

**The Corporation of the
Town of Ingersoll**
Consolidated Financial Statements
For the year ended December 31, 2022

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Consolidated Financial Statements
For the year ended December 31, 2022**

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Ingersoll (the 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and the results of its operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

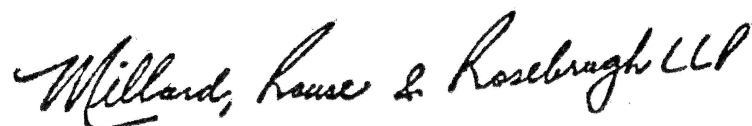
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise

professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



October 10, 2023
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

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

For the year ended December 31 2022 2021

Financial Assets

Cash and Cash Equivalents	\$ 22,639,049	\$ 23,709,102
Taxes Receivable	662,110	362,379
Accounts Receivable	1,115,498	1,028,994
Land for resale (Note 1)	229,836	1,919,129
Investments (Note 2)	7,500,048	500,048
Investment in Government Business Enterprise (Note 3)	12,887,503	12,054,925
	45,034,044	39,574,577

Liabilities

Accounts Payable and Accrued Liabilities	6,382,051	6,968,255
Employee Benefits Liability (Note 4)	5,033,459	5,097,484
Deferred Revenue (Note 5)	4,245,068	4,260,598
Net Long-Term Debt (Note 6)	1,743,654	2,235,611
Boundary Adjustment Liability (Note 7)	24,878,627	24,257,646
	42,282,859	42,819,594

Net Financial Assets (Debt)

2,751,185 **(3,245,017)**

Non-financial Assets

Tangible Capital Assets (Note 8)	72,375,450	68,385,215
Prepaid Expenses and Inventories of Supplies	104,714	293,045
	72,480,164	68,678,260

Accumulated Surplus (Note 9)

\$ 75,231,349 **\$ 65,433,243**

Contingent Liabilities (Note 14)

Treasurer

Mayor

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2022	2022	2021
	Note 13		
Revenue			
Taxation	\$ 16,095,440	\$ 15,962,752	\$ 15,554,088
Government Grants - Federal (Note 10)	11,652	570,526	396,032
Government Grants - Provincial (Note 10)	259,621	908,755	871,463
Municipal Transfers	320,975	320,214	343,770
User fees and service charges	897,787	751,446	456,008
Income (loss) from government business enterprises (Note 3)	-	1,110,004	1,182,407
Other (Note 11)	8,006,035	9,031,276	1,249,791
	25,591,510	28,654,973	20,053,559
Expenses			
General Government	\$ 3,802,185	\$ 4,136,900	\$ 28,387,101
Protection Services	4,669,118	4,477,979	4,320,602
Transportation Services	4,319,604	4,433,755	4,169,586
Environmental Services	723,182	679,981	702,790
Health Services	155,034	206,922	142,762
Recreational and Cultural Services	4,733,918	4,431,418	3,718,220
Planning and Development	582,236	489,912	286,228
	18,985,277	18,856,867	41,727,289
Annual Surplus	6,606,233	9,798,106	(21,673,730)
Accumulated Surplus, beginning of year	65,433,243	65,433,243	87,106,973
Accumulated Surplus, end of year	\$ 72,039,476	\$ 75,231,349	\$ 65,433,243

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 2022	2022	2021
	Note 13		
Annual surplus	\$ 6,606,233	\$ 9,798,106	\$ (21,673,730)
Acquisition of tangible capital assets	(7,597,000)	(7,162,385)	(6,382,926)
Amortization of tangible capital assets	3,066,061	3,075,153	3,025,794
Loss (gain) on disposal of tangible capital assets	96,997	57,782	242,660
Proceeds on sale of tangible capital assets	-	39,215	41,988
	<u>\$ 2,172,291</u>	<u>\$ 5,807,871</u>	<u>\$ (24,746,214)</u>
Consumption of prepaid expenses and inventory of supplies	-	188,331	\$ (84,017)
	<u>2,172,291</u>	<u>5,996,202</u>	<u>(24,830,231)</u>
Net change in net financial assets (debt)	2,172,291	5,996,202	(24,830,231)
Net financial assets (debt), beginning of year	(3,245,017)	(3,245,017)	21,585,214
Net financial assets (debt), end of year	<u>\$ (1,072,726)</u>	<u>\$ 2,751,185</u>	<u>\$ (3,245,017)</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

