

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, 2010 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, 2010 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  
Chartered Accountants

March 24, 2011

## Management's Responsibility

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

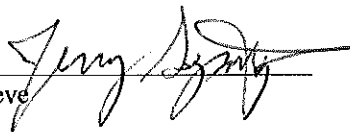
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report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

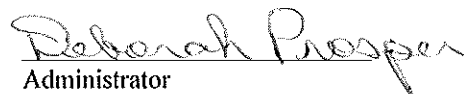
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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

March 24, 2011

  
Reeve

  
Administrator

R.M. of Colonsay No. 342  
SYNOPSIS OF ANNUAL FINANCIAL STATEMENT

Rural Municipality of Colonsay No. 342  
Statement of Financial Position  
As at December 31, 2010

Statement 1

	2010	2009
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and Temporary Investments (Note 2)	650,500	904,782
Taxes Receivable - Municipal (Note 3)	33,937	43,468
Other Accounts Receivable (Note 4)	126,101	186,803
Land for Resale		
Long-Term Investments (Note 5)	61,271	59,808
Other		1,003
<b>Total Financial Assets</b>	<b>871,809</b>	<b>1,195,864</b>
<b>LIABILITIES</b>		
Bank Indebtedness (Note 6)	11,858	
Accounts Payable	21,967	
Accrued Liabilities Payable		
Deposits		
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		
Long-Term Debt (Note 7)	204,221	
Lease Obligations		
<b>Total Liabilities</b>	<b>238,046</b>	<b>-</b>
<b>NET FINANCIAL ASSETS</b>	<b>633,763</b>	<b>1,195,864</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule 6, 7)	2,155,933	1,627,144
Prepayments and Deferred Charges	175	65
Stock and Supplies	529,455	104,147
Other		
<b>Total Non-Financial Assets</b>	<b>2,685,563</b>	<b>1,731,356</b>
<b>Accumulated Surplus (Deficit) (Schedule 8)</b>	<b>3,319,326</b>	<b>2,927,220</b>

Rural Municipality of Colonsay No. 342

Statement of Operations

For the year ended December 31, 2010

Statement 2

	2010 Budget	2010	2009
<b>Revenues</b>			
Taxes and Other Unconditional Revenue (Schedule 1)	999,696	998,247	855,104
Fees and Charges (Schedule 4, 5)	26,285	25,507	34,514
Conditional Grants (Schedule 4, 5)	1,038	2,078	30,862
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	500	2,828	8,681
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	9,000	15,545	13,371
Other Revenues (Schedule 4, 5)	-	-	-
<b>Total Revenues</b>	<b>1,036,519</b>	<b>1,044,205</b>	<b>942,532</b>
<b>Expenses</b>			
General Government Services (Schedule 3)	176,067	147,958	133,837
Protective Services (Schedule 3)	30,337	21,057	19,117
Transportation Services (Schedule 3)	667,298	491,565	495,482
Environmental and Public Health Services (Schedule 3)	31,000	22,778	12,443
Planning and Development Services (Schedule 3)	6,000	1,612	969
Recreation and Cultural Services (Schedule 3)	17,435	17,432	16,432
Utility Services (Schedule 3)	6,747	4,541	18,023
<b>Total Expenses</b>	<b>934,884</b>	<b>706,943</b>	<b>696,303</b>
<b>Surplus (Deficit) of Revenues over Expenses before Other Capital Contributions</b>	<b>101,635</b>	<b>337,262</b>	<b>246,229</b>
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	144,398	54,844	14,536
<b>Surplus (Deficit) of Revenues over Expenses</b>	<b>246,033</b>	<b>392,106</b>	<b>260,765</b>
<b>Accumulated Surplus (Deficit), Beginning of Year</b>	<b>2,927,220</b>	<b>2,927,220</b>	<b>2,666,455</b>
<b>Accumulated Surplus (Deficit), End of Year</b>	<b>3,173,253</b>	<b>3,319,326</b>	<b>2,927,220</b>

