The Corporation of the Town of Ingersoll

Consolidated Financial Statements

For the year ended December 31, 2025

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For the year ended December 31, 2025

Contents

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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 'Town'), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net financial assets (debt), remeasurement gains and losses 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 Town as at December 31, 2025, and the results of its operations, its consolidated change in net financial assets (debt), its remeasurement gains and losses 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 Town 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 1 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Millard, Rouse & Rosebrugh LLP
Brantford • Hagersville • Simcoe

Auditors' Responsibilities for the Audit of the Consolidated 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 Town'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 Town'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 Town 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Millard, Rouse & Rosebrugh LLP

July 10, 2026
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	**2025**	2024 Restated Note 1
Financial assets		
Cash and cash equivalents	**$ 30,740,954**	$ 24,480,859
Taxes receivable	**3,761,888**	1,150,084
Accounts receivable	**1,058,747**	1,689,630
Land for resale	**2,195,747**	2,195,747
Investments (Note 2)	**5,827,368**	10,998,450
Investment in ERTH Corporation (Note 3)	**13,608,976**	13,608,976
	57,193,680	54,123,746
Liabilities		
Accounts payable and accrued liabilities	**6,589,913**	6,191,130
Employee benefits liability (Note 4)	**4,822,141**	4,901,420
Deferred revenue (Note 5)	**4,703,086**	4,295,014
Net long-term debt (Note 6)	**767,700**	935,995
Boundary adjustment liability (Note 7)	**25,662,411**	25,101,105
Asset retirement obligations liabilities (Note 8)	**263,941**	256,253
	42,809,192	41,680,917
Net financial assets (debt)	**14,384,488**	12,442,829
Non-financial assets		
Tangible capital assets (Note 9)	**77,432,256**	75,947,162
Prepaid expenses and inventories of supplies	**188,136**	148,432
	77,620,392	76,095,594
Accumulated surplus (Note 10)	**$ 91,197,960**	$ 88,040,021
Accumulated remeasurement gains/(losses)	**$ 806,920**	$ 498,402
Accumulated surplus and remeasurement gains/(losses)	**$ 92,004,880**	$ 88,538,423

Contingent liabilities (Note 15)

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 2025	**2025**	2024
	Note 14		Restated Note 1
Revenue			
Taxation	$ 18,072,496	**$ 19,638,649**	$ 18,206,999
Government grants - Federal (Note 11)	-	**712,769**	1,004,499
Government grants - Provincial (Note 11)	211,860	**412,891**	870,682
Municipal transfers	659,566	**498,643**	419,504
User fees and service charges	1,105,122	**1,331,574**	1,133,134
Other (Note 12)	2,208,813	**3,696,936**	5,876,494
	22,257,857	**26,291,462**	27,511,312
Expenses (Note 13)			
General government	3,818,661	**5,489,456**	2,356,676
Protection services	4,651,901	**4,629,778**	4,478,128
Transportation services	5,178,183	**5,212,020**	4,859,896
Environmental services	824,380	**802,923**	776,454
Health services	209,454	**299,324**	183,781
Recreational and cultural services	6,087,250	**5,997,763**	5,625,921
Planning and development	713,069	**702,259**	547,064
	21,482,898	**23,133,523**	18,827,920
Annual surplus/(deficit)	774,959	**3,157,939**	8,683,392
Accumulated surplus/(deficit), beginning of year	88,040,021	**88,040,021**	79,356,629
Accumulated surplus, end of year	$ 88,814,980	**$ 91,197,960**	$ 88,040,021

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 2025 Note 14	**2025**	2024 Restated Note 1
Annual surplus	$ 774,959	**$ 3,157,939**	$ 8,683,392
Acquisition of tangible capital assets	(6,114,000)	**(5,136,543)**	(5,295,349)
Amortization of tangible capital assets	3,509,542	**3,519,672**	3,572,760
Loss (gain) on disposal of tangible capital assets	-	**(52,457)**	2,669,380
Proceeds on sale of tangible capital assets	-	**184,234**	100,725
	$ (1,829,499)	**$ 1,672,845**	$ 9,730,908
Consumption (acquisition) of prepaid expenses and inventory of supplies	-	**(39,704)**	$ (25,156)
Net change in net financial assets (debt) excluding net remeasurement gains and losses	(1,829,499)	**1,633,141**	9,705,752
Net change in remeasurement gains (losses)		**308,518**	444,999
Net financial assets (debt), beginning of year	12,442,829	**12,442,829**	2,292,078
Net financial assets (debt), end of year	$ 10,613,330	**$ 14,384,488**	$ 12,442,829

