

**RURAL MUNICIPALITY OF  
LUMSDEN NO. 189**  
Financial Statements  
December 31, 2012

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## INDEPENDENT AUDITORS' REPORT

To the Reeve and Councillors  
Rural Municipality of Lumsden No. 189

We have audited the accompanying financial statements of the **RURAL MUNICIPALITY OF LUMSDEN NO. 189**, which comprise the statement of financial position as at December 31, 2012 and the statements of operations changes in net financial assets 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 public sector accounting standards, 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, the financial statements present fairly, in all material respects, the financial position of the **RURAL MUNICIPALITY OF LUMSDEN NO. 189** as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan

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Dudley & Company  
Chartered Accountants LLP

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Statement of Financial Position

As at December 31, 2012

Statement 1

|                                                   | <b>2012</b>         | <b>2011</b>         |
|---------------------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                     |                     |                     |
| <b>Financial Assets</b>                           |                     |                     |
| Cash & Temporary Investments (Note 2)             | \$ 392,910          | \$ 335,056          |
| Taxes Receivable - Municipal (Note 3)             | 305,943             | 343,574             |
| Other Accounts Receivable (Note 4)                | 84,535              | 180,879             |
| Land for Resale (Note 5)                          | 193                 | 193                 |
| Long-Term Investments (Note 6)                    | 61,130              | 56,275              |
| Other                                             | -                   | -                   |
| <b>Total Financial Assets</b>                     | <b>844,711</b>      | <b>915,977</b>      |
| <b>LIABILITIES</b>                                |                     |                     |
| Bank Indebtedness                                 | -                   | -                   |
| Accounts Payable                                  | 125,725             | 733,373             |
| Accrued Liabilities Payable                       | -                   | -                   |
| Deposits                                          | -                   | -                   |
| Deferred Revenue                                  | -                   | -                   |
| Accrued Landfill Costs                            | -                   | -                   |
| Other Liabilities                                 | 13,952              | 6,154               |
| Long-Term Debt (Note 7)                           | 635,782             | 614,002             |
| Lease Obligations                                 | -                   | -                   |
| <b>Total Liabilities</b>                          | <b>775,459</b>      | <b>1,353,529</b>    |
| <b>NET FINANCIAL ASSETS</b>                       | <b>69,252</b>       | <b>(437,552)</b>    |
| <b>Non-Financial Assets</b>                       |                     |                     |
| Tangible Capital Assets (Schedules 6, 7)          | 3,920,870           | 3,727,145           |
| Prepayment and Deferred Charges                   | 5,815               | 1,846               |
| Stock and Supplies                                | 143,319             | 81,076              |
| Other                                             | -                   | -                   |
| <b>Total Non-Financial Assets</b>                 | <b>4,070,004</b>    | <b>3,810,067</b>    |
| <b>Accumulated Surplus (Deficit) (Schedule 8)</b> | <b>\$ 4,139,256</b> | <b>\$ 3,372,515</b> |

The accompanying notes form an integral part of these financial statements.

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Statement of Operations

For the year ended December 31, 2012

Statement 2

|  | 2012 Budget | 2012 | 2011 |
|--|-------------|------|------|
|--|-------------|------|------|

**Revenues**

|                                       |                 |              |              |              |
|---------------------------------------|-----------------|--------------|--------------|--------------|
| Taxes and Other Unconditional Revenue | (Schedule 1)    | \$ 2,263,520 | \$ 2,219,059 | \$ 1,900,540 |
| Fees and Charges                      | (Schedule 4, 5) | 81,450       | 148,717      | 86,049       |
| Conditional Grants                    | (Schedule 4, 5) | 54,155       | 75,990       | 85,984       |
| Tangible Capital Assets Sales - Gain  | (Schedule 4, 5) | -            | 20,000       | 2,168        |
| Land Sales - Gain                     | (Schedule 4, 5) | -            | -            | -            |
| Investment Income and Commissions     | (Schedule 4, 5) | 4,650        | 7,497        | 8,240        |
| Other Revenues                        | (Schedule 4, 5) | 225          | 2,163        | 6,951        |

|                       |           |           |           |
|-----------------------|-----------|-----------|-----------|
| <b>Total Revenues</b> | 2,404,000 | 2,473,426 | 2,089,932 |
|-----------------------|-----------|-----------|-----------|

**Expenses**

|                                          |              |           |           |           |
|------------------------------------------|--------------|-----------|-----------|-----------|
| General Government Services              | (Schedule 3) | 305,406   | 352,924   | 284,200   |
| Protective Services                      | (Schedule 3) | 129,670   | 143,268   | 122,315   |
| Transportation Services                  | (Schedule 3) | 1,446,435 | 1,249,528 | 1,576,233 |
| Environmental and Public Health Services | (Schedule 3) | 82,666    | 46,096    | 58,284    |
| Planning and Development Services        | (Schedule 3) | 130,409   | 72,518    | 127,305   |
| Recreation and Cultural Services         | (Schedule 3) | 27,870    | 22,229    | 25,767    |
| Utility Services                         | (Schedule 3) | -         | -         | -         |

|                       |           |           |           |
|-----------------------|-----------|-----------|-----------|
| <b>Total Expenses</b> | 2,122,456 | 1,886,563 | 2,194,104 |
|-----------------------|-----------|-----------|-----------|

|                                                             |         |         |           |
|-------------------------------------------------------------|---------|---------|-----------|
| <b>Surplus (Deficit) before Other Capital Contributions</b> | 281,544 | 586,863 | (104,172) |
|-------------------------------------------------------------|---------|---------|-----------|

|                                                                     |         |         |         |
|---------------------------------------------------------------------|---------|---------|---------|
| Provincial/Federal Capital Grants and Contributions (Schedule 4, 5) | 106,400 | 179,878 | 104,345 |
|---------------------------------------------------------------------|---------|---------|---------|

