

**The Corporation of the
Town of Ingersoll**

Consolidated Financial Statements
For the year ended December 31, 2020

**The Corporation of the Town of Ingersoll
Consolidated Financial Statements
For the year ended December 31, 2020**

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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, 2020, 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, 2020, 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.

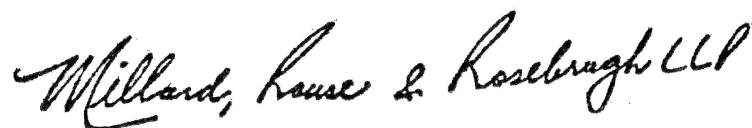
Auditors' Responsibilities for the Audit of the Financial Statements

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.



September 7, 2021
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 2020 2019

Financial Assets

Cash and Cash Equivalents	\$ 24,879,307	\$ 20,885,826
Taxes Receivable	730,839	919,780
Accounts Receivable	721,266	747,038
Land for resale (Note 1)	1,919,129	1,919,129
Investment in Government Business Enterprise (Note 2)	11,168,038	10,436,513
	39,418,579	34,908,286

Liabilities

Accounts Payable and Accrued Liabilities	6,262,167	4,606,559
Employee Benefits Liability (Note 3)	5,071,497	5,085,927
Deferred Revenue (Note 4)	3,658,442	3,349,245
Net Long-Term Debt (Note 5)	2,841,259	3,435,133
	17,833,365	16,476,864

Net Financial Assets (Debt)

21,585,214 **18,431,422**

Non-financial Assets

Tangible Capital Assets (Note 6)	65,312,731	65,483,082
Prepaid Expenses and Inventories of Supplies	209,028	228,894
	65,521,759	65,711,976

Accumulated Surplus (Note 7)


\$ 87,106,973 **\$ 84,143,398**

Contingent Liabilities (Note 12)

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Treasurer

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Mayor

The Corporation of the Town of Ingersoll
Consolidated Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
	Note 11		
Revenue			
Taxation	\$ 14,743,787	\$ 14,448,099	\$ 14,601,654
Government Grants - Federal (Note 8)	29,830	403,140	204,741
Government Grants - Provincial (Note 8)	321,895	1,024,691	1,434,443
Municipal Transfers	333,138	300,524	330,521
User fees and service charges	1,061,215	539,794	1,084,161
Income (loss) from government business enterprises (Note 2)	-	888,331	723,971
Other (Note 9)	1,201,487	1,249,776	1,767,651
	<u>17,691,352</u>	<u>18,854,355</u>	<u>20,147,142</u>
Expenses			
General Government	\$ 3,425,966	\$ 3,164,283	\$ 2,758,839
Protection Services	4,149,852	4,048,577	3,804,623
Transportation Services	4,437,167	4,120,003	4,072,847
Environmental Services	663,127	684,878	676,456
Health Services	137,047	161,018	116,873
Recreational and Cultural Services	4,531,666	3,398,095	4,288,982
Planning and Development	493,882	313,926	321,551
	<u>17,838,707</u>	<u>15,890,780</u>	<u>16,040,171</u>
Annual Surplus	<u>(147,355)</u>	<u>2,963,575</u>	<u>4,106,971</u>
Accumulated Surplus, beginning of year	84,143,398	84,143,398	80,270,573
Equity adjustment-Investment in GBE (Note 2)	-		(234,146)
Accumulated Surplus, end of year	<u>\$ 83,996,043</u>	<u>\$ 87,106,973</u>	<u>\$ 84,143,398</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 2020	2020	2019
	Note 11		
Annual surplus	\$ (147,355)	\$ 2,963,575	\$ 4,106,971
Acquisition of tangible capital assets	(3,105,625)	(3,104,625)	(3,927,323)
Amortization of tangible capital assets	3,096,851	3,102,306	2,894,791
Loss (gain) on disposal of tangible capital assets	154,154	153,024	270,181
Proceeds on sale of tangible capital assets	18,516	19,646	90,323
Equity adjustment-Investment in GBE (Note 2)	-		(234,146)
	<u>\$ 16,541</u>	<u>\$ 3,133,926</u>	<u>\$ 3,200,797</u>
Consumption of prepaid expenses and inventory of supplies	\$ -	\$ 19,866	\$ 30,942
Net change in net financial assets (debt)	16,541	3,153,792	3,231,739
Net financial assets (debt), beginning of year	18,431,422	18,431,422	15,199,683
Net financial assets (debt), end of year	<u>\$ 18,447,963</u>	<u>\$ 21,585,214</u>	<u>\$ 18,431,422</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	2020	2019
Operating Transactions		
Annual surplus	\$ 2,963,575	\$ 4,106,971
Items not involving cash		
Share of earnings, Net of dividends - ERTH Corporation	(731,525)	(543,041)
Amortization	3,102,306	2,894,791
(Gain) loss on disposal of tangible capital assets	153,024	270,181
Changes in non-cash operating balances		
Taxes receivable	188,941	(120,497)
Accounts receivable	25,772	243,421
Prepaid expenses and inventories of supplies	19,866	30,942
Accounts payable and accrued liabilities	1,655,608	254,372
Employee benefits liability	(14,430)	20,122
Deferred Revenue	309,197	938,102
	7,672,334	8,095,364
Capital Transactions		
Acquisition of tangible capital assets	(3,104,625)	(3,927,323)
Proceeds on sale of tangible capital assets	19,646	90,323
	(3,084,979)	(3,837,000)
Financing transactions		
Repayment of long-term debt	(593,874)	(659,373)
	(593,874)	(659,373)
Net change in cash and cash equivalents	3,993,481	3,598,991
Cash and cash equivalents, beginning of year	20,885,826	17,286,835
Cash and cash equivalents, end of year	\$ 24,879,307	\$ 20,885,826