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 Remeasurement Gains and Losses

For the year ended December 31		2025		2024
				Restated Note 1
Accumulated remeasurement gains (losses), beginning of year	**$**	**498,402**	$	53,403
Unrealized gains (losses) attributed to:				
Portfolio investments		**308,518**		444,999
Net change in remeasurement gains for the year		**308,518**		444,999
Accumulated remeasurement gains (losses), end of year	**$**	**806,920**	$	498,402

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	**2025**	2024 Restated Note 1
Operating transactions		
Annual surplus	**$ 3,157,939**	$ 8,683,392
Items not involving cash		
Share of earnings, net of dividends - ERTH Corporation	**-**	-
Amortization	**3,519,672**	3,572,760
(Gain) loss on disposal of tangible capital assets	**(52,457)**	2,669,380
Changes in non-cash operating balances		
Taxes receivable	**(2,611,804)**	(248,245)
Accounts receivable	**630,883**	(892,175)
Land for resale	**-**	212,156
Prepaid expenses and inventories of supplies	**(39,704)**	(25,156)
Accounts payable and accrued liabilities	**398,783**	(883,158)
Employee benefits liability	**(79,279)**	(82,105)
Deferred revenue	**408,072**	21,028
Boundary adjustment liability	**561,306**	(2,032,781)
Asset retirement liability	**7,688**	7,464
	5,901,099	11,002,560
Capital transactions		
Acquisition of tangible capital assets	**(5,136,543)**	(5,295,349)
Proceeds on sale of tangible capital assets	**184,234**	100,725
	(4,952,309)	(5,194,624)
Investing transactions		
Net change in investments	**5,479,600**	(2,000,000)
	5,479,600	(2,000,000)
Financing transactions		
Repayment of long-term debt	**(168,295)**	(307,399)
	(168,295)	(307,399)
Net change in cash and cash equivalents	**6,260,095**	3,500,537
Cash and cash equivalents, beginning of year	**24,480,859**	20,980,322
Cash and cash equivalents, end of year	**$ 30,740,954**	$ 24,480,859

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

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%

Portfolio Investments

The portfolio investment represents 30.16% interest in ERTH Corporation, the organization that was previously accounted for as a government business enterprise. The carrying value will be reduced if the accumulated dividends received by the Town in subsequent period exceed its share of the accumulated earnings for the period. Portfolio investments are recorded at cost and are written down where there has been a loss in value that is other than a temporary decline.

Cash and Cash Equivalents

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

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

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.

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability for the removal of asbestos in buildings owned by the Corporation has been recognized based on estimated future expenses on decommissioning of the building. The recognition of a liability results in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in Note 9.

Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Financial Instruments (continued)

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

All financial assets are assessed for impairment on an annual basis at the end of the fiscal year.

When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement or remeasurement gains and losses are reversed and recognized in the statement of operations.

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.

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.

Revenues from an exchange transaction are recognized as or when the Corporation satisfies the performance obligation. Performance obligations may be satisfied at a point in time or over a period of time. Revenues from a non-exchange transaction are recognized where there is authority and a past event that gives rise to a claim of economic resources.

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.

New Public Sector Account Standards (PSAS)

There are two new PSAS that will be implemented for the year ended December 31, 2027.

PS 1100 will replace PS 1000. This standard provides a new Conceptual Framework providing guidance for the application of accounting policies where no standard exists and will guide future new standards.

PS 1202 will result in a new Financial Statement Presentation Model. The changes will result in the following:

a. Restructured Statement of Financial Position with liabilities classified as financial or nonfinancial.
b. New statements disclosing the change in net assets and net debt as well as debt indicators.
c. Isolated financing transactions in the Statement of Cash Flows.