|                                                    |         |         |     |
|----------------------------------------------------|---------|---------|-----|
| <b>Surplus (Deficit) of Revenues over Expenses</b> | 387,944 | 766,741 | 173 |
|----------------------------------------------------|---------|---------|-----|

|                                                         |           |           |           |
|---------------------------------------------------------|-----------|-----------|-----------|
| <b>Accumulated Surplus (Deficit), Beginning of Year</b> | 3,372,515 | 3,372,515 | 3,372,342 |
|---------------------------------------------------------|-----------|-----------|-----------|

|                                                   |              |              |              |
|---------------------------------------------------|--------------|--------------|--------------|
| <b>Accumulated Surplus (Deficit), End of Year</b> | \$ 3,760,459 | \$ 4,139,256 | \$ 3,372,515 |
|---------------------------------------------------|--------------|--------------|--------------|

The accompanying notes form an integral part of these financial statements.

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
**Statement of Changes in Net Financial Assets**  
For the year ended December 31, 2012

Statement 3

|                                                                               | <b>2012 Budget</b>  | <b>2012</b>      | <b>2011</b>         |
|-------------------------------------------------------------------------------|---------------------|------------------|---------------------|
| <b>Surplus (Deficit)</b>                                                      | \$ 387,944          | \$ 766,741       | \$ 173              |
| (Acquisition) of tangible capital assets                                      | (236,500)           | (472,890)        | (765,752)           |
| Amortization of tangible capital assets                                       | -                   | 279,165          | 258,415             |
| Proceeds of disposal of tangible capital assets                               | -                   | 20,000           | 15,000              |
| Loss (gain) on disposal of tangible capital assets                            | -                   | (20,000)         | (2,168)             |
| <b>Surplus (Deficit) of capital expenses over expenditures</b>                | <b>(236,500)</b>    | <b>(193,725)</b> | <b>(494,505)</b>    |
| (Acquisition) of supplies inventories                                         | -                   | (62,243)         | -                   |
| (Acquisition) of prepaid expense                                              | -                   | (3,969)          | (59)                |
| Consumption of supplies inventory                                             | -                   | -                | 65,648              |
| Use of prepaid expense                                                        | -                   | -                | -                   |
| <b>Surplus (Deficit) of expenses of other non-financial over expenditures</b> | <b>-</b>            | <b>(66,212)</b>  | <b>65,589</b>       |
| <b>Increase/Decrease in Net Financial Assets</b>                              | <b>151,444</b>      | <b>506,804</b>   | <b>(428,743)</b>    |
| <b>Net Financial Assets - Beginning of Year</b>                               | <b>(437,552)</b>    | <b>(437,552)</b> | <b>(8,809)</b>      |
| <b>Net Financial Assets - End of Year</b>                                     | <b>\$ (286,108)</b> | <b>\$ 69,252</b> | <b>\$ (437,552)</b> |

The accompanying notes form an integral part of these financial statements.

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Statement of Cash Flows

For the year ended December 31, 2012

Statement 4

|                                                             | <b>2012</b>       | <b>2011</b>       |
|-------------------------------------------------------------|-------------------|-------------------|
| <b>Cash provided by (used for) the following activities</b> |                   |                   |
| <b>Operating:</b>                                           |                   |                   |
| Surplus (Deficit)                                           | \$ 766,741        | \$ 173            |
| Amortization                                                | 279,165           | 258,415           |
| Loss (gain) on disposal of tangible capital assets          | (20,000)          | (2,168)           |
|                                                             | <u>1,025,906</u>  | <u>256,420</u>    |
| <b>Changes in assets / liabilities</b>                      |                   |                   |
| Taxes Receivable - Municipal                                | 37,631            | (53,010)          |
| Other Receivables                                           | 96,344            | (1,812)           |
| Land for Resale                                             | -                 | -                 |
| Other Financial Assets                                      | -                 | -                 |
| Accounts and Accrued Liabilities Payable                    | (607,648)         | 209,118           |
| Deposits                                                    | -                 | -                 |
| Deferred Revenues                                           | -                 | -                 |
| Other Liabilities                                           | 7,798             | 2,734             |
| Stock and Supplies for Use                                  | (62,243)          | 65,648            |
| Prepayments and Deferred Charges                            | (3,969)           | (59)              |
| Other                                                       | -                 | -                 |
| <b>Net cash from (used for) operations</b>                  | <b>493,819</b>    | <b>479,039</b>    |
| <b>Capital:</b>                                             |                   |                   |
| Acquisition of Capital Assets                               | (472,890)         | (765,751)         |
| Proceeds from the Disposal of Capital Assets                | 20,000            | 15,000            |
| Other Capital                                               | -                 | -                 |
| <b>Net cash from (used for) capital</b>                     | <b>(452,890)</b>  | <b>(750,751)</b>  |
| <b>Investing:</b>                                           |                   |                   |
| Long-Term Investments                                       | (4,855)           | (2,840)           |
| Other Investments                                           | -                 | -                 |
| <b>Net cash from (used for) investing</b>                   | <b>(4,855)</b>    | <b>(2,840)</b>    |
| <b>Financing:</b>                                           |                   |                   |
| Long-Term Debt Issued                                       | 200,000           | 452,244           |
| Long-Term Debt Repaid                                       | (178,220)         | (100,563)         |
| Other Financing                                             | -                 | -                 |
| <b>Net cash from (used for) financing</b>                   | <b>21,780</b>     | <b>351,681</b>    |
| <b>Increase (Decrease) in cash resources</b>                | <b>57,854</b>     | <b>77,129</b>     |
| <b>Cash and Investments - Beginning of Year</b>             | <b>335,056</b>    | <b>257,927</b>    |
| <b>Cash and Investments - End of Year</b>                   | <b>\$ 392,910</b> | <b>\$ 335,056</b> |

The accompanying notes form an integral part of these financial statements.

