
INDEPENDENT AUDITORS' REPORT

To the Councillors of the Town of Colonsay:

We have audited the consolidated statement of financial position of the Town of Colonsay as at December 31, 2010 and the consolidated 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 audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Colonsay, as at December 31, 2010 and the results of its operations, changes in net debt 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

March 14, 2011

Management's Responsibility

To the Ratepayers of Municipality of Town of Colonsay:

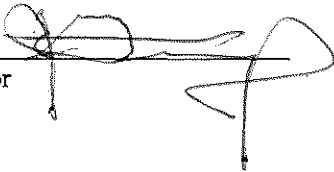
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report 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.

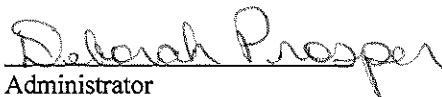
The Council is composed of elected officials who are not employees of the Municipality. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfils these responsibilities by reviewing the financial information prepared by the 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 meet periodically and separately with both the Council and administration to discuss their audit findings.

Mayor



Administrator



TOWN OF COLONSAY

Town of Colonsay

Consolidated Statement of Financial Position

As at December 31, 2010

SYNOPSIS OF ANNUAL FINANCIAL STATEMENT

Statement 1

	2010	2009
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	154,090	226,121
Taxes Receivable - Municipal (Note 3)	46,527	43,029
Other Accounts Receivable (Note 4)	353,797	30,588
Land for Resale (Note 5)	25,103	25,103
Long-Term Investments	-	-
Other		
Total Financial Assets	579,517	324,841
LIABILITIES		
Bank Indebtedness		
Accounts Payable	8,405	303
Accrued Liabilities Payable		
Deposits	16,880	28,730
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-Term Debt (Note 6)	406,704	120,078
Lease Obligations		
Total Liabilities	431,989	149,111
NET FINANCIAL ASSETS	147,528	175,730
Non-Financial Assets		
Tangible Capital Assets (Schedule 6, 7)	1,746,394	1,601,137
Prepayments and Deferred Charges	3,562	55
Stock and Supplies		
Other		
Total Non-Financial Assets	1,749,956	1,601,192
Accumulated Surplus (Deficit) (Schedule 8)	1,897,484	1,776,922

Town of Colonsay
 Consolidated Statement of Operations
 For the year ended December 31, 2010

Statement 2

	2010 Budget	2010	2009
Revenues			
Taxes and Other Unconditional Revenue (Schedule 1)	381,855	376,833	362,311
Fees and Charges (Schedule 4, 5)	152,930	162,248	148,293
Conditional Grants (Schedule 4, 5)	-	1,072	-
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	2,550	-
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	1,000	326	790
Other Revenues (Schedule 4, 5)	242,009	211,825	276,487
Total Revenues	777,794	754,854	787,881
Expenses			
General Government Services (Schedule 3)	107,850	99,202	102,701
Protective Services (Schedule 3)	34,850	32,735	31,258
Transportation Services (Schedule 3)	232,310	453,894	131,507
Environmental and Public Health Services (Schedule 3)	20,020	20,162	20,462
Planning and Development Services (Schedule 3)	-	-	-
Recreation and Cultural Services (Schedule 3)	251,939	231,110	229,226
Utility Services (Schedule 3)	139,090	138,872	169,501
Total Expenses	786,059	975,975	684,655
Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions	(8,265)	(221,121)	103,226
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	41,085	341,683	80,269
Surplus (Deficit) of Revenues over Expenses	32,820	120,562	183,495
Accumulated Surplus (Deficit), Beginning of Year	1,776,922	1,776,922	1,593,427
Accumulated Surplus (Deficit), End of Year	1,809,742	1,897,484	1,776,922

Town of Colonsay

Consolidated Statement of Change in Net Financial Assets

For the year ended December 31, 2010

Statement 3

	2010 Budget	2010	2009
Surplus (Deficit)	32,820	120,562	183,495
(Acquisition) of tangible capital assets	(7,000)	(221,917)	(89,866)
Amortization of tangible capital assets	72,800	76,660	72,788
Proceeds on disposal of tangible capital assets		2,550	
Loss (gain) on the disposal of tangible capital assets		(2,550)	
Surplus (Deficit) of capital expenses over expenditures	65,800	(145,257)	(17,078)
(Acquisition) of supplies inventories			
(Acquisition) of prepaid expense		(3,562)	(5)
Consumption of supplies inventory			
Use of prepaid expense		55	
Surplus (Deficit) of expenses of other non-financial over expenditures	-	(3,507)	(5)
Increase/Decrease in Net Financial Assets	98,620	(28,202)	166,412
Net Financial Assets - Beginning of Year	175,730	175,730	9,318
Net Financial Assets - End of Year	274,350	147,528	175,730

Town of Coionsay
Consolidated Statement of Cash Flow
For the year ended December 31, 2010

Statement 4

	2010	2009
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	120,562	183,495
Amortization	76,660	72,787
Loss (gain) on disposal of tangible capital assets	(2,550)	
	<u>194,672</u>	<u>256,282</u>
Change in assets/liabilities		
Taxes Receivable - Municipal	(3,498)	(6,076)
Other Receivables	(323,209)	5,944
Land for Resale		-
Other Financial Assets		-
Accounts and accrued liabilities payable	8,102	(1,504)
Deposits	(11,850)	13,860
Deferred Revenue		(216,000)
Other Liabilities		(9,000)
Stock and supplies for use		
Prepayments and Deferred Charges	(3,507)	(5)
Other	-	
Net cash from (used for) operations	(139,290)	43,501
Capital:		
Acquisition of capital assets	(221,917)	(89,866)
Proceeds from the disposal of capital assets	2,550	
Other capital		
Net cash from (used for) capital	(219,367)	(89,866)
Investing:		
Long-term investments		
Other investments		
Net cash from (used for) investing	-	-
Financing:		
Long-term debt issued	325,000	
Long-term debt repaid	(38,374)	(36,256)
Other financing		
Net cash from (used for) financing	286,626	(36,256)
Increase (Decrease) in cash resources	(72,031)	(82,621)
Cash and Investments - Beginning of Year	226,121	308,742
Cash and Investments - End of Year	154,090	226,121

Town of Colonsay
 Schedule of Council Remuneration
 For the year ended December 31, 2010

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
J Gray	3,050	672	3,722
J Campbell	1,900		1,900
S Yausie	1,800	190	1,990
S Jolicoeur	1,100		1,100
D Baczuk	1,850	183	2,033
P Kindrat	1,900	249	2,149
G Wright	1,600		1,600
A Brochu	350		350
M Davies	400		400
			-
			-
			-
			-
			-
Total	13,950	1,294	15,244