

Management's Responsibility

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

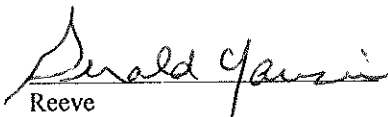
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles and ensuring that all information in the annual report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

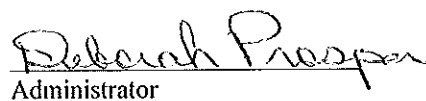
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records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

July 10, 2013


Reeve


Administrator

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, 2012 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, 2012 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.

A handwritten signature in cursive script that reads "Breen & Associates".

Breen & Associates
Chartered Accountants

July 10, 2013

Rural Municipality of Colonsay No. 342
 Consolidated Statement of Financial Position
 As at December 31, 2012

Statement 1

	2012	2011
ASSETS		
Financial Assets		
Cash and Temporary Investments (Note 2)	949,661	903,075
Taxes Receivable - Municipal (Note 3)	26,021	31,259
Other Accounts Receivable (Note 4)	198,782	304,576
Land for Resale		
Long-Term Investments (Note 5)	66,681	63,954
Other (Specify)		
Total Financial Assets	1,241,145	1,302,864
LIABILITIES		
Bank Indebtedness (Note 6)		
Accounts Payable	45,447	523
Accrued Liabilities Payable		
Deposits		
Deferred Revenue		
Accrued Landfill Costs		
Other Liabilities		11,692
Long-Term Debt (Note 7)	164,865	184,976
Lease Obligations		
Total Liabilities	210,312	197,191
NET FINANCIAL ASSETS	1,030,833	1,105,673
Non-Financial Assets		
Tangible Capital Assets (Schedule 6, 7)	2,995,642	2,393,691
Prepayments and Deferred Charges	55	140
Stock and Supplies	567,056	673,245
Other		
Total Non-Financial Assets	3,562,753	3,067,076
Accumulated Surplus (Deficit) (Schedule 8)	4,593,586	4,172,749

Rural Municipality of Colonsay No. 342

Consolidated Statement of Operations

As at December 31, 2012

Statement 2

	2012 Budget	2012	2011
Revenues			
Taxes and Other Unconditional Revenue (Schedule 1)	1,376,074	1,386,935	1,281,859
Fees and Charges (Schedule 4, 5)	68,440	35,343	44,026
Conditional Grants (Schedule 4, 5)	2,000	2,313	1,772
Tangible Capital Asset Sales - Gain (Schedule 4, 5)	-	(43,633)	(1,098)
Land Sales - Gain (Schedule 4, 5)	-	-	-
Investment Income and Commissions (Schedule 4, 5)	13,000	16,851	14,274
Other Revenues (Schedule 4, 5)	-	-	-
Total Revenues	1,459,514	1,397,809	1,340,833
Expenses			
General Government Services (Schedule 3)	206,890	178,141	152,724
Protective Services (Schedule 3)	44,330	21,801	33,444
Transportation Services (Schedule 3)	1,154,520	748,296	666,970
Environmental and Public Health Services (Schedule 3)	18,500	19,797	16,471
Planning and Development Services (Schedule 3)	6,500	1,121	1,364
Recreation and Cultural Services (Schedule 3)	17,440	18,432	13,432
Utility Services (Schedule 3)	4,750	6,142	5,863
Total Expenses	1,452,930	993,730	890,268
Surplus (Deficit) of Revenues over Expenses before Other Capital Cont	6,584	404,079	450,565
Provincial/Federal Capital Grants and Contributions (Schedule 4, 5)	218,500	16,758	402,858
Surplus (Deficit) of Revenues over Expenses	225,084	420,837	853,423
Accumulated Surplus (Deficit), Beginning of Year	4,172,749	4,172,749	3,319,326
Accumulated Surplus (Deficit), End of Year	4,397,833	4,593,586	4,172,749

Rural Municipality of Colonsay No. 342
 Consolidated Statement of Change in Net Financial Assets
 As at December 31, 2012

Statement 3

	2012 Budget	2012	2011
Surplus (Deficit)	225,084	420,837	853,423
(Acquisition) of tangible capital assets	(225,000)	(925,257)	(363,776)
Amortization of tangible capital assets	117,550	134,681	124,921
Proceeds on disposal of tangible capital assets		145,000	
Loan Principal Payments			
Loss (gain) on the disposal of tangible capital assets		43,633	1,098
Surplus (Deficit) of capital expenses over expenditures	(107,450)	(601,943)	(237,757)
(Acquisition) of supplies inventories	(85,844)	(85,844)	(673,245)
(Acquisition) of prepaid expense	(55)	(55)	(140)
Consumption of supplies inventory	192,025	192,025	529,455
Use of prepaid expense	85	140	175
Surplus (Deficit) of expenses of other non-financial over expenditures	106,211	106,266	(143,755)
Increase/Decrease in Net Financial Assets	223,845	(74,840)	471,911
Net Financial Assets - Beginning of Year	1,105,673	1,105,673	633,762
Net Financial Assets - End of Year	1,329,518	1,030,833	1,105,673

Rural Municipality of Colonsay No. 342
 Consolidated Statement of Cash Flow
 As at December 31, 2012

Statement 4

	2012	2011
Cash provided by (used for) the following activities		
Operating:		
Surplus (Deficit)	420,837	853,423
Amortization	134,680	124,912
Loss (gain) on disposal of tangible capital assets	43,633	1,096
	<u>599,150</u>	<u>979,431</u>
Change in assets/liabilities		
Taxes Receivable - Municipal	5,238	2,678
Other Receivables	105,794	(178,475)
Land for Resale		
Other Financial Assets		
Accounts and accrued liabilities payable	44,924	(21,610)
Deposits		
Deferred Revenue		
Other Liabilities	(11,692)	
Stock and supplies for use	106,189	(143,790)
Prepayments and Deferred Charges	85	35
Other (specify)		
Net cash from (used for) operations	250,538	(341,162)
Capital:		
Acquisition of capital assets	(925,257)	(363,766)
Proceeds from the disposal of capital assets	145,000	
Other capital		
Net cash from (used for) capital	(780,257)	(363,766)
Investing:		
Long-term investments	(2,734)	(2,683)
Other investments		
Net cash from (used for) investing	(2,734)	(2,683)
Financing:		
Long-term debt issued		
Long-term debt repaid	(20,111)	(19,245)
Other financing		
Net cash from (used for) financing	(20,111)	(19,245)
Increase (Decrease) in cash resources	46,586	252,575
Cash and Investments - Beginning of Year	903,075	650,500
Cash and Investments - End of Year	949,661	903,075

Rural Municipality of Colonsay No. 342
 Schedule of Council Remuneration
 As at December 31, 2012

Schedule 10

Position	Name	Remuneration	Reimbursed Costs	Total
Reeve	Gerald Yausie	1,275	217	1,492
Reeve	Jerry Sopatyk	4,200	802	5,002
Councillor Division 1	Alan Garner	4,575	917	5,492
Councillor Division 2	Pat Mulhall	5,775	965	6,740
Councillor Division 3	Aime Brochu	4,125	48	4,173
Councillor Division 4	Brian Rugg	1,950	711	2,661
Councillor Division 5	Marvin Lang	5,025	1,043	6,068
Councillor Division 6	Rose Buscholl	3,150	627	3,777
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				-
				-
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				-
Total		30,075	5,330	35,405