2022

2021

Operating Transactions

Annual surplus	\$ 9,798,106	\$ (21,673,730)
Items not involving cash		
Share of earnings, Net of dividends - EARTH Corporation	(832,578)	(886,887)
Amortization	3,075,153	3,025,794
(Gain) loss on disposal of tangible capital assets	57,782	242,660
Changes in non-cash operating balances		
Taxes receivable	(299,731)	368,460
Accounts receivable	(86,504)	(307,728)
Land for resale	1,689,293	-
Prepaid expenses and inventories of supplies	188,331	(84,017)
Accounts payable and accrued liabilities	(586,204)	706,088
Employee benefits liability	(64,025)	25,987
Deferred Revenue	(15,530)	602,156
Boundary Adjustment Liability	620,981	24,257,646
	13,545,074	6,276,429

Capital Transactions

Acquisition of tangible capital assets	(7,162,385)	(6,382,926)
Proceeds on sale of tangible capital assets	39,215	41,988
	(7,123,170)	(6,340,938)

Investing Transactions

Portfolio Investments	(7,000,000)	(500,048)
	(7,000,000)	(500,048)

Financing Transactions

Repayment of long-term debt	(491,957)	(605,648)
	(491,957)	(605,648)

Net change in cash and cash equivalents	(1,070,053)	(1,170,205)
Cash and cash equivalents, beginning of year	23,709,102	24,879,307
Cash and cash equivalents, end of year	\$ 22,639,049	\$ 23,709,102

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

The Corporation of the Town of Ingersoll
Summary of Significant Accounting Policies
December 31, 2022

**Management's
Responsibility for the
Financial Statements**

The consolidated financial statements of the Corporation of the Town of Ingersoll are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Town of Ingersoll is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Town of Ingersoll provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and boards which are owned or controlled by the Corporation of the Town of Ingersoll.

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues, and expenses are reflected in the financial statements using the proportionate consolidation method. All inter-entity transactions and balances have been eliminated. The following entity has been proportionately consolidated:

Ingersoll Rural Cemetery Board	87.5%
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The investment in a government business enterprise is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated. The following government business enterprise is reflected in the consolidated financial statements:

ERTH Corporation	30.16%
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**Cash and Cash
Equivalents**

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

The Corporation of the Town of Ingersoll
Summary of Significant Accounting Policies
December 31, 2022

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight line basis over the estimated life of the tangible capital asset commencing the month subsequent when the asset is available for productive use as follows:

Land Improvements	20 to 25 years
Facilities	25 to 100 years
Infrastructure	11 to 80 years
Vehicles, machinery and equipment	5 to 20 years

**County and School
Board**

The Corporation of the Town of Ingersoll collects taxation revenue on behalf of the school boards and the County of Oxford. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these entities are not reflected in these financial statements.

Trust Funds

Trust funds held in trust by the Corporation of the Town of Ingersoll, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specific purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

The Corporation of the Town of Ingersoll
Summary of Significant Accounting Policies
December 31, 2022

**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, 2022

1. Land for Resale

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

During the fiscal year ending December 31, 2022, the Corporation of the Town of Ingersoll engaged in the sale of a portion of the land previously classified as "Land for Resale" on its Statement of Financial Position. Additionally, a portion of this land was capitalized and transferred to the category of "Tangible Capital Assets." This note provides further details regarding these transactions and their impact on the financial statements.

