

**The Corporation of the  
Town of Ingersoll**  
Consolidated Financial Statements  
For the year ended December 31, 2016

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Consolidated Financial Statements  
For the year ended December 31, 2016**

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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, 2016, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Town Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as Town management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

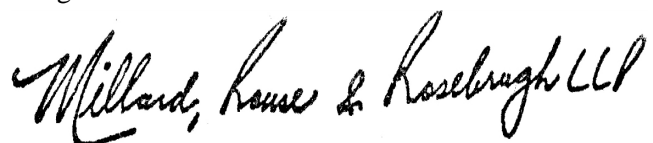
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Town management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Ingersoll as at December 31, 2016, and the consolidated results of its operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

August 30, 2017  
Brantford, Ontario

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

For the year ended December 31

2016

2015

Note 1

**Financial Assets**

Cash and Cash Equivalents	\$ 11,199,872	\$ 8,795,778
Taxes Receivable	1,115,078	1,201,890
Accounts Receivable	938,189	1,249,745
Land for resale (Note 2)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 3)	9,734,067	9,279,944
	<b>24,906,335</b>	<b>22,446,486</b>

**Liabilities**

Accounts Payable and Accrued Liabilities	3,535,957	3,264,007
Employee Benefits Liability (Note 4)	5,257,015	5,342,860
Deferred Revenue (Note 5)	2,378,094	2,052,276
Net Long-Term Debt (Note 6)	5,567,032	6,283,776
	<b>16,738,098</b>	<b>16,942,919</b>

**Net Financial Assets (Debt)**

**8,168,237**      **5,503,567**

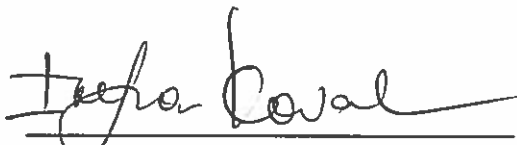
**Non-financial Assets**

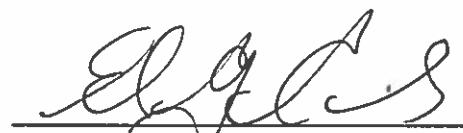
Tangible Capital Assets (Note 7)	65,716,506	64,297,984
Prepaid Expenses and Inventories of Supplies	215,880	176,757
	<b>65,932,386</b>	<b>64,474,741</b>

**Accumulated Surplus (Note 8)**

**\$ 74,100,623**      **\$ 69,978,308**

**Contingent Liabilities (Note 13)**

  
 \_\_\_\_\_  
 Treasurer

  
 \_\_\_\_\_  
 Mayor

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

For the year ended December 31	Budget 2016 Note 12	<b>2016</b>	2015 Note 1
<b>Revenue</b>			
Taxation	\$ 13,274,548	\$ <b>13,343,154</b>	\$ 13,137,288
Government Grants - Federal (Note 9)	22,816	<b>399,397</b>	156,814
Government Grants - Provincial (Note 9)	590,980	<b>885,109</b>	1,512,744
Municipal Transfers	314,993	<b>338,135</b>	423,982
User fees and service charges	1,077,635	<b>1,093,963</b>	1,049,338
Income (loss) from government business enterprises (Note 3)	-	<b>454,123</b>	99,150
Other (Note 10)	2,569,488	<b>3,064,662</b>	2,260,158
	<u>17,850,460</u>	<u><b>19,578,543</b></u>	<u>18,639,474</u>
<b>Expenses</b>			
General Government	\$ 2,352,218	\$ <b>2,414,833</b>	\$ 1,419,896
Protection Services	3,924,402	<b>3,917,915</b>	3,974,349
Transportation Services	4,103,196	<b>3,926,729</b>	3,796,610
Environmental Services	584,320	<b>617,080</b>	646,686
Health Services	133,700	<b>104,080</b>	109,415
Recreational and Cultural Services	4,107,502	<b>4,223,189</b>	3,602,357
Planning and Development	306,799	<b>252,402</b>	278,426
	<u>15,512,137</u>	<u><b>15,456,228</b></u>	<u>13,827,739</u>
<b>Annual Surplus</b>	<u>2,338,323</u>	<u><b>4,122,315</b></u>	<u>4,811,735</u>
<b>Accumulated Surplus, beginning of year</b>	69,978,308	<b>69,978,308</b>	65,166,573
<b>Accumulated Surplus, end of year</b>	<u>\$ 72,316,631</u>	<u>\$ <b>74,100,623</b></u>	<u>\$ 69,978,308</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 2016 Note 12	<b>2016</b>	2015 Note 1
Annual surplus	\$ 2,338,323	\$ <b>4,122,315</b>	\$ 4,811,735
Acquisition of tangible capital assets	(3,520,000)	<b>(4,331,285)</b>	(4,277,694)
Amortization of tangible capital assets	2,600,000	<b>2,712,972</b>	2,649,913
Loss (gain) on disposal of tangible capital assets	200,000	<b>123,157</b>	219,834
Proceeds on sale of tangible capital assets	-	<b>76,634</b>	0
	<u>\$ 1,618,323</u>	<u>\$ <b>2,703,793</b></u>	<u>\$ <b>3,403,788</b></u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ <b>(39,123)</b>	\$ <b>(3,138)</b>
<b>Net change in net financial assets (debt)</b>	1,618,323	<b>2,664,670</b>	3,400,650
<b>Net financial assets (debt), beginning of year</b>	5,503,567	<b>5,503,567</b>	2,102,917
<b>Net financial assets (debt), end of year</b>	<u>\$ 7,121,890</u>	<u>\$ <b>8,168,237</b></u>	<u>\$ <b>5,503,567</b></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