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, 2020

**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, 2020

**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, 2020

**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, 2020

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.

2. 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% (2019- 30.16%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2020	2019
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	2,081,038	1,349,513
	\$ 11,168,038	\$ 10,436,513
	2020	2019
Share of equity earnings, beginning of year	\$ 1,349,513	\$ 1,040,618
Share in net income	888,331	723,971
Change in ownership	-	(234,146)
Dividends	(156,806)	(180,930)
Increase from government business enterprise	731,525	308,895
Share of equity earnings, end of year	\$ 2,081,038	\$ 1,349,513

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2019 - 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 (2019 - \$329,404). During the year, ERTH Corporation declared, but has not yet paid, dividends totaling \$520,000 (2019 - \$600,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll was \$156,806 (2019 - \$180,930).

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2020

2. 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:

	2020	2019
Financial position		
Assets		
Current	\$ 20,427,673	\$ 25,808,506
Property, Plant and Equipment	66,710,355	63,240,520
Regulatory and other assets	19,597,988	21,762,029
Total assets and regulatory balances	\$ 106,736,016	\$ 110,811,055
Liabilities		
Current	\$ 24,670,683	\$ 31,654,546
Long-term debt	40,488,940	41,412,426
Other non-current liabilities	11,323,477	8,318,168
Total liabilities	\$ 76,483,100	\$ 81,385,140
Equity		
Share capital	\$ 22,803,855	\$ 22,803,855
Retained earnings	7,717,432	5,180,844
Accumulated other comprehensive income (loss)	(816,293)	(705,588)
Total equity	\$ 29,704,994	\$ 27,279,111
Regulatory balances	\$ 547,922	\$ 2,146,804
Total liabilities, equity and regulatory balances	\$ 106,736,016	\$ 110,811,055
Results of Operations		
Revenue	\$ 99,075,396	\$ 98,238,771
Expenses	96,018,808	95,251,231
Net income before other comprehensive income	3,056,588	2,987,540
Other comprehensive income (loss)	(110,705)	(586,708)
Total comprehensive income (loss) for the year	\$ 2,945,883	\$ 2,400,832
Corporation of the Town of Ingersoll's Share 30.16% (2019 - 30.16%)	\$ 888,331	\$ 723,971
	2020	2019
Retained earnings, beginning of year	\$ 4,475,256	\$ 2,674,424
Net income before other comprehensive income	3,056,588	2,987,540
Other comprehensive income (loss)	(110,705)	(586,708)
Less: Dividends	520,000	600,000
Retained earnings, end of year	\$ 6,901,139	\$ 4,475,256
Corporation of the Town of Ingersoll's Share 30.16% (2019 - 30.16%)	\$ 2,081,038	\$ 1,349,513