(a) Sale of Land for Resale:

During the fiscal year, a portion of the land previously classified as "Land for resale" was sold. The proceeds from the sale were \$7,019,921, and the carrying amount of the land sold, including the cost to sell, was \$1,006,741. The gain on the sale of land, accounting for the cost to sell, amounted to \$6,013,180, which is included in the Consolidated Statement of Operations - Other Revenues.

(b) Capitalization of Land for Resale into Tangible Capital Assets

A portion of the land previously classified as "Land for Resale" was determined to have a long-term operational value to the Corporation and, therefore, was transferred and capitalized under the category of "Tangible Capital Assets." The land was capitalized at its net realizable value on the date of transfer. The value of the land transferred to tangible capital assets was \$805,309. This is recognized as part of the Tangible Capital Assets on the Consolidated Statement of Financial Position.

2. Investments

The total investments of \$7,500,048 (2021-\$500,048) are recorded on the statement of financial position at cost, having a market value of \$7,411,339 (2021 -\$489,997). The market value represents the realizable value of the investment if they were sold on December 31, 2022. Accordingly, only realized gains and losses are recognized in the financial statements.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

3. Investment in Government Business Enterprise

(a) ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Ingersoll owns 30.16% (2021- 30.16%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2022	2021
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	3,800,503	2,967,925
	\$ 12,887,503	\$ 12,054,925
	2022	2021
Share of equity earnings, beginning of year	\$ 2,967,925	\$ 2,081,038
Share in net income	1,110,004	1,182,407
Dividends	(277,426)	(295,520)
Increase from government business enterprise	832,578	886,887
Share of equity earnings, end of year	\$ 3,800,503	\$ 2,967,925

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2021 - 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 (2021 - \$329,404). During the year, ERTH Corporation declared, but has not yet paid, dividends totaling \$920,000 (2021 - \$980,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll was \$277,426 (2021 - \$295,520).

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

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:

	2022	2021
Financial position		
Assets		
Current	\$ 23,844,200	\$ 21,000,436
Property, Plant and Equipment	73,487,721	69,320,000
Regulatory and other assets	24,736,402	21,136,334
Total assets and regulatory balances	\$ 122,068,323	\$ 111,456,770
Liabilities		
Current	\$ 30,070,846	\$ 24,512,383
Long-term debt	39,049,645	39,419,177
Other non-current liabilities	15,883,497	14,364,747
Total liabilities	\$ 85,003,988	\$ 78,296,307
Equity		
Share capital	\$ 22,803,855	\$ 22,803,855
Retained earnings	12,873,741	10,513,649
Accumulated other comprehensive income (loss)	(270,509)	(671,412)
Total equity	\$ 35,407,087	\$ 32,646,092
Regulatory balances	1,657,248	514,371
Total liabilities, equity and regulatory balances	\$ 122,068,323	\$ 111,456,770
Results of Operations		
Revenue	\$ 98,335,547	\$ 96,543,343
Expenses	95,055,455	92,767,126
Net income before other comprehensive income	3,280,092	3,776,217
Other comprehensive income (loss)	400,903	144,881
Total comprehensive income (loss) for the year	\$ 3,680,995	\$ 3,921,098
Corporation of the Town of Ingersoll's Share 30.16% (2021 - 30.16%)	\$ 1,110,004	\$ 1,182,407
	2022	2021
Retained earnings, beginning of year	\$ 9,842,237	\$ 6,901,139
Net income before other comprehensive income	3,280,092	3,776,217
Other comprehensive income (loss)	400,903	144,881
Less: Dividends	920,000	980,000
Retained earnings, end of year	\$ 12,603,232	\$ 9,842,237
Corporation of the Town of Ingersoll's Share 30.16% (2021 - 30.16%)	\$ 3,800,503	\$ 2,967,925

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

4. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	Total 2022	Total 2021
Employee Benefit Liability	\$ 60,025	\$ 4,973,434	\$ 5,033,459	\$ 5,097,484