**2016**

2015

Note 1

**Operating Transactions**

Annual surplus	\$ 4,122,315	\$ 4,811,735
Items not involving cash		
Change in net equity - ERTH Corporation	(454,123)	(99,150)
Amortization	2,712,972	2,649,913
(Gain) loss on disposal of tangible capital assets	123,157	219,834
Changes in non-cash operating balances		
Taxes receivable	86,812	2,494
Accounts receivable	311,556	(320,034)
Prepaid expenses and inventories of supplies	(39,123)	(3,138)
Accounts payable and accrued liabilities	271,950	1,312,106
Employee benefits liability	(85,845)	(1,481,532)
Deferred Revenue	325,818	413,444
	<b>7,375,489</b>	<b>7,505,672</b>

**Capital Transactions**

Acquisition of tangible capital assets	(4,331,285)	(4,277,694)
Proceeds on sale of tangible capital assets	76,634	-
	<b>(4,254,651)</b>	<b>(4,277,694)</b>

**Financing transactions**

Repayment of long-term debt	(716,744)	(704,377)
	<b>(716,744)</b>	<b>(704,377)</b>

**Net change in cash and cash equivalents**

**2,404,094**      2,523,601

**Cash and cash equivalents, beginning of year**

**8,795,778**      6,272,177

**Cash and cash equivalents, end of year**

**\$ 11,199,872**      \$ 8,795,778

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, 2016**

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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	38.91%
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**Cash and Cash  
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.



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**The Corporation of the Town of Ingersoll**  
**Summary of Significant Accounting Policies**  
**December 31, 2016**

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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, 2016**

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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, 2016**

**1. Change in Accounting Policy**

Effective January 1, 2016, the Corporation of the Town of Ingersoll changed its Tangible Capital Assets accounting policy with respect to the calculation of amortization. As a result of the change, amortization will be calculated monthly, beginning with the first of the month following the date the tangible asset is available for use. This change in the accounting policy has been applied retroactively with the restatement of the prior period. The following table summarizes the adjustments made to the 2015 comparative amounts reported in the Corporation of the Town of Ingersoll Statement of Financial Position, Statement of Operations, Statement of Change in Net Financial Assets and Cash Flow Statement as a result of the policy changes:

**Corporation of the Town of Ingersoll**

<b>December 31, 2015</b>	Previously Reported	Adjustments	<b>Adjusted</b>
<b>Consolidated Statement of Financial Position</b>			
Tangible Capital Assets	\$ 63,743,927	\$ 554,057	<b>\$ 64,297,984</b>
Accumulated surplus, ending for the year	69,424,251	554,057	<b>69,978,308</b>
<b>Consolidated Statement of Operations</b>			
Revenue:			
Other Income	\$ 2,273,492	\$ (13,334)	<b>\$ 2,260,158</b>
Expenses:			
General Government	\$ 1,424,142	\$ (4,246)	<b>\$ 1,419,896</b>
Transportation Services	3,806,574	(9,964)	<b>3,796,610</b>
Environmental Services	647,176	(490)	<b>646,686</b>
Recreational and Cultural Services	3,605,303	(2,946)	<b>3,602,357</b>
Annual surplus	4,807,423	4,312	<b>4,811,735</b>
Accumulated Surplus, beginning of year	64,616,828	549,745	65,166,573
Accumulated Surplus, end of year	\$ 69,424,251	\$ 554,057	<b>\$ 69,978,308</b>
<b>Consolidated Statement of Change in Net Financial Assets (Debt)</b>			
Annual surplus	\$ 4,807,423	\$ 4,312	<b>\$ 4,811,735</b>
Amortization	2,667,559	(17,646)	<b>2,649,913</b>
Loss (gain) on disposal of tangible capital assets	206,500	13,334	<b>219,834</b>

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**2. Land for Resale**

The Land for resale is zoned for commercial purposes. The land is recorded at net realizable value which is less than cost.

