	\$ 160,000	\$ 202,053	\$ 182,679
Other fines and penalties	16,700	13,344	19,363
Investment income	63,631	44,874	51,753
Licences, permits and rents	267,595	325,001	310,168
Donations	140,923	120,139	180,597
Donated assets	-	724,376	1,595,874
Sales of publications and equipment	22,406	13,021	13,126
Interest - GBE (Note 3)	329,000	329,404	329,404
Development Charges	460,300	442,416	-
Other	1,550	43,119	11,154
	\$ 1,462,105	\$ 2,257,747	\$ 2,694,118

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

December 31, 2012

14. Expenses by Object

	Budget 2012	2012	2011
	(Note 18)		Restated (See Note 1)
Salaries, wages and employee benefits	\$ 6,040,179	\$ 6,514,350	\$ 6,398,034
Materials	4,180,528	3,200,228	3,170,962
Contracted services	3,210,307	2,914,520	3,066,953
Rent and financial expenses	34,035	44,521	41,812
Interest on long-term debt	212,472	212,471	196,263
Contributions to others	54,944	55,875	84,501
Amortization	2,223,544	2,223,544	2,241,011
Loss on disposal of capital assets	875,319	875,319	659,079
	<u>\$ 16,831,328</u>	<u>\$ 16,040,828</u>	<u>\$ 15,858,615</u>

15. 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 2012. 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, 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.

16. 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:

	2012	2011
School Boards	\$ 4,752,354	\$ 5,169,277
County of Oxford	6,033,132	5,967,603
	<u>\$ 10,785,486</u>	<u>\$ 11,136,880</u>

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

December 31, 2012

17. Funds Held in Trust

The trust funds administered by the municipality amounting to \$240,413 (2011 - \$227,993) 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:

	2012	2011
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	231,813	219,393
W.J. Bickerton	3,600	3,600
	\$ 240,413	\$ 227,993

18. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 14, 2012 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 consolidated statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on May 14, 2012, plus amortization and loss on disposal of capital assets based on actual amounts for the current year, with adjustments as follows:

	2012
Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	1,853,025
Budgeted transfers to accumulated surplus	1,137,270
Principal payments on debt	530,843
Less:	
Budgeted transfers from accumulated surplus	(1,444,325)
Amortization and loss on disposal of assets	(3,098,863)
Budget surplus per statement of operations	\$ (1,022,050)

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

December 31, 2012

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 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, 2012

19. 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	2012 Total
Revenue								
Taxation	\$ 1,721,305	\$ 3,261,132	\$ 2,687,298	\$ 190,227	\$ 101,584	\$ 2,941,155	\$ 317,681	\$ 11,220,382
Grants	226,789	353,482	1,096,367	108,423	-	429,339	25,112	2,239,512
User fees and service charges	20,413	87,147	49,890	-	44,676	958,919	49,262	1,210,307
Other	804,664	90,618	1,180,136	6,275	5,275	132,356	38,423	2,257,747
	<u>2,773,171</u>	<u>3,792,379</u>	<u>5,013,691</u>	<u>304,925</u>	<u>151,535</u>	<u>4,461,769</u>	<u>430,478</u>	<u>16,927,948</u>
Expenses								
Salaries and wages	1,308,850	1,081,370	1,309,977	13,464	83,318	2,493,848	223,523	6,514,350
Goods and services	767,638	2,725,664	1,194,633	186,662	18,526	1,016,733	249,413	6,159,269
Interest	-	-	190,719	-	-	21,752	-	212,471
Amortization	162,962	117,048	1,227,759	261,930	1,691	452,154	-	2,223,544
Loss (gain) on disposal	-	-	847,422	27,897	-	-	-	875,319
Other	-	-	-	-	-	51,875	4,000	55,875
	<u>2,239,450</u>	<u>3,924,082</u>	<u>4,770,510</u>	<u>489,953</u>	<u>103,535</u>	<u>4,036,362</u>	<u>476,936</u>	<u>16,040,828</u>
Share of net (loss) from ERTH Corporation	(44,414)	-	-	-	-	-	-	(44,414)
Net surplus (deficit)	\$ 489,307	\$ (131,703)	\$ 243,181	\$ (185,028)	\$ 48,000	\$ 425,407	\$ (46,458)	\$ 842,706

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

December 31, 2012

19. 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 Restated (See Note 1) 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	718,573	122,344	1,690,237	5,552	2,374	127,703	27,335	2,694,118
	<u>2,250,634</u>	<u>3,230,103</u>	<u>4,301,238</u>	<u>266,390</u>	<u>108,778</u>	<u>4,169,557</u>	<u>356,865</u>	<u>14,683,565</u>
Expenses								
Salaries and wages	1,319,979	1,088,763	1,260,736	14,165	81,306	2,425,330	207,755	6,398,034
Goods and services	741,407	2,867,540	1,273,875	177,911	26,801	1,022,103	170,090	6,279,727
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>2,111,591</u>	<u>4,073,351</u>	<u>4,493,924</u>	<u>695,667</u>	<u>109,437</u>	<u>3,992,800</u>	<u>381,845</u>	<u>15,858,615</u>
Share of net income from EARTH Corporation	281,686	-	-	-	-	-	-	281,686
Net surplus (deficit)	\$ 420,729	\$ (843,248)	\$ (192,686)	\$ (429,277)	\$ (659)	\$ 176,757	\$ (24,980)	\$ (893,364)