Post-Employment Benefits

The Corporation of the Town of Ingersoll continues to provide life insurance, dental and health care benefits to certain employee groups. These benefits vary, with some groups receiving benefits after retirement until the members reach 60 or 65 years of age, where other groups receive the benefits for life. The values are based on an actuarial valuation completed March 04, 2022 and management estimates as at December 31, 2021. Employee contributions were nil (2021 -nil).The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	2022	2021
Discount Rate	3.00%	3.00%
Rate of compensation increase	2.75%	2.75%
Healthcare cost increase	5.75%	5.75%

The benefit obligation continuity is as follows:

Accrued benefit obligation, January 1	\$ 5,405,985	\$ 5,400,510
Current period benefit cost	28,631	17,655
Increase due to plan amendment	46,391	37,039
Retirement interest expenditure	160,103	198,211
Benefits paid	(259,859)	(247,430)
Accrued benefit obligation, December 31	\$ 5,381,251	\$ 5,405,985
Unamortized actuarial gain/(loss)	(407,817)	(405,411)
Amortization of actuarial gains/losses	-	19,673
Liability for post-retirement benefits	\$ 4,973,434	\$ 5,020,247

Post - retirement benefits expense is as follows:

Current period benefit cost	\$ 28,631	\$ 17,655
Prior period cost of plan amendment	-	37,039
Amortization of actuarial gains/losses	24,312	19,673
Retirement interest expense	160,103	198,211
Post-retirement benefits expense	\$ 213,046	\$ 272,578

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 \$60,025 (2021 - \$77,237).

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

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 \$449,802 (2021 - \$406,949) 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
Canada Community- Building Fund	\$ 1,572,309	\$ 404,590	\$ 38,598	\$ (355,255)	\$ 1,660,242
Development Charges	1,571,113	68,974	35,245	(274,752)	1,400,580
Recreational Land	72,344	7,030	1,732	-	81,106
Provincial Gas Tax	1,010,587	55,595	23,558	(15,000)	1,074,740
Other	34,245	100	-	(5,945)	\$ 28,400
	<u>\$ 4,260,598</u>	<u>\$ 536,289</u>	<u>\$ 99,133</u>	<u>\$ (650,952)</u>	<u>\$ 4,245,068</u>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

6. Net Long Term Debt

	2022	2021
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	\$ 1,743,654	\$ 2,235,611

Principal repayments relating to net long term debt of \$1,743,654 outstanding are due as follows:

	Principal Repayments
2023	500,260
2024	307,400
2025	168,294
2026	85,300
2027	85,300
Thereafter	597,100
	\$ 1,743,654

The above long-term liabilities have maturity dates and interest rates ranging from 2023 to 2034 and 3.04% to 3.99% respectively.

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

On January 1, 2021, the Town's boundary lines were expanded to include 786 hectares of land transferred from the Township of South-West Oxford ("the Township") to the Town's jurisdiction. Using a present value technique with a discount rate of 3%, a liability is recognized for compensation due to the Township in the amount of \$24,878,627 (2021 -\$24,257,646). For each year following December 31, 2020 the Town is required to pay the Township the Base Amount for the annexed lands based upon the 2020 Township municipal tax levy on those lands adjusted annually by Ontario CPI plus an amount for the Total CAMI Plant Lands determined as 24% (twenty four percent) of the Town's own purpose taxes for the total CAMI Plant Lands. In addition, the Town will pay the Township 24% (twenty four percent) of the Town's own purpose taxes levied for all new commercial and industrial development created on the annexed lands after December 31, 2020.

