

**The Corporation of the
Town of Ingersoll**
Consolidated Financial Statements
For the year ended December 31, 2013

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2013**

Contents

Auditor's Report	2 - 3
Consolidated Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Change 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 - 21

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, 2013, and the consolidated statements of operations, change in net financial assets (debt) 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' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial position of The Corporation of the Town of Ingersoll as at December 31, 2013, and the results of its operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The consolidated financial statements of The Corporation of the Town of Ingersoll as at December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on July 25, 2013.

Millard, Rose & Rosebrugh LLP

July 7, 2014

CHARTERED ACCOUNTANTS
Licensed Public Accountants

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

December 31 2013 2012

Financial Assets

Cash and Cash Equivalents	\$ 2,404,685	\$ 979,560
Taxes Receivable	1,401,129	1,326,695
Accounts Receivable	992,704	673,469
Land for Resale (Note 1)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 3)	9,613,312	9,482,652
Long-Term Receivable	-	553,135
	16,330,959	14,934,640

Liabilities

Short-term Promissory Note (Note 2)	-	1,535,000
Accounts Payable and Accrued Liabilities	1,750,639	1,259,477
Employee Benefits Liability (Note 4)	6,406,244	6,036,408
Deferred Revenue (Note 5)	1,739,041	1,488,648
Net Long-Term Debt (Note 6)	5,889,325	4,761,414
	15,785,249	15,080,947

Net Financial Assets (Debt)

545,710 **(146,307)**


Non-financial Assets

Tangible Capital Assets (Note 7)	61,192,477	60,616,800
Prepaid Expenses and Inventories of Supplies	179,621	192,154
	61,372,098	60,808,954

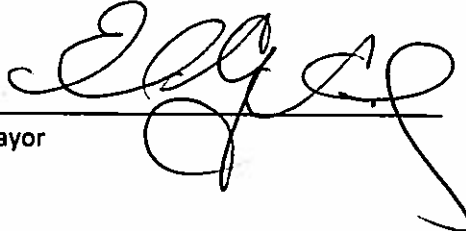
Accumulated Surplus (Note 8)

\$ 61,917,808 **\$ 60,662,647**

Contingent Liabilities (Note 12)



 Treasurer



 Mayor

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 Operations

For the year ended December 31	Budget 2013	2013	2012
Revenue			
Taxation	\$ 12,324,080	\$ 12,248,686	\$ 11,220,382
Government Transfers - Federal (Note 9)	565,880	335,581	672,376
Government Transfers - Provincial (Note 9)	1,525,950	1,280,555	1,160,316
Municipal Transfers	358,696	434,667	406,820
User Fees and Service Charges	1,250,843	1,083,367	1,210,307
Income (loss) from Government Business Enterprises (Note 3)	-	130,660	(44,414)
Other (Note 10)	1,223,550	1,617,195	2,257,747
	<u>17,248,999</u>	<u>17,130,711</u>	<u>16,883,534</u>
Expenses			
General Government	2,608,263	2,496,930	2,239,450
Protection Services	4,355,334	3,898,476	3,924,082
Transportation Services	4,100,186	3,987,730	4,770,510
Environmental Services	648,639	597,653	489,953
Health Services	114,744	115,585	103,535
Recreational and Cultural Services	4,277,717	4,199,055	4,036,362
Planning and Development	787,806	580,121	476,936
	<u>16,892,689</u>	<u>15,875,550</u>	<u>16,040,828</u>
Annual Surplus	<u>356,310</u>	<u>1,255,161</u>	<u>842,706</u>
Accumulated Surplus, beginning of year	<u>60,662,647</u>	<u>60,662,647</u>	<u>59,819,941</u>
Accumulated Surplus, end of year	<u>\$ 61,018,957</u>	<u>\$ 61,917,808</u>	<u>\$ 60,662,647</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 2013	2013	2012
Annual surplus	\$ 356,310	\$ 1,255,161	\$ 842,706
Acquisition of tangible capital assets	(4,350,000)	(3,131,304)	(4,224,211)
Amortization of tangible capital assets	2,200,000	2,557,386	2,223,544
(Gain) Loss on disposal of tangible capital assets	-	(59,614)	875,319
Proceeds on sale of tangible capital assets	-	57,855	37,000
	<u>\$ (1,793,690)</u>	<u>\$ 679,484</u>	<u>\$ (245,642)</u>
Consumption of prepaid expenses and inventory of supplies	-	12,533	13,380
Change in land to resale	-	-	1,919,129
	<u>-</u>	<u>\$ 12,533</u>	<u>1,932,509</u>
Net change in net financial assets (debt)	(1,793,690)	692,017	1,686,867
Net financial assets (debt), beginning of year	(146,307)	(146,307)	(1,833,174)
Net financial assets (debt), end of year	<u>\$ (1,939,997)</u>	<u>\$ 545,710</u>	<u>\$ (146,307)</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