The Corporation of the Town of Ingersoll

Notes to Consolidated Financial Statements

December 31, 2020

3. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	Total 2020	Total 2019
Employee Benefit Liability	\$ 76,398	\$ 4,995,099	\$ 5,071,497	\$ 5,085,927

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 December 20, 2018 and management estimates as at December 31, 2020. Employee contributions were nil (2019 -nil). The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	<u>2020</u>	2019
Discount Rate	3.75%	3.75%
Rate of compensation increase	2.75%	2.75%
Healthcare cost increase	6.42%	6.75%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	\$ 5,427,542	\$ 5,432,668
Current period benefit cost	16,684	15,764
Retirement interest expenditure	199,289	199,881
Benefits paid	(243,005)	(220,771)
Accrued benefit obligation, December 31	\$ 5,400,510	\$ 5,427,542
Unamortized actuarial gain/(loss)	\$ (425,084)	\$ (444,757)
Amortization of actuarial gains/losses	19,673	19,673
Liability for post-retirement benefits	4,995,099	5,002,458

Post - retirement benefits expense is as follows:

Current period benefit cost	\$ 16,684	\$ 15,764
Amortization of actuarial gains/losses	19,673	19,673
Retirement interest expense	199,289	199,881
Post-retirement benefits expense	\$ 235,646	\$ 235,318

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 \$76,398 (2019 - \$83,469).

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2020

3. 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 \$408,986 (2019 - \$404,643) 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.

4. Deferred Revenue

	Opening Balance	Contributions Received	Externally Restricted Investment Income	Revenue Recognized	Ending Balance
Federal Gas Tax	\$ 1,101,454	\$ 386,999	\$ 14,492	\$ (376,056)	\$ 1,126,889
Development Charges	1,214,987	319,618	15,024	(79,904)	1,469,725
Recreational Land	21,551	44,649	481		66,681
Provincial Gas Tax	899,344	52,349	11,034		962,727
Other	111,909	27,974		(107,463)	\$ 32,420
	<u>\$ 3,349,245</u>	<u>\$ 831,589</u>	<u>\$ 41,031</u>	<u>\$ (563,423)</u>	<u>\$ 3,658,442</u>

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2020

5. Net Long Term Debt

	2020	2019
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	\$ 2,841,259	\$ 3,435,133

Principal repayments relating to net long term debt of \$2,841,259 outstanding are due as follows:

	Principal Repayments
2021	605,647
2022	491,957
2023	500,260
2024	307,400
2025	168,295
Thereafter	767,700
	\$ 2,841,259

The above long-term liabilities have maturity dates and interest rates ranging from 2021 to 2034 and 3.04% to 3.99% respectively.

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2020

6. Tangible Capital Assets

2020

	Land		Machinery and			Total
	Land	Improvements	Facilities	Equipment	Infrastructure	
Cost, beginning of year	\$ 3,572,918	\$ 4,706,658	\$ 15,734,211	\$ 6,626,138	\$ 79,139,430	\$ 109,779,355
Additions	-	353,491	317,616	170,123	2,263,395	3,104,625
Disposals	-	(95,242)	(135,264)	(39,615)	(202,613)	(472,734)
Cost, end of year	\$ 3,572,918	\$ 4,964,907	\$ 15,916,564	\$ 6,756,646	\$ 81,200,212	\$ 112,411,246
Accumulated Amortization, beginning of year	\$ -	\$ 2,947,244	\$ 7,025,278	\$ 3,750,188	\$ 30,573,563	\$ 44,296,273
Amortization	-	136,859	410,733	450,926	2,103,789	3,102,306
Disposals	-	(62,364)	(58,794)	(23,616)	(155,289)	(300,064)
Accumulated Amortization, end of year	\$ -	\$ 3,021,739	\$ 7,377,216	\$ 4,177,498	\$ 32,522,062	\$ 47,098,516
Net carrying amount, end of year	\$ 3,572,918	\$ 1,943,167	\$ 8,539,347	\$ 2,579,149	\$ 48,678,150	\$ 65,312,731

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 \$1,551,436 (2019 - \$1,154,402). During the year, contributed capital assets was nil (2019 - \$279,864). 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.