**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 38.91% (2015 - 38.91%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	<b>2016</b>	<b>2015</b>
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	<b>647,067</b>	192,944
	<b>\$ 9,734,067</b>	<b>\$ 9,279,944</b>
	<b>2016</b>	<b>2015</b>
		0
Share of equity earnings, beginning of year	<b>\$ 192,944</b>	\$ 93,794
Share in net income	<b>454,123</b>	99,150
Less: Dividends	-	-
Increase from government business enterprise	<b>454,123</b>	99,150
Share of equity earnings, end of year	<b>\$ 647,067</b>	\$ 192,944

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2015 - 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 (2015 - \$329,404). During the year, ERTH Corporation declared and paid dividends totaling \$Nil (2015 - \$Nil). The proportionate share of these dividends received by the Corporation of the Town of Ingersoll and included in the municipality's share of retained earnings was \$Nil (2015 - \$Nil).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**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:

	2016	2015
Financial position		
Current	\$ 18,845,749	\$ 18,045,167
Capital	41,552,100	38,961,468
Regulatory and other assets	19,609,084	17,810,941
Total Assets	\$ 80,006,933	\$ 74,817,576
Liabilities		
Current	\$ 23,688,356	\$ 20,969,790
Long-term debt	33,955,421	34,005,880
Regulatory and other liabilities	8,271,670	6,917,532
Total Liabilities	\$ 65,915,447	\$ 61,893,202
Equity		
Share capital	\$ 12,428,501	\$ 12,428,501
Retained earnings	1,700,525	655,841
Accumulated other comprehensive income (loss)	(37,540)	(159,967)
	\$ 14,091,486	\$ 12,924,375
Results of Operations		
Revenue	\$ 91,044,239	\$ 83,471,032
Expenses	89,999,555	83,214,987
Net income before other comprehensive income	1,044,684	256,045
Other comprehensive income (loss)	122,427	(1,225)
Total comprehensive income (loss) for the year	\$ 1,167,111	\$ 254,820
Corporation of the Town of Ingersoll's Share 38.91% (2015 - 38.91%)	\$ 454,123	\$ 99,150
	2016	2015
Retained earnings, beginning of year	\$ 495,874	\$ 241,054
Net income before other comprehensive income	1,044,684	256,045
Other comprehensive income (loss)	\$ 122,427	\$ (1,225)
Retained earnings, end of year	\$ 1,662,985	\$ 495,874
Corporation of the Town of Ingersoll's Share 38.91% (2015 - 38.91%)	\$ 647,067	\$ 192,944

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**4. Employee Benefits Liability**

	Sick Leave Benefits	Post Employment Benefits	Total 2016	Total 2015
Employee Benefit Liability	<b>\$ 66,742</b>	<b>\$ 5,190,273</b>	<b>\$ 5,257,015</b>	<b>\$ 5,342,860</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 65 years of age, where other groups receive the benefits for life. The Town of Ingersoll made a change to the retiree benefit provision in 2015. The life time benefits for current and future employees have been rescinded with exception of employees that were hired prior to November 14, 2011 and retire on or before June 15, 2017. The values are based on actuarial valuation and management estimates as at December 31, 2016. The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<b>2016</b>	2015
Discount Rate	4.75%	4.75%
Rate of compensation increase	3.00%	3.00%
Healthcare cost increase	5.00%	5.33%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	<b>\$ 5,273,905</b>	\$ 6,764,037
Current period benefit cost	<b>11,929</b>	274,089
(Decrease) / Increase due to plan amendment	-	(1,936,775)
Amortization of actuarial gains/losses	<b>(133,850)</b>	-
Retirement interest expenditure	<b>183,760</b>	307,512
Benefits paid	<b>(145,471)</b>	(134,958)
Liability for post-retirement benefits	<b>\$ 5,190,273</b>	\$ 5,273,905
Post - retirement benefits expense is as follows:		
Current period benefit cost	<b>\$ 11,929</b>	\$ 274,089
Plan amendment cost	-	(1,936,775)
Amortization of actuarial gains/losses	<b>(133,850)</b>	-
Retirement interest expense	<b>183,760</b>	307,512
Post-retirement benefits expense	<b>\$ 61,839</b>	\$ (1,355,174)

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 \$66,742 (2015 - \$68,955).