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2022

8. Tangible Capital Assets

2022

	Land		Facilities	Machinery and		Total
	Land	Improvements		Equipment	Infrastructure	
Cost, beginning of year	\$ 3,679,031	\$ 5,048,650	\$ 16,647,005	\$ 6,700,185	\$ 85,660,952	\$ 117,735,823
Additions	805,309	388,555	839,796	1,870,166	3,258,559	7,162,386
Disposals	-	(39,624)	-	(878,049)	(566,202)	(1,483,876)
Cost, end of year	\$ 4,484,341	\$ 5,397,580	\$ 17,486,802	\$ 7,692,302	\$ 88,353,308	\$ 123,414,333
Accumulated Amortization, beginning of year	\$ -	\$ 3,189,703	\$ 7,657,871	\$ 4,473,955	\$ 34,029,078	\$ 49,350,608
Amortization	-	157,803	445,926	426,597	2,044,827	3,075,153
Disposals	-	(39,624)	-	(878,049)	(469,205)	(1,386,878)
Accumulated Amortization, end of year	\$ -	\$ 3,307,883	\$ 8,103,797	\$ 4,022,503	\$ 35,604,700	\$ 51,038,883
Net carrying amount, end of year	\$ 4,484,341	\$ 2,089,698	\$ 9,383,005	\$ 3,669,799	\$ 52,748,608	\$ 72,375,450

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 \$4,415,216 (2021- \$3,422,442). During the year, contributed capital assets was \$907,344 (2021 - \$181,075). 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.

2021

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

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

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

	2022	2021
Investment in tangible capital assets	\$ 72,375,450	\$ 68,385,215
Current Funds	(505,283)	99,630
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	17,432,399	16,113,849
Industrial development	2,761,088	(2,057,524)
Investment in Government Business Enterprise	12,887,503	12,054,925
Unfunded employee benefits liability	(5,033,459)	(5,097,484)
Unfunded boundary adjustment liability	(24,878,627)	(24,257,646)
	\$ 75,231,349	\$ 65,433,243

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

10. Government Transfers

	Budget			
	2022	2022	2021	
Federal				
Operating				
Conditional	\$ 11,652	\$ 115,271	\$ 37,353	
Capital				
Conditional	-	100,000	-	
Canada Community-Building Fund Revenue	-	355,255	358,679	
	\$ 11,652	\$ 570,526	\$ 396,032	
Provincial				
Operating				
Ontario Municipal Partnership Fund	\$ 172,700	\$ 172,700	\$ 203,100	
Conditional	86,921	108,343	367,482	
Capital				
Conditional	-	627,712	300,881	
	\$ 259,621	\$ 908,755	\$ 871,463	

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

	Budget		
	2022	2022	2021
Penalties and interest on taxation	\$ 130,000	\$ 124,523	\$ 126,445
Other fines and penalties	21,100	24,097	16,320
Investment Income	172,000	536,370	166,906
Licences, permits and rents	373,669	765,911	440,406
Donations	86,850	98,923	27,646
Donated assets	907,344	907,344	181,075
Sales of publications and other	14,150	10,237	8,558
Gain (loss) on disposal of tangible capital assets	(96,997)	(57,782)	(242,660)
Gain (loss) on disposal of assets held for resale	6,028,016	6,013,180	-
Interest - GBE (Note 3)	329,400	329,404	329,404
Development Charges	38,003	274,752	93,793
Other	2,500	4,317	101,898
	\$ 8,006,035	\$ 9,031,276	\$ 1,249,791

12. Expenses by Object

	Budget		
	2022	2022	2021
Salaries, Wages and Employee Benefits	\$ 7,915,213	\$ 7,633,885	\$ 7,086,095
Materials	3,570,702	3,266,358	2,936,040
Contracted Services	3,742,437	3,544,332	3,619,674
Rent & Financial Expenses	35,825	40,443	18,131
Interest on Long-term Debt	74,131	69,709	89,638
Contributions to Others	580,908	1,226,987	24,951,917
Amortization	3,066,061	3,075,153	3,025,794
	\$18,985,277	\$ 18,856,867	\$ 41,727,289

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

The budget data presented in these consolidated financial statements are based upon the 2022 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:

	2022
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	438
Add:	
Net transfers (from) to reserves	9,299,507
Principal repayment of debt	491,957
Donated tangible capital assets	907,344
Change in post - employment benefits liability	64,026
Less:	
Loss on disposal of tangible capital assets	96,997
Carrying amount of disposed land for resale	883,984
Amortization	3,066,061
Capital project cost resulting in operating expenses	109,997
Budget Surplus (Full accrual)	\$ 6,606,233

14. Contingent Liabilities

A significant ratepayer of the Municipality has appealed to the Assessment Review Board (ARB) with respect to the taxation years between 2009 to 2022. These appeals could potentially result in a reduction of taxes which would be distributed between the town, county and school boards. As there is considerable uncertainty surrounding both the hearing process and the potential settlement of reduction in taxation revenue, an estimated amount of \$3,748,000 (2021 - \$3,273,000) has been recognized at this time.