2013

2012

Operating Transactions

Annual surplus	\$ 1,255,161	\$ 842,706
Items not involving cash		
Change in net equity - ERTH corporation	(130,660)	138,192
Amortization	2,557,386	2,223,544
(Gain) Loss on disposal of tangible capital assets	(59,614)	875,319
Changes in non-cash operating balances		
Taxes receivable	(74,434)	(154,745)
Accounts receivable	(319,235)	1,322,635
Long-term receivable	553,135	-
Prepaid expenses and inventories of supplies	12,533	13,380
Accounts payable and accrued liabilities	491,162	(1,435,548)
Employee benefits liability	369,836	360,261
Deferred revenue	250,393	(465,843)
	4,905,663	3,719,901

Capital Transactions

Acquisition of tangible capital assets	(3,131,304)	(4,224,211)
Proceeds on sale of tangible capital assets	57,855	37,000
	(3,073,449)	(4,187,211)

Financing transactions

Decrease in bank indebtedness	-	(150,000)
Proceeds from issuance of long-term debt	2,015,000	-
Repayment of long-term debt	(887,089)	(530,844)
Increase (decrease) in short-term promissory note	(1,535,000)	1,535,000
	(407,089)	854,156

Net change in cash and cash equivalents

1,425,125 386,846

Cash and cash equivalents, beginning of year

979,560 592,714

Cash and cash equivalents, end of year

\$ 2,404,685 \$ 979,560

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, 2013

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

The consolidated financial statements of The Corporation of the Town of Ingersoll are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of 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

**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, 2013

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.

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, 2013

**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.

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 Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

1. 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.

2. Short-Term Promissory Note

The municipality had received an advance from Ontario Infrastructure and Lands Corporation for an amount of \$ nil (2012 - \$1,535,000) as short term financing for the LED street lighting project. On completion of the project in 2013 this note was financed as a long-term debenture.

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% (2012 - 37.51%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2013	2012
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	526,312	395,652
	\$ 9,613,312	\$ 9,482,652

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2012 - 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 (2012 - \$329,404). During the year, ERTH Corporation declared and paid dividends totaling \$ Nil (2012 - \$250,000). 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 (2012 - \$93,782). The following summarizes the financial position and operations of ERTH Corporation which have been reported in these financial statements using the modified equity method:

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2013

3. Investment in Government Business Enterprise (continued)

	<u>2013</u>	<u>2012</u>
Financial position		
Current	\$ 19,945,893	\$ 18,564,309
Capital	34,340,702	30,657,793
Regulatory and other assets	13,612,315	14,928,052
Total Assets	<u>\$ 67,898,910</u>	<u>\$ 64,150,154</u>
Liabilities		
Current	\$ 22,229,255	\$ 19,125,807
Long-term debt	27,655,685	26,477,343
Regulatory and other liabilities	5,353,344	6,756,796
Total Liabilities	<u>\$ 55,238,284</u>	<u>\$ 52,359,946</u>
Net assets	<u>\$ 12,660,626</u>	<u>\$ 11,790,208</u>
Results of Operations		
Revenue	\$ 74,948,373	\$ 72,591,098
Expenses	74,599,955	72,709,495
Net income (loss) for the year	<u>\$ 348,418</u>	<u>\$ (118,397)</u>
Corporation of the Town of Ingersoll's Share (37.51%)	<u>\$ 130,660</u>	<u>\$ (44,414)</u>