Management is currently assessing the impact of these new standards on future financial statements.

1. Restatement of 2024 Comparative Figures

During 2025, The Corporation of the Town of Ingersoll identified adjustments affecting the previously reported 2024 comparative figures. Accordingly, the comparative information has been restated to reflect the appropriate accounting treatment in accordance with Public Sector Accounting Standards.

These adjustments relate to (a) the accounting for construction holdbacks and related financing for prior-year capital projects, and (b) the application of PS 3450, Financial Instruments, to the Corporation's investment portfolio.

(a) Construction Holdback Accounting and Related Funding

The Corporation of the Town of Ingersoll identified adjustments in the accounting for construction holdbacks related to prior-year capital projects. Holdback amounts that had been released to contractors in prior years were not properly applied against the related holdback liabilities. Instead, the release transactions were recorded as additional capital costs, resulting in the duplication of certain project costs and the continued recognition of related liabilities that had been settled.

As a result of these adjustments, amounts were also incorrectly allocated as being funded from the Industrial Land Reserve Fund.

The comparative figures have been restated to remove the duplicate capital costs, eliminate liabilities that no longer existed as at December 31, 2024, and correct the related reserve fund balances. Restated amounts include:

December 31, 2024	Previously Reported	Adjustments	**Adjusted**
Consolidated Statement of Financial Position			
Accounts payable and accrued liabilities	$ 6,581,484	$ (390,354)	**$ 6,191,130**
Tangible capital assets	76,142,339	(195,177)	**75,947,162**
Accumulated surplus, end of year	87,844,844	195,177	**88,040,021**
Consolidated Statement of Operations			
Other income	$ 5,681,317	$ 195,177	**$ 5,876,494**
Annual surplus	8,488,215	195,177	**8,683,392**
Accumulated surplus, end of year	87,844,844	195,177	**88,040,021**
Consolidated Statement of Change in Net Financial Assets (Debt)			
Annual surplus	$ 8,488,215	$ 195,177	**$ 8,683,392**
Loss (gain) on disposal of tangible capital assets	2,864,557	(195,177)	**2,669,380**

1. Restatement of 2024 Comparative Figures (continued)

(b) Classification and Measurement of Investments (PS 3450)

The Town identified that certain investments were not accounted for in accordance with PS 3450, Financial Instruments, in the 2024 financial statements. These investments meet the definition of portfolio investments and are required to be measured at fair value, with changes in fair value recognized in the Consolidated Statement of Remeasurement Gains and Losses.

Accordingly, comparative figures have been restated to reclassify these investments as portfolio investments and to recognize unrealized gains in accordance with PS 3450, with corresponding presentation in the Consolidated Statement of Remeasurement Gains and Losses. Restated amounts include:

December 31, 2024	Previously Reported	Adjustments	**Adjusted**
Consolidated Statement of Financial Position			
Investments	$ 10,500,048	$ 498,402	**$ 10,998,450**
Accumulated remeasurement gains/(losses)	-	498,402	**498,402**
Consolidated Statement of Change in Net Financial Assets (Debt)			
Net change in remeasurement gains (losses)	$ -	444,999	**$ 444,999**
Consolidated Statement of Remeasurement Gains and Losses			
Accumulated remeasurement gains, beginning of year	$ -	$ 53,403	**$ 53,403**
Unrealized gains (losses) attributed to:			
portfolio investments	-	444,999	**$ 444,999**
Net change in remeasurement gains for the year	-	444,999	**$ 444,999**
Accumulated remeasurement gains, end of year	**-**	498,402	**$ 498,402**

(c) Employee Benefits Liability

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

2. Investments

The total investments of $5,827,368 (2024 – $10,998,450) are recorded on the statement of financial position at fair value. All investments consist of principal-protected notes (PPNs), which are measured using Level 2 inputs within the fair value hierarchy.