## RURAL MUNICIPALITY OF LUMSDEN NO. 189

Notes to the Financial Statements  
For the year ended December 31, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the municipality are prepared by management in accordance with the local government standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of the accounting policies are as follows:

#### **Basis of Accounting:**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

#### **(a) Reporting Entity:**

The financial statement consolidates the assets, liabilities and flow of resources of the municipality. The entity is comprised of all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. The assets, liabilities and operations of the Recreation Board are not included in these financial statements except for any assistance to the Recreation Board, as council's position is that it does not control the Recreation Board.

#### **(b) Collection of Funds for Other Authorities:**

Collection of funds by the municipality for the school board and municipal hail are collected and remitted in accordance with relevant legislation. The amounts uncollected are disclosed in Note 3.

#### **(c) Government Transfers:**

Government transfers are recognized as either expenses or revenues in the period that the events giving rise to the transfer occurred, as long as:

- a) the transfer is authorized;
- b) eligibility criteria have been met by the recipient; and
- c) a reasonable estimate of the amount can be made.

Unearned government transfer amounts received but not earned will be recorded as deferred revenue.

Earned government transfer amounts not received will be recorded as an amount receivable.

#### **(d) Deferred Revenue:**

Fees and charges: Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or services performed.

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Notes to the Financial Statements  
For the year ended December 31, 2012

**(e) Net-Financial Assets:**

Net-Financial Assets at the end of an accounting period are the net amounts of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets which are convertible to cash and not intended for consumption in the normal course of operations.

**(f) Non-Financial Assets:**

Tangible capital and other Non-Financial Assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

**(g) Appropriated Reserves:**

Reserves are established at the discretion of Council to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 8.

**(h) Investments:**

Portfolio investments are valued at cost, less any provision for other than temporary impairment. Investments with terms longer than one year have been classified as other long-term investments concurrent with the nature of the investment.

The long term investments in the Saskatchewan Rural Municipalities - Self Insurance fund are accounted for on the equity basis.

**(i) Inventories:**

Inventories of materials and supplies expected to be used by the municipality are valued at the lower of cost or replacement cost. Inventories of land, materials and supplies held for resale are valued at the lower of cost and net realizable value. Cost is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business.



**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Notes to the Financial Statements  
For the year ended December 31, 2012

**(j) Tangible Capital Assets:**

All tangible capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Initial costs for tangible assets that were acquired and developed prior to 2009 were obtained via historical cost information or using current fair market values discounted by a relevant inflation factor back to the point of acquisition. Donated tangible capital assets received are recorded at their fair market values at the date of contribution. The tangible capital assets that are recognized at a nominal value are disclosed on Schedule 6. The cost of these tangible capital assets less any residual value are amortized over the asset's useful life using the straight-line method of amortization. Amortization is claimed on capital assets in the year of acquisition. The municipality's tangible capital asset useful lives are estimated as follows:

| <u>Assets</u>                   | <u>Useful Life</u> |
|---------------------------------|--------------------|
| <b>General Assets</b>           |                    |
| <b>Land</b>                     | Indefinite         |
| <b>Land Improvements</b>        | 15 years           |
| <b>Buildings</b>                | 40 years           |
| <b>Vehicles &amp; Equipment</b> |                    |
| Vehicles                        | 10 years           |
| Machinery & Equipment           | 10 to 20 years     |
| <b>Infrastructure Assets</b>    |                    |
| <b>Infrastructure Assets</b>    | 15 to 40 years     |
| Water & Sewer                   | 40 years           |
| Road Network Assets             | 15 to 40 years     |

**Government contributions:** Government contributions for the acquisition of capital assets are reported as capital revenue and do not reduce the cost of the related asset.

**Works of Art:** Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

**Capitalization of Interest:** The municipality capitalizes interest incurred while a tangible capital asset is under construction.

**Leases:** All leases are recorded on the financial statement as either a capital or operating lease. Any lease that transfers the majority of benefits and risk associated with the leased asset is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair market value. Assets under capital lease are amortized on a straight line basis, over their estimated useful lives. Any other lease not meeting the before mentioned criteria is classified as an operating lease and rental payments are expensed as incurred.

## RURAL MUNICIPALITY OF LUMSDEN NO. 189

Notes to the Financial Statements  
For the year ended December 31, 2012

### (k) **Measurement Uncertainty:**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

The measurement of materials and supplies are based on estimates of volume and quality.

The "Opening Assets costs" of tangible capital assets have been estimated where actual costs were not available.

Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

### (l) **Basis of Segmentation / Segment Report:**

The Municipality has adopted the new Public Sector Accounting Board's recommendations requiring financial information to be provided on a segmented basis. Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment. Interest is allocated to functions based on the purpose of specific borrowings.

The segments (functions) are as follows:

**General Government:** The General Government segment provides for the administration of the municipality.

**Protective Services:** Protective services is comprised of expenses for police and fire protection.

**Transportation Services:** The Transportation services segment is responsible for the delivery of public works services related to the development and maintenance of roadway systems and street lighting.

**Environmental and Public Health:** The Environmental segment provides for neighbourhood development and sustainability.

**Recreation and Culture:** The Recreation and Culture segment provides for community services through the provision of recreation and leisure services.