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

The trust funds administered by the municipality amounting to \$319,666 (2021 - \$310,006) 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:

	2022	2021
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	311,066	301,406
W.J. Bickerton	3,600	3,600
	\$ 319,666	\$ 310,006

16. Contaminated Sites

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

17. Operating Lease Commitments

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

2023	124,634
2024	126,576
2025	128,551
2026	120,159
2027	122,202
Thereafter	124,278
	\$ 746,400

18. Impact of COVID-19

In 2020, a coronavirus outbreak was declared a pandemic by the World Health Organization which prompted the Government of Ontario to declare a state of emergency on March 17, 2020. As a result of these declarations, significant economic and social impacts have been and continue to be experienced world-wide. As the full extent of impacts from the ongoing pandemic are yet to be determined, estimates contained in these statements, including those based on actuarial assumptions, are subject to change.

19. Segmented Information

The Corporation of the Town of Ingersoll is a diversified municipal government institution that provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This category relates to the revenues and expenses of the operations of the Municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection and protective inspection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. Protective inspection provides services related to the enforcement of building and construction codes.

Transportation

Transportation is responsible for the maintenance and upkeep of the Municipality's roads, winter control, street lighting and sidewalks.

Environmental

Environmental services provide waste disposal services for the Municipality's citizens.

Health

Health services relate to maintaining the Municipality's cemetery.

Recreation and Cultural Services

This service area provides services meant to improve the health and development of the Municipality's citizens through recreational programs, youth centres and museum services.

Planning and Development

This service area is responsible for the economic development of the Municipality and its merchants.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transaction with other segments, inter-segment transfers have been measured on the basis of the actual cost of services provided.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2022

19. Segmented Information								December 31, 2022	
For the year ended December 31, 2022	Revenue	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2022 Total
Taxation	\$ 15,962,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,962,752
Grants	261,049	73,895	1,177,736	38,694	-	176,403	71,718	-	1,799,495
User fees and service charges	75,481	12,361	67,044	-	50,448	536,352	9,760	-	751,446
Other	7,024,158	687,904	1,158,559	(35,952)	12,800	167,354	16,453	-	9,031,276
	<u>23,323,440</u>	<u>774,160</u>	<u>2,403,339</u>	<u>2,742</u>	<u>63,248</u>	<u>880,109</u>	<u>97,931</u>	<u>-</u>	<u>27,544,969</u>
Expenses									
Salaries and wages	1,763,151	1,283,588	1,321,021	193,962	115,478	2,728,302	228,383	-	7,633,885
Goods and services	1,015,577	3,061,898	1,105,485	155,238	82,352	1,169,054	261,529	-	6,851,133
Contributions to others	1,187,898	-	-	-	-	39,089	-	-	1,226,987
Interest	-	-	69,709	-	-	-	-	-	69,709
Amortization	170,274	132,493	1,937,540	330,781	9,092	494,973	-	-	3,075,153
	<u>4,136,900</u>	<u>4,477,979</u>	<u>4,433,755</u>	<u>679,981</u>	<u>206,922</u>	<u>4,431,418</u>	<u>489,912</u>	<u>-</u>	<u>18,856,867</u>
Income from government business enterprise	1,110,004	-	-	-	-	-	-	-	1,110,004
Net surplus (deficit)	\$ 20,296,544	\$ (3,703,819)	\$ (2,030,416)	\$ (677,239)	\$ (143,674)	\$ (3,551,309)	\$ (391,981)	\$	\$ 9,798,106

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements December 31, 2022

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