3. Investment in ERTH Corporation

ERTH Corporation is a corporation incorporated under the laws of the Province of Ontario. The Corporation of the Town of Ingersoll owns 30.16% (2024- 30.16%) of the outstanding shares. The investment in ERTH Corporation is comprised of the following:

	2025	2024
Promissory note receivable	**$ 4,543,500**	$ 4,543,500
Investment in common shares of ERTH Corporation	**9,065,476**	9,065,476
	$ 13,608,976	$ 13,608,976

The Town's investment in ERTH Corporation is accounted for as a portfolio investment. This classification was established effective January 1, 2024, following the determination that the investment no longer represents a government business enterprise. The carrying value established at that date continues to be used as the cost base for the investment.

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2024 - 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 (2024 - $329,404). During the year, ERTH Corporation declared, but has not yet paid, dividends totaling $1,030,000 (2024 - $720,000). The proportionate share of these dividends to be received by the Corporation of the Town of Ingersoll was $310,597 (2024 - $217,116).

4. Employee Benefits Liability

	Sick Leave Benefits	Post Employment Benefits	**Total 2025**	Total 2024
Employee Benefit Liability	**$ 53,575**	**$ 4,768,566**	**$ 4,822,141**	$ 4,901,420

<u>Post-Employment Benefits</u>
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 August 7, 2024 and management estimates as at December 31, 2025. Employee contributions were nil (2024 -nil).

4. Employee Benefits Liability (continued)

The following table summarizes the valuation results and significant assumptions used in the actuarial valuation:

	2025	2024
Discount Rate	4.50%	3.00%
Rate of compensation increase	3.00%	2.75%
Healthcare cost increase	6.00%	5.75%
The benefit obligation continuity is as follows:		
Accrued benefit obligation, January 1	**$ 4,280,832**	$ 5,300,305
Current period benefit cost	**35,196**	31,602
Retirement interest expenditure	**187,625**	155,245
Benefits paid	**(257,991)**	(282,550)
Actuarial (gain)/loss	-	(923,770)
Accrued benefit obligation, December 31	**$ 4,245,662**	$ 4,280,832
Unamortized actuarial gain/(loss)	**522,904**	564,577
Liability for post-retirement benefits	**$ 4,768,566**	$ 4,845,409
Post - retirement benefits expense is as follows:		
Current period benefit cost	**$ 35,196**	$ 31,602
Amortization of actuarial gains/losses	**(41,673)**	24,312
Retirement interest expense	**187,625**	155,245
Post-retirement benefits expense	**$ 181,148**	$ 211,159

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 $53,575 (2024 - $56,011).

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 $700,872 (2024 - $563,900) 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	$ 1,013,614	$ 450,838	$ 34,945	$ (568,359)	$ 931,038
Development Charges	1,596,322	116,572	60,176	(56,556)	1,716,514
Recreational Land	355,618	2,079	11,228	(88,951)	279,974
Parking	10,524	-	855	-	11,379
Provincial Gas Tax	1,225,871	55,595	39,103	(55,000)	1,265,569
Other	93,065	490,340	-	(84,793)	$ 498,612
	$ 4,295,014	$ 1,115,424	$ 146,307	$ (853,659)	$ 4,703,086

6. Net Long Term Debt

	2025	2024
Long term liabilities issued by the County of Oxford for which the Town of Ingersoll has assumed responsibility for repayment.	**$ 767,700**	$ 935,995

Principal repayments relating to net long term debt of $767,000 outstanding are due as follows:

	Principal Repayments
2026	85,300
2027	85,300
2028	85,300
2029	85,300
2030	85,300
Thereafter	341,200
	$ 767,700

The above long term liability has a maturity date of 2034 and an interest rate of 3.13%.

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

On January 1, 2021, the Corporation of the Town of Ingersoll'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 current discount rate of 4.50% and an inflation rate of 2.0%, a liability is recognized for the compensation due to the Township in the amount of $25,662,411 (2024 - $25,101,105).

The compensation arrangement requires the Town to make annual payments to the Township based on the following terms:

- For each year following December 31, 2020, the Town is required to pay the Township the Base Amount for the annexed lands, which is based on the 2020 Township municipal tax levy on those lands, adjusted annually by the Ontario Consumer Price Index (CPI).
- The Town is also required to pay an additional amount for the Total CAMI Plant Lands, calculated as 24% of the Town's own-purpose taxes on those lands.
- Furthermore, the Town will pay the Township 24% of the Town's own-purpose taxes levied on any new commercial or industrial development created on the annexed lands after December 31, 2020.