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**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 \$375,703 (2015 - \$394,977) 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	\$ 573,316	\$ 369,276	\$ 6,676	\$ (344,980)	\$ 604,288
Development Charges	671,830	312,446	7,615	(25,396)	966,495
Recreational Land	5,670	-	57	-	5,727
Provincial Gas Tax	637,785	57,326	6,855	-	701,966
Other	163,675	-	-	(64,057)	\$ 99,618
	<u>\$ 2,052,276</u>	<u>\$ 739,048</u>	<u>\$ 21,203</u>	<u>\$ (434,433)</u>	<u>\$ 2,378,094</u>

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**6. Net Long Term Debt**

	<u>2016</u>	<u>2015</u>
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	<u>\$ 5,567,032</u>	<u>\$ 6,283,776</u>

Principal repayments relating to net long term debt of \$5,567,032 outstanding are due as follows:

	Principal Repayments
2017	729,590
2018	742,935
2019	659,373
2020	593,875
2021	605,647
Thereafter	<u>2,235,612</u>
	<u>\$ 5,567,032</u>

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

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

**7. Tangible Capital Assets**

2016

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

The net book value of tangible capital assets not being amortized because they are under construction or development or have been removed from service is \$151,422 (2015 - \$145,007). During the year, contributed capital assets of \$1,591,385 (2015 - \$1,090,073) 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.

2015

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,521,798	\$ 3,954,622	\$ 15,800,146	\$ 5,859,583	\$ 68,464,795	\$ 97,600,944
Additions	-	270,566	76,545	288,858	3,641,725	4,277,694
Disposals	-	(9,289)	0	(147,414)	(741,674)	(898,377)
Cost, end of year	\$ 3,521,798	\$ 4,215,899	\$ 15,876,691	\$ 6,001,027	\$ 71,364,846	\$ 100,980,261
Accumulated Amortization, beginning of year	\$ -	\$ 2,459,189	\$ 6,158,447	\$ 2,723,275	\$ 23,369,996	\$ 34,710,907
Amortization	-	118,074	388,950	408,967	1,733,922	2,649,913
Disposals	-	(9,288)	-	(139,944)	(529,310)	(678,542)
Accumulated Amortization, end of year	\$ -	\$ 2,567,975	\$ 6,547,397	\$ 2,992,298	\$ 24,574,608	\$ 36,682,278
Net carrying amount, end of year	\$ 3,521,798	\$ 1,647,924	\$ 9,329,294	\$ 3,008,729	\$ 46,790,239	\$ 64,297,984

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
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**8. Accumulated Surplus**

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

	<b>2016</b>	2015
		Note 1
Investment in tangible capital assets	<b>\$ 65,716,506</b>	\$ 64,297,984
Current Funds	<b>(3,399,674)</b>	(3,742,875)
Reserves and Reserve Funds		
Working Funds	<b>192,278</b>	192,278
Capital and current purposes	<b>6,771,587</b>	4,954,358
Industrial development	<b>342,874</b>	339,479
Investment in Government Business	<b>9,734,067</b>	9,279,944
Unfunded employee benefits liability	<b>(5,257,015)</b>	(5,342,860)
	<b>\$ 74,100,623</b>	\$ 69,978,308

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

**9. Government Transfers**

	Budget 2016	<b>2016</b>	2015
<b>Federal</b>			
Operating			
Conditional	\$ 22,816	\$ 25,561	\$ 20,766
Capital			
Conditional	-	<b>28,856</b>	10,886
Federal Gas Tax Revenue		<b>344,980</b>	125,162
	\$ 22,816	\$ 399,397	\$ 156,814
<b>Provincial</b>			
Operating			
Ontario Municipal Partnership Fund	\$ 457,300	\$ 457,300	\$ 538,000
Conditional	133,680	<b>138,271</b>	157,365
Capital			
Conditional	-	<b>289,538</b>	817,379
	\$ 590,980	\$ 885,109	\$ 1,512,744

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

	Budget 2016	2016	2015
			Note 1
Penalties and interest on taxation	\$ 190,000	\$ 215,008	\$ 186,433
Other fines and penalties	6,400	5,281	3,953
Investment Income	60,613	97,447	89,140
Licences, permits and rents	371,514	627,244	450,421
Donations	135,721	237,375	198,006
Donated assets	1,591,385	1,591,385	1,090,073
Sales of publications and other	52,760	51,270	58,560
Gain (loss) on disposal of tangible capital assets	(200,000)	(123,157)	(219,834)
Interest - GBE (Note 3)	329,400	329,404	329,404
Development Charges	25,396	25,396	24,818
Recreational Land	-	-	40,000
Other	6,300	8,009	9,184
	<b>\$ 2,569,488</b>	<b>\$ 3,064,662</b>	<b>\$ 2,260,158</b>