2019

	Land		Machinery and			Total
	Land	Improvements	Facilities	Equipment	Infrastructure	
Cost, beginning of year	\$ 3,572,918	\$ 4,705,770	\$ 15,101,283	\$ 6,387,976	\$ 77,252,785	\$ 107,020,732
Additions	-	12,683	979,089	482,653	2,452,898	3,927,323
Disposals	-	(11,795)	(346,161)	(244,491)	(566,253)	(1,168,700)
Cost, end of year	\$ 3,572,918	\$ 4,706,658	\$ 15,734,211	\$ 6,626,138	\$ 79,139,430	\$ 109,779,355
Accumulated Amortization, beginning of year	\$ -	\$ 2,803,158	\$ 6,830,177	\$ 3,531,066	\$ 29,045,276	\$ 42,209,677
Amortization	-	155,432	393,188	461,115	1,885,056	2,894,791
Disposals	-	(11,346)	(198,087)	(241,993)	(356,769)	(808,195)
Accumulated Amortization, end of year	\$ -	\$ 2,947,244	\$ 7,025,278	\$ 3,750,188	\$ 30,573,563	\$ 44,296,273
Net carrying amount, end of year	\$ 3,572,918	\$ 1,759,414	\$ 8,708,933	\$ 2,875,950	\$ 48,565,867	\$ 65,483,082

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
December 31, 2020

7. Accumulated Surplus

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

	2020	2019
Investment in tangible capital assets	\$ 65,312,731	\$ 65,483,082
Current Funds	(411,292)	(429,210)
Reserves and Reserve Funds		
Working Funds	192,278	192,278
Capital and current purposes	15,237,812	12,822,693
Industrial development	678,903	723,969
Investment in Government Business Enterprise	11,168,038	10,436,513
Unfunded employee benefits liability	(5,071,497)	(5,085,927)
	\$ 87,106,973	\$ 84,143,398

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

8. Government Transfers

	Budget 2020	2020	2019
Federal			
Operating			
Conditional	\$ 29,830	\$ 27,084	\$ 24,819
Capital			
Conditional	-	-	-
Federal Gas Tax Revenue	-	376,056	179,922
	\$ 29,830	\$ 403,140	\$ 204,741
Provincial			
Operating			
Ontario Municipal Partnership Fund	\$ 238,900	\$ 238,900	\$ 281,000
Conditional	82,995	435,979	699,307
Capital			
Conditional	-	349,812	454,136
	\$ 321,895	\$ 1,024,691	\$ 1,434,443

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

	Budget 2020	2020	2019
Penalties and interest on taxation	\$ 140,000	\$ 88,477	\$ 129,745
Other fines and penalties	17,100	19,791	27,582
Investment Income	307,413	260,218	428,210
Licences, permits and rents	391,173	487,349	554,425
Donations	140,172	105,435	201,459
Donated assets	-	-	279,864
Sales of publications and other	12,480	19,818	14,113
Gain (loss) on disposal of tangible capital assets	(172,670)	(153,024)	(270,181)
Interest - GBE (Note 2)	329,400	329,404	329,404
Development Charges	33,919	79,904	70,496
Other	2,500	12,404	2,534
	\$ 1,201,487	\$ 1,249,776	\$ 1,767,651

10. Expenses by Object

	Budget 2020	2020	2019
Salaries, Wages and Employee Benefits	\$ 7,212,943	\$ 6,378,045	\$ 6,802,358
Materials	3,410,690	2,682,453	2,905,913
Contracted Services	3,921,406	3,523,510	3,219,211
Rent & Financial Expenses	35,670	29,941	31,621
Interest on Long-term Debt	114,819	110,528	132,408
Contributions to Others	40,872	63,996	53,869
Amortization	3,102,307	3,102,307	2,894,791
	\$17,838,707	\$ 15,890,780	\$ 16,040,171

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

The budget data presented in these consolidated financial statements are based upon the 2020 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:

	<u>2020</u>
Town Council approved budget surplus	\$ -
Local Boards approved Consolidated budgets	(86)
Add:	
Net transfers (from) to reserves	2,643,052
Principal repayment of debt	593,875
Change in post - employment benefits liability	14,430
Less:	
Loss on disposal of tangible capital assets	172,670
Amortization	3,102,307
Capital project cost resulting in operating expenses	123,649
Budget Surplus (Full accrual)	<u>\$ (147,355)</u>

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 2020. 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 \$2,798,000 (2019 - \$2,348,000) has been recognized at this time.