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Notes to the Financial Statements  
For the year ended December 31, 2012

| <b>2. Cash and Temporary Investments</b>    | <b>2012</b>       | <b>2011</b>       |
|---------------------------------------------|-------------------|-------------------|
| Cash                                        | \$ 392,910        | \$ 335,056        |
| <b>Total Cash and Temporary Investments</b> | <b>\$ 392,910</b> | <b>\$ 335,056</b> |

Cash and temporary investments include balances with banks, term deposits, marketable securities and short-term investments with maturities of three months or less.

| <b>3. Taxes and Grants in Lieu Receivable</b> | <b>2012</b>    | <b>2011</b>    |
|-----------------------------------------------|----------------|----------------|
| Municipal - Current                           | \$ 241,516     | \$ 227,017     |
| - Arrears                                     | 68,324         | 120,454        |
|                                               | 309,840        | 347,471        |
| - Less Allowance for Uncollectables           | (3,897)        | (3,897)        |
| <b>Total Municipal Taxes Receivable</b>       | <b>305,943</b> | <b>343,574</b> |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| School - Current                     | 137,971        | 135,824        |
| - Arrears                            | 58,315         | 152,917        |
| <b>Total School Taxes Receivable</b> | <b>196,286</b> | <b>288,741</b> |

|              |               |               |
|--------------|---------------|---------------|
| <b>Other</b> | <b>45,409</b> | <b>35,420</b> |
|--------------|---------------|---------------|

|                                           |         |         |
|-------------------------------------------|---------|---------|
| Total Taxes and Grants in Lieu Receivable | 547,638 | 667,735 |
|-------------------------------------------|---------|---------|

|                                                               |           |           |
|---------------------------------------------------------------|-----------|-----------|
| Deduct taxes to be collected on behalf of other organizations | (241,695) | (324,161) |
|---------------------------------------------------------------|-----------|-----------|

|                                                  |                   |                   |
|--------------------------------------------------|-------------------|-------------------|
| <b>Total Taxes and Grants in Lieu Receivable</b> | <b>\$ 305,943</b> | <b>\$ 343,574</b> |
|--------------------------------------------------|-------------------|-------------------|

| <b>4. Other Accounts Receivable</b>    | <b>2012</b>      | <b>2011</b>       |
|----------------------------------------|------------------|-------------------|
| Trade Receivables                      | \$ 22,938        | \$ 16,280         |
| Federal Government                     | 8,000            | -                 |
| Provincial Government                  | 4,197            | 240               |
| GST Receivable                         | 50,570           | 137,799           |
| Local Government                       | 330              | 28,060            |
| <b>Total Other Accounts Receivable</b> | <b>86,035</b>    | <b>182,379</b>    |
| Less Allowance for Uncollectables      | 1,500            | 1,500             |
| <b>Net Other Accounts Receivable</b>   | <b>\$ 84,535</b> | <b>\$ 180,879</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Notes to the Financial Statements  
For the year ended December 31, 2012

| <b>5. Land for Resale</b>             | <b>2012</b>   | <b>2011</b>   |
|---------------------------------------|---------------|---------------|
| Tax Title Property                    | \$ 206        | \$ 206        |
| Allowance for market value adjustment | (13)          | (13)          |
| Net Tax Title Property                | 193           | 193           |
| Other Land                            | -             | -             |
| Allowance for market value adjustment | -             | -             |
| Net Other Land                        | -             | -             |
| <b>Total Land for Resale</b>          | <b>\$ 193</b> | <b>\$ 193</b> |

| <b>6. Long-Term Investments</b>    | <b>2012</b>      | <b>2011</b>      |
|------------------------------------|------------------|------------------|
| SARM Liability Insurance           | \$ 44,603        | \$ 42,349        |
| SARM Property Insurance            | 16,527           | 13,926           |
| <b>Total Long Term Investments</b> | <b>\$ 61,130</b> | <b>\$ 56,275</b> |

The long term investments in the Saskatchewan Rural - Self Insurance Fund are accounted for on the equity basis.

**7. Long-Term Debt**

a) The debt limit of the municipality is \$1,709,870. The debt limit for a municipality is the total amount of the municipality's own source revenues for the preceding year (the Municipalities Act section 161).

b) The long term debt consists of five loans from the Royal Bank. The terms of the debt is as follows: semi-annual payments of \$95,085 including principal and interest at 2.55%, monthly payments of \$3,513 including principal and interest at 3.95%, monthly payments of \$1,345 including principal and interest at 5.24%, monthly payments of \$3,706 including principal and interest at 4.61%, and annual payments of \$40,000 plus interest at 3.8%. The Royal Bank loans are secured by a general assignment of property taxes receivable.

Future principal and interest payments are as follows:

| <b>Year</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Current Total</b> | <b>Prior Year Total</b> |
|-------------|-------------------|------------------|----------------------|-------------------------|
| 2012        | \$ -              | \$ -             | \$ -                 | \$ 167,854              |
| 2013        | 221,887           | 25,067           | 246,954              | 162,194                 |
| 2014        | 115,463           | 17,245           | 132,708              | 81,398                  |
| 2015        | 118,684           | 12,504           | 131,188              | 85,792                  |
| 2016        | 82,234            | 7,623            | 89,857               | 91,573                  |
| 2017        | 81,821            | 4,171            | 85,992               | 25,191                  |
| Thereafter  | 15,693            | 723              | 16,416               | -                       |
| Balance     | <b>\$ 635,782</b> | <b>\$ 67,333</b> | <b>\$ 703,115</b>    | <b>\$ 614,002</b>       |

## RURAL MUNICIPALITY OF LUMSDEN NO. 189

Notes to the Financial Statements  
For the year ended December 31, 2012

### 8. Contingent Liabilities

The municipality is currently named as a defendant in eight separate claims. Based on representation received, the maximum amount that the municipality would be liable for is \$500 per claim or \$4,000 in total.