**11. Expenses by Object**

	Budget 2016	2016	2015
			Note 1
Salaries, Wages and Employee Benefits	\$ 6,429,277	\$ 6,442,514	\$ 4,862,012
Materials	3,114,549	2,882,978	2,730,553
Contracted Services	3,068,493	3,122,666	3,260,950
Rent & Financial Expenses	32,317	32,710	27,369
Interest on Long-term Debt	216,532	211,937	237,565
Contributions to Others	50,969	50,451	59,377
Amortization	2,600,000	2,712,972	2,649,913
	<b>\$15,512,137</b>	<b>\$ 15,456,228</b>	<b>\$ 13,827,739</b>

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**12. Budget Figures**

The budget data presented in these consolidated financial statements are based upon the 2016 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:

	<b>2016</b>
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	(2,173)
<b>Add:</b>	
Net transfers (from) to reserves	2,879,961
Principal repayment of debt	716,743
Change in post - employment benefits liability	61,839
Contributed Assets	1,591,385
Deferred revenue earned	-
<b>Less:</b>	
Loss on disposal of tangible capital assets	200,000
Amortization	2,600,000
Capital project cost resulting in operating expenses	109,432
Budget Surplus (Full accrual)	\$ 2,338,323

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**13. 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 2016. 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 \$998,000 (2015 - \$698,000) has been recognized at this time.

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**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2016**

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**14. Funds Held in Trust**

The trust funds administered by the municipality amounting to \$263,143 (2015 - \$259,523) 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:

	2016	2015
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	254,543	250,923
W.J. Bickerton	3,600	3,600
	\$ 263,143	\$ 259,523

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**15. Contaminated Sites**

The Corporation of the Town of Ingersoll has implemented Public Sector Accounting Board (PSAB) Section 3260 Liability for Contaminated Sites. This change has been applied retroactively without the restatement of prior periods. The adoption of this standard did not have an impact on the Corporation's financial statements as no contaminated sites were found.

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**16. Operating Lease Commitments**

The Corporation of the Town of Ingersoll has entered into commitments for rent and leases expiring at various dates prior to 2037. The future minimum annual payments are estimated to be as follows:

2017	111,834
2018	124,636
2019	126,523
2020	128,445
2021	123,147
Thereafter	905,924
	\$ 1,520,509

**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 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, 2016**

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

**The Corporation of the Town of Ingersoll**  
**Notes to Consolidated Financial Statements**  
**December 31, 2015**

**17. Segmented Information**

For the year ended December 31, 2015	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2015 Total Note 1
<b>Revenue</b>								
Taxation	\$ 13,137,288	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,137,288
Grants	648,711	98,930	1,122,946	107,604	-	103,314	12,035	2,093,540
User fees and service charges	59,058	18,867	87,025	-	22,103	860,855	1,430	1,049,338
Other	715,958	338,241	881,173	5,526	10,960	306,664	1,636	2,260,158
	<u>14,561,015</u>	<u>456,038</u>	<u>2,091,144</u>	<u>113,130</u>	<u>33,063</u>	<u>1,270,833</u>	<u>15,101</u>	<u>18,540,324</u>
<b>Expenses</b>								
Salaries and wages	546,295	811,331	1,002,160	201,890	80,875	2,028,827	190,634	4,862,012
Goods and services	688,435	3,035,903	971,319	150,391	26,714	1,117,695	87,792	6,078,249
Interest	24,936	-	204,504	-	-	8,125	-	237,565
Amortization	160,230	127,115	1,618,627	294,405	1,826	447,710	-	2,649,913
	<u>1,419,896</u>	<u>3,974,349</u>	<u>3,796,610</u>	<u>646,686</u>	<u>109,415</u>	<u>3,602,357</u>	<u>278,426</u>	<u>13,827,739</u>
Income from government business enterprise	99,150	-	-	-	-	-	-	99,150
Net surplus (deficit)	<u>\$ 13,240,269</u>	<u>\$ (3,518,311)</u>	<u>\$ (1,705,466)</u>	<u>\$ (533,556)</u>	<u>\$ (76,352)</u>	<u>\$ (2,331,524)</u>	<u>\$ (263,325)</u>	<u>\$ 4,811,735</u>