

To the Councillors of the  
the Rural Municipality of Colonsay No. 342:

We have audited the statement of financial position of Rural Municipality of Colonsay No. 342 as at December 31, 2011 and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 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 qualified audit opinion.

#### **Basis for Qualified Opinion**

Due to practical considerations, we were not able to observe the counting of physical inventories nor satisfy ourselves as to inventory quantities by alternative means. Since inventories enter into the determination of the results of operations and changes in net financial position, we are unable to determine what adjustments to surplus (deficit) for the year, accumulated surplus, and changes in net financial assets, if any, might be necessary.

### Qualified Opinion

In our opinion, except for the affects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Rural Municipality of Colonsay No. 342 as at December 31, 2011 and the results of its operations, changes in net financial assets and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

### Other Matters

In accordance with the terms of our engagement, we have not audited, nor do we express an opinion on the budget figures included in the accompanying financial statements.

*Breen & Associates*

Breen & Associates  
Chartered Accountants

February 8, 2012

## Management's Responsibility

To the Ratepayers of the Rural Municipality of Colonsay No. 342

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

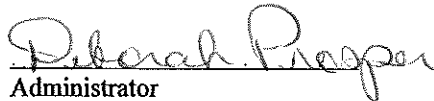
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The Council is also responsible for recommending the appointment of the Municipality's external auditors.

Breen & Associates, an independent firm of Chartered Accountants, is appointed by the council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with both the Council and administration to discuss their audit findings.

February 8, 2012

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Reeve

  
\_\_\_\_\_  
Administrator

Rural Municipality of Colonsay No. 342

Statement of Financial Position

As at December 31, 2011

Statement 1

	2011	2010
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and Temporary Investments (Note 2)	903,075	650,500
Taxes Receivable - Municipal (Note 3)	31,259	33,937
Other Accounts Receivable (Note 4)	304,576	126,101
Land for Resale	-	-
Long-Term Investments (Note 5)	63,954	61,271
Other		
<b>Total Financial Assets</b>	<b>1,302,864</b>	<b>871,809</b>
<b>LIABILITIES</b>		
Bank Indebtedness		11,858
Accounts Payable	523	21,967
Accrued Liabilities Payable		
Deposits		
Deferred Revenue	-	-
Accrued Landfill Costs		
Other Liabilities	11,692	-
Long-Term Debt (Note 6)	184,976	204,221
Lease Obligations		
<b>Total Liabilities</b>	<b>197,191</b>	<b>238,046</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,105,673</b>	<b>633,763</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule 6, 7)	2,393,691	2,155,933
Prepayments and Deferred Charges	140	175
Stock and Supplies	673,245	529,455
Other		
<b>Total Non-Financial Assets</b>	<b>3,067,076</b>	<b>2,685,563</b>
<b>Accumulated Surplus (Deficit) (Schedule 8)</b>	<b>4,172,749</b>	<b>3,319,326</b>

Rural Municipality of Colonsay No. 342

Statement of Operations

As at December 31, 2011

Statement 2

	2011 Budget	2011	2010
<b>Revenues</b>			
Taxes and Other Unconditional Revenue (Schedule 1)	1,281,957	1,281,859	998,247
Fees and Charges (Schedule 4, 5)	29,685	44,026	25,507
Conditional Grants (Schedule 4, 5)	1,500	1,772	2,078
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	(1,098)	2,828
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	10,000	14,274	15,545
Other Revenues (Schedule 4, 5)	-	-	-
<b>Total Revenues</b>	<b>1,323,142</b>	<b>1,340,833</b>	<b>1,044,205</b>
<b>Expenses</b>			
General Government Services (Schedule 3)	196,078	152,724	147,958
Protective Services (Schedule 3)	39,337	33,444	21,057
Transportation Services (Schedule 3)	802,166	666,970	491,565
Environmental and Public Health Services (Schedule 3)	25,750	16,471	22,778
Planning and Development Services (Schedule 3)	6,500	1,364	1,612
Recreation and Cultural Services (Schedule 3)	17,435	13,432	17,432
Utility Services (Schedule 3)	4,750	5,863	4,541
<b>Total Expenses</b>	<b>1,092,016</b>	<b>890,268</b>	<b>706,943</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>231,126</b>	<b>450,565</b>	<b>337,262</b>
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	266,500	402,858	54,844
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>497,626</b>	<b>853,423</b>	<b>392,106</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	<b>3,319,326</b>	<b>3,319,326</b>	<b>2,927,220</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>3,816,952</b>	<b>4,172,749</b>	<b>3,319,326</b>