The municipality is contingently liable under terms of the Saskatchewan Association of Rural Municipalities Self-Insurance Plan for its proportionate share of claims and future claims in excess of the Plan's reserve fund.

### 9. Fair Value

The fair value of the financial assets and liabilities approximates their carrying value due to their short term nature. The fair value of the municipality's long term debt approximates the carrying value as the terms and conditions are comparable to current market conditions, or they are due in a relatively short period of time.

### 10. Interest Rate Risk

The Rural Municipality is not exposed to significant interest rate risk of its monetary current assets and current liabilities due to their short term maturity.

### 11. Credit Risk

The municipality is exposed to credit risk on the accounts receivable. The municipality does not have significant exposure to any individual creditor.

### 12. Gas Tax: Municipal Annual Expenditure Report

In accordance with the terms of the Saskatchewan Municipal Funding Agreement - Transfer of Federal Gas Tax Revenues under the New Deal for Cities and Communities, municipalities are required to submit an annual report to the Province. This report is referred to as a Municipal Annual Expenditure Report (MAER) and is as follows:

|                                                                               | 2012                | 2011                |
|-------------------------------------------------------------------------------|---------------------|---------------------|
| Gas Tax Funds held by Municipality, Beginning of Period                       | \$ (506,861)        | \$ (49,631)         |
| Plus: Gas Tax Funds received                                                  | 98,017              | 97,945              |
| Plus: Interest earned on Gas Tax Funds                                        | -                   | -                   |
| Less: Administrative costs incurred by municipality                           | -                   | -                   |
| Less: Gas Tax Funds expended on eligible costs:<br>Hot mix structural overlay | -                   | (555,175)           |
| <b>Gas Tax Funds held by Municipality, End of Period</b>                      | <b>\$ (408,844)</b> | <b>\$ (506,861)</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Taxes and Other Unconditional Revenue  
 For the year ended December 31, 2012

Schedule 1

|                                                    | 2012 Budget         | 2012                | 2011                |
|----------------------------------------------------|---------------------|---------------------|---------------------|
| <b>TAXES</b>                                       |                     |                     |                     |
| General municipal tax levy                         | \$ 1,969,162        | \$ 1,939,302        | \$ 1,644,209        |
| Abatements and adjustments                         | (6,000)             | (7,082)             | (2,748)             |
| Discount on current year taxes                     | (76,000)            | (87,010)            | (75,893)            |
| <b>Net Municipal Taxes</b>                         | <b>1,887,162</b>    | <b>1,845,210</b>    | <b>1,565,568</b>    |
| Potash tax share                                   | 25,050              | 25,050              | 21,223              |
| Trailer license fees                               | -                   | -                   | -                   |
| Penalties on tax arrears                           | 19,000              | 15,675              | 19,671              |
| Special tax levy                                   | -                   | -                   | -                   |
| Other - Municipal tax loss compensation            | -                   | -                   | -                   |
| <b>Total Taxes</b>                                 | <b>1,931,212</b>    | <b>1,885,935</b>    | <b>1,606,462</b>    |
| <b>UNCONDITIONAL GRANTS</b>                        |                     |                     |                     |
| Equalization (Revenue Sharing)                     | 324,483             | 324,213             | 286,159             |
| Organized Hamlet                                   | -                   | -                   | -                   |
| Other -                                            | -                   | -                   | -                   |
| <b>Total Unconditional Grants</b>                  | <b>324,483</b>      | <b>324,213</b>      | <b>286,159</b>      |
| <b>GRANTS IN LIEU OF TAXES</b>                     |                     |                     |                     |
| Federal                                            | -                   | -                   | -                   |
| Provincial                                         |                     |                     |                     |
| S.P.C. Electrical                                  | -                   | -                   | -                   |
| SaskEnergy Gas                                     | -                   | -                   | -                   |
| Transgas                                           | 625                 | 750                 | 750                 |
| SPMC - Municipal Share                             | -                   | -                   | -                   |
| SaskTel                                            | 7,200               | 8,161               | 7,169               |
| Other -                                            | -                   | -                   | -                   |
| Local/Other                                        |                     |                     |                     |
| Housing Authority                                  | -                   | -                   | -                   |
| C.P.R. Mainline                                    | -                   | -                   | -                   |
| Treaty Land Entitlement                            | -                   | -                   | -                   |
| Other -                                            | -                   | -                   | -                   |
| Other Government Transfers                         |                     |                     |                     |
| S.P.C. Surcharges                                  | -                   | -                   | -                   |
| SaskEnergy Surcharge                               | -                   | -                   | -                   |
| Other -                                            | -                   | -                   | -                   |
| <b>Total Grants in Lieu of Taxes</b>               | <b>7,825</b>        | <b>8,911</b>        | <b>7,919</b>        |
| <b>TOTAL TAXES AND OTHER UNCONDITIONAL REVENUE</b> | <b>\$ 2,263,520</b> | <b>\$ 2,219,059</b> | <b>\$ 1,900,540</b> |

## RURAL MUNICIPALITY OF LUMSDEN NO. 189

Schedule of Operating and Capital Revenue by Function  
For the year ended December 31, 2012