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2013

4. Post Employment Liability

	Sick Leave	Post Employment	Total	Total
	Benefits	Benefits	2013	2012
Employee Benefit Liability	\$ 65,017	\$ 6,341,227	\$ 6,406,244	\$ 6,036,408

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, 2013. Significant assumptions used in the actuarial valuation are as follows:

	<u>2013</u>	<u>2012</u>
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	\$ 5,939,379	\$ 5,557,590
Current period benefit cost	241,245	225,347
Retirement interest expenditure	270,233	252,990
Benefits paid	(109,630)	(96,548)
Liability for post-retirement benefits	\$ 6,341,227	\$ 5,939,379

Post retirement benefits expense is as follows:

Current period benefit cost	\$ 241,245	\$ 225,347
Retirement interest expense	270,233	252,990
Post-retirement benefits expense	\$ 511,478	\$ 478,337

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 \$65,017 (2012 - \$77,029).

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 \$405,277 (2012 - \$333,159) for employer contributions.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

5. Deferred Revenue

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Federal Gas Tax	525,290	360,738	6,843	(320,104)	572,767
Development Charges	278,065	136,711	4,103	(97,957)	320,922
Recreational Land	78,931	530	870	(9,840)	70,491
Provincial Gas Tax	469,206	69,389	6,576	(12,512)	532,659
Other	137,156	105,046	-	-	242,202
	<u>\$ 1,488,648</u>	<u>\$ 672,414</u>	<u>\$ 18,392</u>	<u>\$ (440,413)</u>	<u>\$ 1,739,041</u>

6. Net Long Term Debt

	<u>2013</u>	2012
Long term liabilities issued by The County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	<u>\$ 5,889,325</u>	\$ 4,761,414

Principal repayments relating to net long term debt of \$5,889,325 outstanding are due as follows:

	Principal Repayments
2014	607,173
2015	619,077
2016	631,444
2017	644,290
2018	657,635
Thereafter	2,729,706
	<u>\$ 5,889,325</u>

The above long-term liabilities have maturity dates and interest rates ranging from 2014 to 2025 and 3.16% to 4.75% respectively.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

7. Tangible Capital Assets

2013

	Land		Facilities	Vehicles, Machinery & Equipment		Infrastructure	Total
	Land	Improvements					
Cost, beginning of year	\$ 3,683,812	\$ 3,979,169	\$ 15,688,596	\$ 5,768,700	\$ 63,214,726	\$ 92,335,003	
Additions	-	29,428	35,622	799,008	6,013,851	6,877,909	
Disposals	-	(17,338)	(25,160)	(339,455)	(3,775,213)	(4,157,166)	
Cost, end of year	\$ 3,683,812	\$ 3,991,259	\$ 15,699,058	\$ 6,228,253	\$ 65,453,364	\$ 95,055,746	
Accumulated Amortization, beginning of year	\$ -	\$ 2,444,108	\$ 5,238,421	\$ 2,912,808	\$ 21,122,866	\$ 31,718,203	
Amortization	-	118,366	384,734	393,299	1,660,987	2,557,386	
Disposals	-	(15,623)	-	(305,833)	(90,864)	(412,320)	
Accumulated Amortization, end of year	\$ -	\$ 2,546,851	\$ 5,623,155	\$ 3,000,274	\$ 22,692,989	\$ 33,863,269	
Net carrying amount, end of year	\$ 3,683,812	\$ 1,444,408	\$ 10,075,903	\$ 3,227,979	\$ 42,760,375	\$ 61,192,477	

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 \$1,599,439 (2012 - \$5,346,044). During the year, contributed capital assets of \$227,240 (2012 - \$724,376) 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.

2012

	Land		Facilities	Vehicles, Machinery & Equipment		Infrastructure	Total
	Land	Improvements					
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 Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2013

8. Accumulated Surplus

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

	2013	2012
Investment in tangible capital assets	61,192,477	60,616,800
Current Funds	(6,496,617)	(6,650,891)
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	3,729,813	2,966,572
Industrial development	92,789	91,644
Investment in Government Business Enterprise	9,613,312	9,482,652
Unfunded employee benefits liability	(6,406,244)	(6,036,408)
	\$ 61,917,808	\$ 60,662,647

