

## Management's Responsibility

To the Ratepayers of the 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.

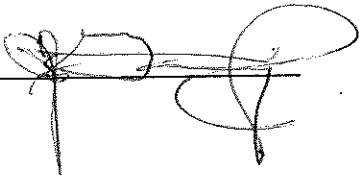
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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

August 12, 2013

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Mayor



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Deborah Prosper  
Administrator

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## INDEPENDENT AUDITORS' REPORT

### To the Councillors of the Town of Colonsay:

We have audited the consolidated statement of financial position of Town of Colonsay as at December 31, 2012 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.

### Basis for Qualified Opinion

The accompanying financial statements consolidate the operations and activities of the Colonsay and District Parks and Recreation Board (Board).

Revenues include fundraising and similar activities reported by the Board, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board, and we were unable to determine whether any adjustments might have been necessary in respect of unrecorded fundraising or similar revenues, surplus for the year, or accumulated surplus.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the above Bases for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material results, the consolidated financial position of the Town of Colonsay as at December 31, 2012 and the results of its operations, changes in net financial position and cash flows 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

August 12, 2013

Municipality of the Town of Colonsay  
 Consolidated Statement of Financial Position  
 As at December 31, 2012

Statement 1

	2012	2011
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and Temporary Investments (Note 2)	261,888	375,173
Taxes Receivable - Municipal (Note 3)	43,721	42,017
Other Accounts Receivable (Note 4)	97,106	38,675
Land for Resale (Note 5)	25,103	25,103
Long-Term Investments	-	-
Other (Specify)		
<b>Total Financial Assets</b>	<b>427,818</b>	<b>480,968</b>
<b>LIABILITIES</b>		
Bank Indebtedness		
Accounts Payable	8,074	3,052
Accrued Liabilities Payable	978	
Deposits	18,425	18,365
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-Term Debt	27,969	70,033
Lease Obligations		
<b>Total Liabilities</b>	<b>55,446</b>	<b>91,450</b>
<b>NET FINANCIAL ASSETS</b>	<b>372,372</b>	<b>389,518</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule 6, 7)	1,948,487	1,766,355
Prepayments and Deferred Charges	2,345	25
Stock and Supplies	4,350	5,240
Other		
<b>Total Non-Financial Assets</b>	<b>1,955,182</b>	<b>1,771,620</b>
<b>Accumulated Surplus (Deficit) (Schedule 8)</b>	<b>2,327,554</b>	<b>2,161,138</b>

Municipality of the Town of Colonsay  
 Consolidated Statement of Operations  
 as at December 31, 2012

Statement 2

	2012 Budget	2012	2011
<b>Revenues</b>			
Taxes and Other Unconditional Revenue (Schedule 1)	519,280	515,940	479,233
Fees and Charges (Schedule 4, 5)	186,550	176,683	186,683
Conditional Grants (Schedule 4, 5)	-	3,000	12,328
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	-	(701)
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	950	2,394	952
Other Revenues (Schedule 4, 5)	290,300	300,240	308,822
<b>Total Revenues</b>	<b>997,080</b>	<b>998,257</b>	<b>987,317</b>
<b>Expenses</b>			
General Government Services (Schedule 3)	95,610	97,344	96,425
Protective Services (Schedule 3)	47,240	39,768	37,500
Transportation Services (Schedule 3)	337,130	224,094	185,068
Environmental and Public Health Services (Schedule 3)	23,430	23,166	22,327
Planning and Development Services (Schedule 3)	-	-	-
Recreation and Cultural Services (Schedule 3)	266,595	315,268	250,214
Utility Services (Schedule 3)	135,820	160,936	166,493
<b>Total Expenses</b>	<b>905,825</b>	<b>860,576</b>	<b>758,027</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>91,255</b>	<b>137,681</b>	<b>229,290</b>
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	26,150	28,735	25,585
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>117,405</b>	<b>166,416</b>	<b>254,875</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	<b>2,161,138</b>	<b>2,161,138</b>	<b>1,906,263</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>2,278,543</b>	<b>2,327,554</b>	<b>2,161,138</b>

Municipality of the Town of Colonsay  
 Consolidated Statement of Change in Net Financial Assets  
 as at December 31, 2012

Statement 3

	2012 Budget	2012	2011
Surplus (Deficit)	117,405	166,416	254,875
Acquisition) of tangible capital assets	(83,000)	(270,301)	(107,308)
Amortization of tangible capital assets	86,140	88,169	86,646
Proceeds on disposal of tangible capital assets			701
Loss (gain) on the disposal of tangible capital assets			
Surplus (Deficit) of capital expenses over expenditures	3,140	(182,132)	(19,961)
Acquisition) of supplies inventories	(4,350)	(4,350)	(5,240)
Acquisition) of prepaid expense	(2,345)	(2,345)	(25)
Consumption of supplies inventory	5,240	5,240	5,240
Use of prepaid expense	25	25	3,562
Surplus (Deficit) of expenses of other non-financial over expenditures	(1,430)	(1,430)	3,537
Increase/Decrease in Net Financial Assets	119,115	(17,146)	238,451
Net Financial Assets - Beginning of Year	389,518	389,518	151,067
Net Financial Assets - End of Year	508,633	372,372	389,518

Municipality of the Town of Colonsay  
 Consolidated Statement of Cash Flow  
 at December 31, 2012

Statement 4

	2012	2011
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	166,416	254,875
Amortization	88,169	86,646
Loss (gain) on disposal of tangible capital assets		701
	<u>254,585</u>	<u>342,222</u>
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	(1,704)	4,510
Other Receivables	(58,431)	318,849
Land for Resale		
Other Financial Assets		
Accounts and accrued liabilities payable	6,000	(5,353)
Deposits	60	1,485
Deferred Revenue		
Other Liabilities		
Stock and supplies for use	890	
Prepayments and Deferred Charges	(2,320)	3,537
<b>Other (specify)</b>		
	<u>199,080</u>	<u>665,250</u>
<b>Net cash from (used for) operations</b>		
<b>Capital:</b>		
Acquisition of capital assets	(270,301)	(107,308)
Proceeds from the disposal of capital assets		
Other capital		
	<u>(270,301)</u>	<u>(107,308)</u>
<b>Net cash from (used for) capital</b>		
<b>Investing:</b>		
Long-term investments		
Other investments		
	-	-
<b>Net cash from (used for) investing</b>		
<b>Financing:</b>		
Long-term debt issued		
Long-term debt repaid	(42,064)	(336,671)
Other financing		
	<u>(42,064)</u>	<u>(336,671)</u>
<b>Net cash from (used for) financing</b>		
<b>Increase (Decrease) in cash resources</b>	<u>(113,285)</u>	<u>221,271</u>
<b>Cash and Investments - Beginning of Year</b>	<u>375,173</u>	<u>153,902</u>
<b>Cash and Investments - End of Year</b>	<u>261,888</u>	<u>375,173</u>

Municipality of the Town of Colonsay  
 Schedule of Council Remuneration  
 as at December 31, 2012

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Mayor	James Gray	2,600	355	2,955
Councillor/Alderman	Jack Campbell	1,600		1,600
Councillor/Alderman	Scott Yausie	1,700	190	1,890
Councillor/Alderman	Pat Kindrat	1,400	173	1,573
Councillor/Alderman	George Wright	1,300		1,300
Councillor/Alderman	Amanda Brochu	1,850	190	2,040
Councillor/Alderman	Mathew Davies	1,250		1,250
				-
				-
				-
				-
				-
				-
				-
<b>Total</b>		<b>11,700</b>	<b>908</b>	<b>12,608</b>