Schedule 2-1

|                                              | 2012 Budget      | 2012             | 2011             |
|----------------------------------------------|------------------|------------------|------------------|
| <b>GENERAL GOVERNMENT SERVICES</b>           |                  |                  |                  |
| <b>Operating</b>                             |                  |                  |                  |
| Other Segmented Revenue                      |                  |                  |                  |
| Fees and Charges                             |                  |                  |                  |
| - Custom work                                | \$ 500           | \$ -             | \$ -             |
| - Sales of supplies                          | 3,100            | 3,051            | 2,078            |
| - Other - Licences and permits, other fees   | 22,300           | 25,485           | 17,173           |
| Total Fees and Charges                       | 25,900           | 28,536           | 19,251           |
| - Tangible capital asset sales - gain (loss) | -                | -                | -                |
| - Land sales - gain                          | -                | -                | -                |
| - Investment income and commissions          | 4,650            | 7,497            | 8,240            |
| - Other - Rental                             | 225              | 225              | 225              |
| Total Other Segmented Revenue                | 30,775           | 36,258           | 27,716           |
| Conditional Grants                           |                  |                  |                  |
| - Student Employment                         | -                | -                | -                |
| - Other -                                    | -                | -                | -                |
| Total Conditional Grants                     | -                | -                | -                |
| <b>Total Operating</b>                       | <b>30,775</b>    | <b>36,258</b>    | <b>27,716</b>    |
| <b>Capital</b>                               |                  |                  |                  |
| Conditional Grants                           |                  |                  |                  |
| - Gas Tax                                    | -                | -                | -                |
| - Can/Sask Municipal Rural Infrastructure    | -                | -                | -                |
| - Provincial Disaster Assistance             | -                | -                | -                |
| - Other -                                    | -                | -                | -                |
| <b>Total Capital</b>                         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Total General Government Services</b>     | <b>\$ 30,775</b> | <b>\$ 36,258</b> | <b>\$ 27,716</b> |

### PROTECTIVE SERVICES

#### Operating

|                                              |                  |                  |                 |
|----------------------------------------------|------------------|------------------|-----------------|
| Other Segmented Revenue                      |                  |                  |                 |
| Fees and Charges                             |                  |                  |                 |
| - Other - Fire call fees                     | \$ 15,750        | \$ 26,506        | \$ 4,830        |
| Total Fees and Charges                       | 15,750           | 26,506           | 4,830           |
| - Tangible capital asset sales - gain (loss) | -                | -                | -               |
| - Other - Donations                          | -                | 1,938            | 1,936           |
| Total Other Segmented Revenue                | 15,750           | 28,444           | 6,766           |
| Conditional Grants                           |                  |                  |                 |
| - Student Employment                         | -                | -                | -               |
| - Local government                           | -                | 17,322           | -               |
| - Other - PDAP                               | -                | -                | -               |
| Total Conditional Grants                     | -                | 17,322           | -               |
| <b>Total Operating</b>                       | <b>15,750</b>    | <b>45,766</b>    | <b>6,766</b>    |
| <b>Capital</b>                               |                  |                  |                 |
| Conditional Grants                           |                  |                  |                 |
| - Gas Tax                                    | -                | -                | -               |
| - Can/Sask Municipal Rural Infrastructure    | -                | -                | -               |
| - Provincial Disaster Assistance Program     | -                | -                | -               |
| - Other -                                    | -                | -                | -               |
| <b>Total Capital</b>                         | <b>-</b>         | <b>-</b>         | <b>-</b>        |
| <b>Total Protective Services</b>             | <b>\$ 15,750</b> | <b>\$ 45,766</b> | <b>\$ 6,766</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2012

Schedule 2-2

|                                                       | 2012 Budget       | 2012              | 2011              |
|-------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>TRANSPORTATION SERVICES</b>                        |                   |                   |                   |
| <b>Operating</b>                                      |                   |                   |                   |
| Other Segmented Revenue                               |                   |                   |                   |
| Fees and Charges                                      |                   |                   |                   |
| - Custom work                                         | \$ 2,000          | \$ 990            | \$ 800            |
| - Sales of supplies                                   | 6,150             | 5,678             | 6,288             |
| - Road Maintenance Agreements                         | 1,650             | 10,664            | 8,774             |
| - Frontage                                            | -                 | -                 | -                 |
| - Other -                                             | -                 | -                 | -                 |
| Total Fees and Charges                                | 9,800             | 17,332            | 15,862            |
| - Tangible capital asset sales - gain (loss)          | -                 | 20,000            | 2,168             |
| - Other - Insurance proceeds                          | -                 | -                 | 4,790             |
| <b>Total Other Segmented Revenue</b>                  | <b>9,800</b>      | <b>37,332</b>     | <b>22,820</b>     |
| Conditional Grants                                    |                   |                   |                   |
| - Primary Weight Corridor                             | -                 | -                 | -                 |
| - Student Employment                                  | -                 | -                 | -                 |
| - Other - RM of Longlaketon                           | -                 | -                 | 31,447            |
| <b>Total Conditional Grants</b>                       | <b>-</b>          | <b>-</b>          | <b>31,447</b>     |
| <b>Total Operating</b>                                | <b>9,800</b>      | <b>37,332</b>     | <b>54,267</b>     |
| <b>Capital</b>                                        |                   |                   |                   |
| Conditional Grants                                    |                   |                   |                   |
| - Gas Tax                                             | 100,000           | 98,017            | 97,945            |
| - Can/Sask Municipal Rural Infrastructure             | -                 | -                 | -                 |
| - Heavy Haul                                          | 6,400             | 6,400             | 6,400             |
| - Designated Municipal Roads and Bridges              | -                 | -                 | -                 |
| - Municipal Economic Enhancement Program              | -                 | -                 | -                 |
| - Other - PDAP                                        | -                 | 75,461            | -                 |
| <b>Total Capital</b>                                  | <b>106,400</b>    | <b>179,878</b>    | <b>104,345</b>    |
| <b>Total Transportation Services</b>                  | <b>\$ 116,200</b> | <b>\$ 217,210</b> | <b>\$ 158,612</b> |
| <b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>       |                   |                   |                   |
| <b>Operating</b>                                      |                   |                   |                   |
| Other Segmented Revenue                               |                   |                   |                   |
| Fees and Charges                                      |                   |                   |                   |
| - Waste and Disposal fees                             | \$ -              | \$ -              | \$ -              |
| - Other -                                             | -                 | -                 | -                 |
| Total Fees and Charges                                | -                 | -                 | -                 |
| - Tangible capital asset sales - gain (loss)          | -                 | -                 | -                 |
| - Other -                                             | -                 | -                 | -                 |
| <b>Total Other Segmented Revenue</b>                  | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| Conditional Grants                                    |                   |                   |                   |
| - West Nile                                           | -                 | -                 | -                 |
| - Pest and Weed control                               | 4,000             | 450               | 4,496             |
| - Other - Weed Management                             | -                 | 1,119             | -                 |
| <b>Total Conditional Grants</b>                       | <b>4,000</b>      | <b>1,569</b>      | <b>4,496</b>      |
| <b>Total Operating</b>                                | <b>4,000</b>      | <b>1,569</b>      | <b>4,496</b>      |
| <b>Capital</b>                                        |                   |                   |                   |
| Conditional Grants                                    |                   |                   |                   |
| - Gas Tax                                             | -                 | -                 | -                 |
| - Can/Sask Municipal Rural Infrastructure             | -                 | -                 | -                 |
| - Transit for Disabled                                | -                 | -                 | -                 |
| - Provincial Disaster Assistance                      | -                 | -                 | -                 |
| - Other -                                             | -                 | -                 | -                 |
| <b>Total Capital</b>                                  | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total Environmental and Public Health Services</b> | <b>\$ 4,000</b>   | <b>\$ 1,569</b>   | <b>\$ 4,496</b>   |