Rural Municipality of Colonsay No. 342  
Statement of Change in Net Financial Assets  
As at December 31, 2011

Statement 3

	2011 Budget	2011	2010
<b>Surplus (Deficit)</b>	<b>497,626</b>	<b>853,423</b>	<b>392,106</b>
(Acquisition) of tangible capital assets	(345,607)	(363,776)	(643,068)
Amortization of tangible capital assets	103,370	124,921	103,354
Proceeds on disposal of tangible capital assets		-	13,753
Loan Principal Payments	(20,779)		
Loss (gain) on the disposal of tangible capital assets		1,098	(2,828)
<b>Surplus (Deficit) of capital expenses over expenditures</b>	<b>(263,016)</b>	<b>(237,757)</b>	<b>(528,789)</b>
(Acquisition) of supplies inventories	(673,245)	(673,245)	(529,455)
(Acquisition) of prepaid expense	(140)	(140)	(175)
Consumption of supplies inventory	529,455	529,455	104,147
Use of prepaid expense	175	175	65
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>(143,755)</b>	<b>(143,755)</b>	<b>(425,418)</b>
<b>Increase/Decrease in Net Financial Assets</b>	<b>90,855</b>	<b>471,911</b>	<b>(562,101)</b>
<b>Net Financial Assets - Beginning of Year</b>	<b>633,763</b>	<b>633,763</b>	<b>1,195,864</b>
<b>Net Financial Assets - End of Year</b>	<b>724,618</b>	<b>1,105,674</b>	<b>633,763</b>

Rural Municipality of Colonsay No. 342  
Statement of Cash Flow  
As at December 31, 2011

Statement 4

	2011	2010
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	853,423	392,106
Amortization	124,912	103,354
Loss (gain) on disposal of tangible capital assets	1,096	
	979,431	495,460
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	2,678	9,531
Other Receivables	(178,475)	60,702
Land for Resale		
Other Financial Assets		
Accounts and accrued liabilities payable	(21,610)	21,967
Deposits		
Deferred Revenue		
Other Liabilities		
Stock and supplies for use	(143,790)	(425,308)
Prepayments and Deferred Charges	35	(110)
Other	-	1,003
<b>Net cash from (used for) operations</b>	<b>(341,162)</b>	<b>(332,215)</b>
<b>Capital:</b>		
Acquisition of capital assets	(363,766)	(643,068)
Proceeds from the disposal of capital assets	-	13,753
Other capital		
<b>Net cash from (used for) capital</b>	<b>(363,766)</b>	<b>(629,315)</b>
<b>Investing:</b>		
Long-term investments	(2,683)	(1,463)
Other investments		
<b>Net cash from (used for) investing</b>	<b>(2,683)</b>	<b>(1,463)</b>
<b>Financing:</b>		
Long-term debt issued	-	225,000
Long-term debt repaid	(19,245)	(20,779)
Other financing		
<b>Net cash from (used for) financing</b>	<b>(19,245)</b>	<b>204,221</b>
<b>Increase (Decrease) in cash resources</b>	<b>275,575</b>	<b>(263,312)</b>
<b>Cash and Investments - Beginning of Year</b>	<b>650,500</b>	<b>913,812</b>
<b>Cash and Investments - End of Year</b>	<b>926,075</b>	<b>650,500</b>

Rural Municipality of Colonsay No. 342  
 Schedule of Council Remuneration  
 As at December 31, 2011

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Jerry Sopatyk	6,300	1,343	7,643
Alan Garner	4,725	750	5,475
Gordon Simmons	4,425	510	4,935
Aime Brochu	2,475	143	2,618
Mark Steckler	4,050	477	4,527
Marvin Lang	5,250	1,093	6,343
Rose Buscholl	6,075	1,275	7,350
Pat Mulhall	1,500	320	1,820
			-
			-
			-
			-
			-
<b>Total</b>	<b>34,800</b>	<b>5,911</b>	<b>40,711</b>