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

9. Government Transfers

	Budget			
	2013	2013	2012	2011
Federal				
Operating				
Conditional	25,880	15,477	27,595	
Capital				
Federal Gas Tax Revenue	540,000	320,104	644,781	
	\$ 565,880	\$ 335,581	\$ 672,376	
Provincial				
Operating				
Ontario Municipal Partnership Fund	791,100	791,100	878,900	
Conditional	734,850	489,455	281,415	
	\$ 1,525,950	\$ 1,280,555	\$ 1,160,315	

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

10. Other Income

	Budget 2013	2013	2012
Penalties and interest on taxation	180,000	213,668	202,053
Other fines and penalties	18,965	28,625	13,344
Investment Income	53,322	37,922	44,874
Licences, permits and rents	324,583	301,582	325,001
Donations	201,637	292,392	120,139
Donated Assets	-	227,240	724,376
Sales of publications and equipment	54,843	61,565	13,021
Interest - GBE (Note 3)	329,400	329,404	329,404
Development Charges	55,000	107,797	442,416
Other	5,800	17,000	43,119
	\$ 1,223,550	\$ 1,617,195	\$ 2,257,747

11. Expenses by Object

	Budget 2013	2013	2012
Salaries, Wages and Employee Benefits	6,551,362	6,608,383	6,514,350
Materials	3,642,841	2,978,791	3,200,228
Contracted Services	4,160,103	3,463,973	2,914,520
Rent & Financial Expenses	44,107	31,377	44,521
Interest on Long-term Debt	222,069	168,237	212,471
Contributions to Others	70,500	67,402	55,875
Amortization	2,201,707	2,557,387	2,223,544
Loss on Disposal of Capital Assets	-	-	875,319
	\$16,892,689	\$ 15,875,550	\$ 16,040,828

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

12. 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. 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 \$100,000 has been recognized at this time.

13. Funds Held in Trust

The trust funds administered by the municipality amounting to \$ 247,733 (2012 - \$240,413) 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:

	<u>2013</u>	<u>2012</u>
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	\$ 239,133	\$ 231,813
W.J. Bickerton	\$ 3,600	\$ 3,600
	<u>\$ 247,733</u>	<u>\$ 240,413</u>

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2013

14. 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, 2013

15. Segmented Information

For the year ended December 31, 2013	General government	Protection to to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2013 Total
Revenue								
Taxation	\$ 12,248,686	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,248,686
Grants	931,050	100,580	513,112	110,241	-	147,324	248,496	2,050,803
User fees and service charges	37,377	67,099	49,390	-	26,417	869,476	33,608	1,083,367
Other	632,818	211,916	523,244	5,949	5,485	237,783	-	1,617,195
	13,849,931	379,595	1,085,746	116,190	31,902	1,254,583	282,104	17,000,051
Expenses								
Salaries and wages	1,348,860	1,011,886	1,340,313	119,926	84,266	2,571,871	131,259	6,608,381
Goods and services	953,456	2,787,836	948,747	195,794	29,580	1,177,270	448,862	6,541,545
Interest	32,367	-	123,205	-	-	12,666	-	168,238
Amortization	162,247	98,754	1,575,465	281,933	1,739	437,248	-	2,557,386
	2,496,930	3,898,476	3,987,730	597,653	115,585	4,199,055	580,121	15,875,550
Share of net income from ERTH Corporation	130,660	-	-	-	-	-	-	130,660
Net surplus (deficit)	\$ 11,483,661	\$ (3,518,881)	\$ (2,901,984)	\$ (481,463)	\$ (83,683)	\$ (2,944,472)	\$ (298,017)	\$ 1,255,161

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2013

15. Segmented Information

For the year ended December 31, 2012	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2012 Total
Revenue								
Taxation	\$ 11,220,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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>12,272,248</u>	<u>531,247</u>	<u>2,326,393</u>	<u>114,698</u>	<u>49,951</u>	<u>1,520,614</u>	<u>112,797</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	1,068,608	253,413	6,215,144
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
	<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)	<u>\$ 9,988,384</u>	<u>\$ (3,392,835)</u>	<u>\$ (2,444,117)</u>	<u>\$ (375,255)</u>	<u>\$ (53,584)</u>	<u>\$ (2,515,748)</u>	<u>\$ (364,139)</u>	<u>\$ 842,706</u>