**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Operating and Capital Revenue by Function  
 For the year ended December 31, 2012

Schedule 2-3

|                                                | 2012 Budget      | 2012              | 2011             |
|------------------------------------------------|------------------|-------------------|------------------|
| <b>PLANNING AND DEVELOPMENT SERVICES</b>       |                  |                   |                  |
| <b>Operating</b>                               |                  |                   |                  |
| Other Segmented Revenue                        |                  |                   |                  |
| Fees and Charges                               |                  |                   |                  |
| - Maintenance and Development Charges          | \$ 26,500        | \$ 75,938         | \$ 44,688        |
| - Other - Custom work                          | 3,500            | 405               | 1,418            |
| Total Fees and Charges                         | 30,000           | 76,343            | 46,106           |
| - Tangible capital asset sales - gain (loss)   | -                | -                 | -                |
| - Other -                                      | -                | -                 | -                |
| <b>Total Other Segmented Revenue</b>           | <b>30,000</b>    | <b>76,343</b>     | <b>46,106</b>    |
| Conditional Grants                             |                  |                   |                  |
| - Ag & Agri-Food Canada                        | 40,000           | 48,000            | 40,000           |
| - Sask. Watershed                              | -                | -                 | -                |
| - Other - Town of Regina Beach                 | 8,000            | 6,566             | 7,088            |
| - Other - Sask Community Initiatives           | 2,155            | 2,533             | 2,953            |
| <b>Total Conditional Grants</b>                | <b>50,155</b>    | <b>57,099</b>     | <b>50,041</b>    |
| <b>Total Operating</b>                         | <b>80,155</b>    | <b>133,442</b>    | <b>96,147</b>    |
| <b>Capital</b>                                 |                  |                   |                  |
| Conditional Grants                             |                  |                   |                  |
| - Gas Tax                                      | -                | -                 | -                |
| - Provincial Disaster Assistance               | -                | -                 | -                |
| - Other -                                      | -                | -                 | -                |
| <b>Total Capital</b>                           | <b>-</b>         | <b>-</b>          | <b>-</b>         |
| <b>Total Planning and Development Services</b> | <b>\$ 80,155</b> | <b>\$ 133,442</b> | <b>\$ 96,147</b> |

|                                               |             |             |             |
|-----------------------------------------------|-------------|-------------|-------------|
| <b>RECREATION AND CULTURAL SERVICES</b>       |             |             |             |
| <b>Operating</b>                              |             |             |             |
| Other Segmented Revenue                       |             |             |             |
| Fees and Charges                              |             |             |             |
| - Other - Recreation fees                     | \$ -        | \$ -        | \$ -        |
| Total Fees and Charges                        | -           | -           | -           |
| - Tangible capital asset sales - gain (loss)  | -           | -           | -           |
| - Other -                                     | -           | -           | -           |
| <b>Total Other Segmented Revenue</b>          | <b>-</b>    | <b>-</b>    | <b>-</b>    |
| Conditional Grants                            |             |             |             |
| - Student Employment                          | -           | -           | -           |
| - Local government                            | -           | -           | -           |
| - Donations                                   | -           | -           | -           |
| - Other -                                     | -           | -           | -           |
| <b>Total Conditional Grants</b>               | <b>-</b>    | <b>-</b>    | <b>-</b>    |
| <b>Total Operating</b>                        | <b>-</b>    | <b>-</b>    | <b>-</b>    |
| <b>Capital</b>                                |             |             |             |
| Conditional Grants                            |             |             |             |
| - Gas Tax                                     | -           | -           | -           |
| - Local government                            | -           | -           | -           |
| - Provincial Disaster Assistance              | -           | -           | -           |
| - Other - Community Initiative fund           | -           | -           | -           |
| <b>Total Capital</b>                          | <b>-</b>    | <b>-</b>    | <b>-</b>    |
| <b>Total Recreation and Cultural Services</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Operating and Capital Revenue by Function  
For the year ended December 31, 2012

Schedule 2-4

|                                                        |            |            |            |
|--------------------------------------------------------|------------|------------|------------|
| <b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b> | \$ 246,880 | \$ 434,245 | \$ 293,737 |
|--------------------------------------------------------|------------|------------|------------|