This liability is disclosed on the Statement of Financial Position and is subject to ongoing adjustment based on the annual tax levies and any new developments on the annexed lands.

8. Asset Retirement Obligations

The Corporation of the Town of Ingersoll recognizes asset retirement obligations ("ARO") in accordance with the Canadian Public Sector Accounting Standards ("PSAS"). ARO represents the estimated future costs related to legal obligations associated with the retirement of tangible capital assets. The ARO liability is measured at its fair value, which is determined using discounted cash flow techniques. Significant assumptions used in estimating the ARO liability include the discount rate, inflation rate, future costs, and the timing of cash flows.

As at December 31, 2025, the Corporation's ARO liability amounted to $263,941 (2024 - $256,253). The ARO liability is recorded at the present value of the estimated future cash flows using a discount rate of 3.0%.

The Corporation reviews and updates its ARO estimates annually, taking into consideration changes in assumptions and regulations that may impact the estimated costs. Any changes in the ARO liability due to revisions in estimates or changes in inflation rates or discount rates are recognized in the income statement in the period they occur.

8. Asset Retirement Obligations (continued)

Changes to the asset retirement obligations in the year are as follows:

	Opening Balance	Accretion Expense	Change in Estimate	Liability Settled	Ending Balance
Asbestos removal	$ 256,253	7,688	$ -	$ -	$ 263,941
	$ 256,253	**7,688**	$ -	$ -	**263,941**

9. Tangible Capital Assets

2025

		Land			Land Improvements		Facilities		Machinery and Equipment		Infrastructure		Total
Cost, beginning of year	$	7,667,223	$		5,714,946	$	20,204,895	$	8,761,869	$	89,608,771	$	131,957,704
Asset retirement obligations		-			-		-		-		-		-
Additions		-			461,042		3,040,399		206,633		1,428,469	$	5,136,543
Disposals		-			(181,539)		-		(186,226)		(115,809)	$	(483,574)
Cost, end of year	$	7,667,223	$		5,994,449	$	23,245,294	$	8,782,276	$	90,921,431	$	136,610,673
Accumulated amortization, beginning of year	$	-	$		3,638,630	$	9,259,631	$	4,218,980	$	38,893,301	$	56,010,542
Asset retirement obligations		-			-		-		-		-		-
Amortization		-			188,270		523,912		550,126		2,257,364		3,519,672
Disposals		-			(135,051)		-		(159,751)		(56,995)		(351,797)
Accumulated amortization, end of year	$	-	$		3,691,849	$	9,783,543	$	4,609,355	$	41,093,670	$	59,178,417
Net carrying amount, end of year	$	7,667,223	$		2,302,600	$	13,461,751	$	4,172,921	$	49,827,761	$	77,432,256

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 $3,327,873 (2024 - $1,407,279). During the year, contributed capital assets was nil (2024 - $10,753).

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.

2024
Restated
Note 1

		Land		Land Improvements		Facilities		Machinery and Equipment		Infrastructure		Total
Cost, beginning of year	$	7,667,223	$	5,659,036	$	18,502,599	$	8,610,209	$	89,800,444	$	130,239,511
Asset retirement obligations		-		-		-		-		-		-
Additions		-		55,910		1,754,756		541,075		2,943,608		5,295,349
Disposals		-		-		(52,460)		(389,415)		(3,135,281)		(3,577,156)
Cost, end of year	$	7,667,223	$	5,714,946	$	20,204,895	$	8,761,869	$	89,608,771	$	131,957,704
Accumulated amortization, beginning of year	$	-	$	3,450,400	$	8,657,323	$	4,053,114	$	37,083,997	$	53,244,834
Asset retirement obligations		-		-		120,772		-		-		120,772
Amortization		-		188,230		505,563		525,284		2,232,911		3,451,988
Disposals		-		-		(24,027)		(359,418)		(423,607)		(807,052)
Accumulated amortization, end of year	$	-	$	3,638,630	$	9,259,631	$	4,218,980	$	38,893,301	$	56,010,542
Net carrying amount, end of year	$	7,667,223	$	2,076,316	$	10,945,264	$	4,542,889	$	50,715,470	$	75,947,162