Rural Municipality of Colonsay No. 342  
Statement of Change in Net Financial Assets  
For the year ended December 31, 2010

Statement 3

	2010 Budget	2010	2009
Surplus (Deficit)	246,033	392,106	260,765
(Acquisition) of tangible capital assets	(243,310)	(643,068)	(165,001)
Amortization of tangible capital assets	107,059	103,354	107,059
Proceeds on disposal of tangible capital assets	500	13,753	37,180
Loss (gain) on the disposal of tangible capital assets	(500)	(2,828)	(8,681)
<b>Surplus (Deficit) of capital expenses over expenditures</b>	<b>(136,251)</b>	<b>(528,789)</b>	<b>(29,443)</b>
(Acquisition) of supplies inventories	(529,455)	(529,455)	(27,426)
(Acquisition) of prepaid expense	(175)	(175)	(100)
Consumption of supplies inventory	104,147	104,147	38,738
Use of prepaid expense	65	65	127
<b>Surplus (Deficit) of expenses of other non-financial over expenditures</b>	<b>(425,418)</b>	<b>(425,418)</b>	<b>11,339</b>
<b>Increase/Decrease in Net Financial Assets</b>	<b>(315,636)</b>	<b>(562,101)</b>	<b>242,661</b>
Net Financial Assets - Beginning of Year	1,195,864	1,195,864	953,203
<b>Net Financial Assets - End of Year</b>	<b>880,228</b>	<b>633,763</b>	<b>1,195,864</b>

Rural Municipality of Colonsay No. 342  
Statement of Cash Flow  
For the year ended December 31, 2010

Statement 4

	2010	2009
<b>Cash provided by (used for) the following activities</b>		
<b>Operating:</b>		
Surplus (Deficit)	392,106	260,765
Amortization	103,354	107,059
Loss (gain) on disposal of tangible capital assets	(2,828)	(8,681)
	492,632	359,143
<b>Change in assets/liabilities</b>		
Taxes Receivable - Municipal	9,531	(22,762)
Other Receivables	60,702	187,384
Land for Resale		
Other Financial Assets		
Accounts and accrued liabilities payable	21,967	(5)
Deposits		
Deferred Revenue		
Other Liabilities		
Stock and supplies for use	(425,308)	11,308
Prepayments and Deferred Charges	(110)	30
Other	1,003	1,000
<b>Net cash from (used for) operations</b>	<b>160,417</b>	<b>536,098</b>
<b>Capital:</b>		
Acquisition of capital assets	(643,068)	(165,001)
Proceeds from the disposal of capital assets	13,753	37,180
Other capital		
<b>Net cash from (used for) capital</b>	<b>(629,315)</b>	<b>(127,821)</b>
<b>Investing:</b>		
Long-term investments	(1,463)	(2,495)
Other investments		
<b>Net cash from (used for) investing</b>	<b>(1,463)</b>	<b>(2,495)</b>
<b>Financing:</b>		
Long-term debt issued	225,000	
Long-term debt repaid	(20,779)	
Other financing		
<b>Net cash from (used for) financing</b>	<b>204,221</b>	-
<b>Increase (Decrease) in cash resources</b>	<b>(266,140)</b>	<b>405,782</b>
<b>Cash and Investments - Beginning of Year</b>	<b>904,782</b>	<b>499,000</b>
<b>Cash and Investments - End of Year</b>	<b>638,642</b>	<b>904,782</b>

Rural Municipality of Colonsay No. 342  
 Schedule of Council Remuneration  
 For the year ended December 31, 2010

Schedule 10

Name	Remuneration	Reimbursed Costs	Total
Jerry Sopatyk	4,800	2,238	7,038
Alan Garner	4,150	789	4,939
Gordon Simmons	3,950	1,383	5,333
Aime Brochu	3,550	50	3,600
Mark Steckler	3,750	808	4,558
Marvin Lang	4,800	2,244	7,044
Rose Buscholl-Pearce	4,550	911	5,461
			-
			-
			-
			-
<b>Total</b>	<b>29,550</b>	<b>8,424</b>	<b>37,974</b>