The Corporation of the Town of Ingersoll
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13. Funds Held in Trust

The trust funds administered by the municipality amounting to \$298,485 (2019 - \$285,652) 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:

	2020	2019
Carroll	\$ 5,000	\$ 5,000
Cemetery Care and Maintenance	289,885	277,052
W.J. Bickerton	3,600	3,600
	\$ 298,485	\$ 285,652

14. 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.

15. 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:

2021	120,847
2022	122,724
2023	124,634
2024	126,576
2025	128,551
Thereafter	366,640
	\$ 989,972

16. Impact of COVID-19

The coronavirus pandemic is still ongoing and the measures taken to combat the health threat of the virus have had a negative financial impact on the Town. The Town is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. Town Council approved the forgiveness of late payment fees on property taxes from April 1, 2020 to September 30, 2020 allowing for tax payments to be deferred until September 30, 2020 without penalty. Additional relief has been provided to the Town's customers and property owners which have impacted a number of revenue streams for varying lengths of time during the year. Parking revenues, penalty and interest on taxes, marriage and lottery licence revenues, arena, sport fields and hall rental revenues were all impacted. The Arena, Victoria Park Community Centre, recreational fields, and the Fusion Centre were all closed to the public on and off throughout the pandemic. Summer camps were also cancelled along with other recreational programming. As of the date of issuance of these financial statements, the full impact to the Town's financial position is not known.

17. Comparative Figures

Certain of prior year figures, presented for the purposes of comparison, have been reclassified to conform with current year presentation.

18. 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
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December 31, 2020

18. Segmented Information								December 31, 2020	
For the year ended December 31, 2020	Revenue	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2020 Total
Taxation	\$ 14,448,099	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,448,099
Grants	699,112	113,921	826,610	45,495	35,060	8,157	1,728,355		
User fees and service charges	84,614	8,558	51,573	50,104	341,371	3,574	539,794		
Other	675,072	419,934	63,380	4,204	64,940	2,480	1,249,776		
	15,906,897	542,413	941,563	49,699	441,371	14,211	17,966,024		
Expenses									
Salaries and wages	1,704,782	1,059,314	1,231,640	184,828	95,284	140,003	6,378,045		
Goods and services	1,295,142	2,854,427	784,702	172,223	60,278	173,923	6,299,900		
Interest	6,244	104,284					110,528		
Amortization	158,115	134,837	1,999,376	327,827	5,456	476,696	3,102,307		
	3,164,283	4,048,578	4,120,002	684,878	161,018	313,926	15,890,780		
Income from government business enterprise	888,331	-	-	-	-	-	888,331		
Net surplus (deficit)	\$ 13,630,945	\$ (3,506,165)	\$ (3,178,439)	\$ (635,179)	\$ (91,148)	\$ (299,715)	\$ 2,963,575		

The Corporation of the Town of Ingersoll
Notes to Consolidated Financial Statements
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18. Segmented Information								2019	
For the year ended December 31, 2019	Revenue	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	Total
Taxation	\$ 14,601,654	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,601,654
Grants	992,450	60,011	646,766	41,752	225,601	3,125	1,969,705		
User fees and service charges	115,947	24,450	105,681	-	798,264	3,492	1,084,161		
Other	912,302	433,471	364,283	(106,670)	148,352	7,718	1,767,651		
	16,622,353	517,932	1,116,730	(64,918)	1,172,217	14,335	19,423,171		
Expenses									
Salaries and wages	1,545,967	1,020,334	1,217,415	188,295	2,590,102	161,750	6,802,358		
Goods and services	1,030,183	2,650,183	954,345	159,829	1,223,022	159,801	6,210,614		
Interest	10,244	-	122,164	-	0	-	132,408		
Amortization	172,445	134,106	1,778,923	328,332	475,858	-	2,894,791		
	2,758,839	3,804,623	4,072,847	676,456	4,288,982	321,551	16,040,171		
Income from government business enterprise	723,971	-	-	-	-	-	-	723,971	
Net surplus (deficit)	\$ 14,587,485	\$ (3,286,691)	\$ (2,956,117)	\$ (741,374)	\$ (72,351)	\$ (307,216)	\$ 4,106,971		