10. Accumulated Surplus

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

	2025	2024 Restated Note 1
Investment in tangible capital assets	**$ 77,432,256**	$ 75,947,162
Current funds	**3,536,016**	2,747,142
Reserves and reserve funds		
Working funds	**192,278**	192,278
Capital and current purposes	**26,217,692**	24,861,349
Industrial development	**959,235**	941,892
Investment in ERTH Corporation	**13,608,976**	13,608,976
Unfunded employee benefits liability	**(4,822,141)**	(4,901,420)
Unfunded boundary adjustment liability	**(25,662,411)**	(25,101,105)
Unfunded asset retirement obligations liability	**(263,941)**	(256,253)
	$ 91,197,960	$ 88,040,021

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

11. Government Transfers

	Budget 2025	**2025**	2024
Federal			
Operating			
Conditional	$ -	**$ 19,410**	$ 16,106
Capital			
Conditional	-	**125,000**	22,190
Canada Community-Building Fund Revenue	-	**568,359**	966,203
	$ -	**$ 712,769**	$ 1,004,499
Provincial			
Operating			
Ontario Municipal Partnership Fund	$ 124,800	**$ 124,800**	$ 124,800
Conditional	87,060	**76,294**	134,680
Capital			
Conditional	-	**211,797**	611,202
	$ 211,860	**$ 412,891**	$ 870,682

12. Other Income

	Budget 2025	**2025**	2024 Restated Note 1
Penalties and interest on taxation	$ 130,000	**$ 236,346**	$ 189,993
Other fines and penalties	21,500	**30,717**	18,422
Investment Income	872,838	**1,657,938**	1,359,082
Licences, permits and rents	877,208	**704,861**	571,066
Donations	63,500	**52,799**	52,031
Donated assets	-	**-**	10,753
Sales of publications and other	17,250	**12,659**	12,483
Gain (loss) on disposal of tangible capital assets	(131,777)	**52,457**	(2,669,380)
Gain (loss) on disposal of assets held for resale		**-**	5,577,900
Interest - ERTH Corporation (Note 3)	329,400	**329,404**	329,404
Dividend - ERTH Corporation (Note 3)	-	**310,597**	217,116
Recreational land	-	**88,951**	-
Development Charges	24,894	**56,556**	53,498
Other	4,000	**163,651**	154,126
	$ 2,208,813	**$ 3,696,936**	$ 5,876,494

13. Expenses by Object

	Budget 2025	**2025**	2024
Salaries, Wages and Employee Benefits	$ 10,315,503	**$ 10,477,795**	$ 9,359,795
Materials	4,071,249	**3,737,293**	3,781,972
Contracted Services	3,398,461	**3,669,032**	3,398,954
Rent & Financial Expenses	51,425	**70,415**	69,306
Interest on Long-term Debt	29,475	**29,474**	35,042
Contributions to Others	107,243	**1,629,842**	(1,389,909)
Amortization	3,509,542	**3,519,672**	3,572,760
	$ 21,482,898	**$ 23,133,523**	$ 18,827,920

14. Budget Figures

The budget data presented in these consolidated financial statements are based upon the 2025 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:

	2025
Town Council approved budget surplus	$ -
Local Boards approved Consolidated budgets	-
Add:	
Net transfers (from) to reserves	4,333,155
Principal repayment of debt	168,295
Donated tangible capital assets	-
Change in post - employment benefits liability	79,279
Less:	
Loss on disposal of tangible capital assets	131,777
Amortization	3,509,542
Capital project cost resulting in operating expenses	164,451
Budget Surplus (Full accrual)	$ 774,959

15. Contingent Liabilities

A significant ratepayer of the Town had appealed its property assessment to the Assessment Review Board (ARB) with respect to the 2023, 2024, and 2025 taxation years. The related assessment appeals were resolved during 2025, with the final settlement amount determined to be $1,506,931. Although the settlement payments were processed in 2026, the Town had accrued the full amount in the 2025 financial statements based on the known settlement terms.

Subsequent to the resolution of these appeals, the ratepayer ceased production at its facility. This operational change may result in further reductions to the assessed value of the property for the 2026 taxation year and beyond, which would impact taxation revenues shared among the Town, County, and School Boards.

Given the uncertainty surrounding the extent of any future assessment reductions, an estimated amount of $800,221 has been recognized in these financial statements to reflect the potential impact of future reassessments.

16. Funds Held in Trust

The trust funds administered by the municipality amounting to $435,128 (2024 - $386,553) 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:

	2025	2024
Carroll	**$ 5,000**	$ 5,000
Cemetery Care and Maintenance	**426,528**	377,953
W.J. Bickerton	**3,600**	3,600
	$ 435,128	$ 386,553

17. 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.

18. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Town’s contractual rights consist primarily of rental agreements and lease arrangements for municipal facilities and properties, which provide for future rental revenues.

2026	179,497
2027	182,383
2028	144,645
2029	22,511
Thereafter	23,076
	$ 552,112

19 Comparative Figures

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

20 Subsequent Event

Subsequent to year end, the Town has committed to a construction contract for a new multi-use facility. The total value of the contract is $38,000,000.

21 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 Town 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 Town's roads, winter control, street lighting and sidewalks.

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

Health
Health services relate to maintaining the Town's cemetery.

Recreation and Cultural Services

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

Planning and Development
This service area is responsible for the economic development of the Town 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.

21 Segmented Information

For the year ended December 31, 2025	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2025 Total
Revenue								
Taxation	$ 19,638,649	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,638,649
Grants	222,864	13,318	1,185,978	47,906	-	144,907	9,330	1,624,303
User fees and service charges	85,221	50,525	74,128	-	47,139	1,063,285	11,276	1,331,574
Other	2,728,726	543,783	216,873	(7,155)	32,562	173,376	8,771	3,696,936
	22,675,460	607,626	1,476,979	40,751	79,701	1,381,568	29,377	26,291,462
Expenses								
Salaries and wages	2,278,098	1,578,595	1,744,864	165,941	247,321	4,000,483	462,493	10,477,795
Goods and services	1,485,899	2,876,400	1,252,619	267,256	39,474	1,315,326	239,766	7,476,740
Contributions to others	1,545,142	-	-	-	2,400	82,300	-	1,629,842
Interest	-	-	29,474	-	-	-	-	29,474
Amortization	180,317	174,783	2,185,063	369,726	10,129	599,654	-	3,519,672
	5,489,456	4,629,778	5,212,020	802,923	299,324	5,997,763	702,259	23,133,523
Net surplus (deficit)	$ 17,186,004	$ (4,022,152)	$ (3,735,041)	$ (762,172)	$ (219,623)	$ (4,616,195)	$ (672,882)	$ 3,157,939

21 Segmented Information

For the year ended December 31, 2024	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2024 Total Restated Note 1
Revenue								
Taxation	$ 18,206,999	$ -	$ -	$ -	$ -	$ -	$ -	$ 18,206,999
Grants	216,482	90,897	1,900,392	39,659	-	39,082	8,173	2,294,685
User fees and service charges	81,543	91,881	30,853	-	53,874	862,519	12,464	1,133,134
Other	7,898,429	410,871	(2,570,546)	(7,679)	27,278	104,960	13,181	5,876,494
	26,403,453	593,649	(639,301)	31,980	81,152	1,006,561	33,818	27,511,312
Expenses								
Salaries and wages	2,066,236	1,476,504	1,607,702	209,291	122,233	3,522,460	355,369	9,359,795
Goods and services	1,502,012	2,837,639	1,032,805	230,271	51,490	1,404,320	191,695	7,250,232
Contributions to others	(1,389,909)	-	-	-	-	-	-	(1,389,909)
Interest	-	-	35,042	-	-	-	-	35,042
Amortization	178,337	163,985	2,184,347	336,892	10,058	699,141	-	3,572,760
	2,356,676	4,478,128	4,859,896	776,454	183,781	5,625,921	547,064	18,827,920
Net surplus (deficit)	$ 24,046,777	$ (3,884,479)	$ (5,499,197)	$ (744,474)	$ (102,629)	$ (4,619,360)	$ (513,246)	$ 8,683,392