**SUMMARY**

|                                        |           |            |            |
|----------------------------------------|-----------|------------|------------|
| Total Other Segmented Revenue          | \$ 86,325 | \$ 178,377 | \$ 103,408 |
| Total Conditional Grants               | 54,155    | 75,990     | 85,984     |
| Total Capital Grants and Contributions | 106,400   | 179,878    | 104,345    |

|                                                        |            |            |            |
|--------------------------------------------------------|------------|------------|------------|
| <b>TOTAL OPERATING AND CAPITAL REVENUE BY FUNCTION</b> | \$ 246,880 | \$ 434,245 | \$ 293,737 |
|--------------------------------------------------------|------------|------------|------------|

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Schedule of Total Expenses by Function  
For the year ended December 31, 2012

Schedule 3-1

|                                          | 2012 Budget       | 2012              | 2011              |
|------------------------------------------|-------------------|-------------------|-------------------|
| <b>GENERAL GOVERNMENT SERVICES</b>       |                   |                   |                   |
| Council remuneration and travel          | \$ 52,950         | \$ 46,601         | \$ 47,067         |
| Wages and benefits                       | 136,923           | 177,288           | 127,629           |
| Professional/Contractual services        | 60,201            | 67,213            | 55,803            |
| Utilities                                | 8,800             | 8,206             | 7,487             |
| Maintenance, materials and supplies      | 35,720            | 33,203            | 29,603            |
| Grants and contributions - operating     | 600               | 600               | 500               |
| - capital                                | -                 | -                 | -                 |
| Amortization                             | 7,112             | 7,255             | 5,477             |
| Interest                                 | 2,500             | 6,967             | 2,742             |
| Allowance for uncollectible              | 500               | 5,533             | 7,645             |
| Other - miscellaneous                    | 100               | 58                | 247               |
| <b>Total General Government Services</b> | <b>\$ 305,406</b> | <b>\$ 352,924</b> | <b>\$ 284,200</b> |

**PROTECTIVE SERVICES**

**Police Protection**

|                                      |        |        |        |
|--------------------------------------|--------|--------|--------|
| Wages and benefits                   | \$ -   | \$ -   | \$ -   |
| Professional/Contractual services    | 60,742 | 60,957 | 52,796 |
| Utilities                            | -      | -      | -      |
| Maintenance, materials and supplies  | -      | -      | -      |
| Grants and contributions - operating | 200    | -      | -      |
| - capital                            | -      | -      | -      |
| Other - miscellaneous                | 5,050  | 4,299  | 2,990  |

**Fire Protection**

|                                      |        |        |        |
|--------------------------------------|--------|--------|--------|
| Wages and benefits                   | -      | -      | -      |
| Council remuneration and travel      | 1,080  | -      | 4,648  |
| Professional/Contractual services    | 15,000 | 39,120 | 3,155  |
| Utilities                            | -      | -      | -      |
| Maintenance, materials and supplies  | -      | -      | -      |
| Grants and contributions - operating | 15,000 | 3,346  | 26,181 |
| - capital                            | -      | -      | -      |
| Amortization                         | 17,598 | 20,457 | 19,344 |
| Interest                             | -      | -      | -      |
| Other - Inspections                  | 15,000 | 15,089 | 13,201 |

|                                  |                   |                   |                   |
|----------------------------------|-------------------|-------------------|-------------------|
| <b>Total Protective Services</b> | <b>\$ 129,670</b> | <b>\$ 143,268</b> | <b>\$ 122,315</b> |
|----------------------------------|-------------------|-------------------|-------------------|

**TRANSPORTATION SERVICES**

|                                      |            |            |            |
|--------------------------------------|------------|------------|------------|
| Wages and benefits                   | \$ 342,615 | \$ 337,756 | \$ 310,754 |
| Council remuneration and travel      | 9,000      | 4,288      | 10,800     |
| Professional/Contractual services    | 56,400     | 33,071     | 37,327     |
| Utilities                            | 15,000     | 12,881     | 13,154     |
| Maintenance, materials and supplies  | 604,250    | 309,570    | 628,358    |
| Gravel                               | 210,908    | 280,867    | 323,984    |
| Grants and contributions - operating | -          | -          | -          |
| - capital                            | -          | -          | -          |
| Amortization                         | 187,799    | 251,453    | 233,594    |
| Interest                             | 20,463     | 19,642     | 18,262     |
| Other -                              | -          | -          | -          |

|                                      |                     |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|
| <b>Total Transportation Services</b> | <b>\$ 1,446,435</b> | <b>\$ 1,249,528</b> | <b>\$ 1,576,233</b> |
|--------------------------------------|---------------------|---------------------|---------------------|

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Schedule of Total Expenses by Function  
For the year ended December 31, 2012

Schedule 3-2

|                                                       | 2012 Budget         | 2012                | 2011                |
|-------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>ENVIRONMENTAL AND PUBLIC HEALTH SERVICES</b>       |                     |                     |                     |
| Wages and benefits                                    | \$ 16,249           | \$ 1,656            | \$ 1,866            |
| Professional/Contractual services                     | 5,200               | 11,084              | 12,446              |
| Utilities                                             | -                   | -                   | -                   |
| Maintenance, materials and supplies                   | 32,525              | 7,857               | 18,011              |
| Grants and contributions - operating                  | -                   | -                   | -                   |
| - Waste disposal                                      | 28,392              | 25,124              | 25,611              |
| - Public health                                       | -                   | -                   | -                   |
| - capital                                             | -                   | -                   | -                   |
| - Waste disposal                                      | -                   | -                   | -                   |
| - Public health                                       | -                   | -                   | -                   |
| Amortization                                          | -                   | -                   | -                   |
| Interest                                              | -                   | -                   | -                   |
| Other - Honorarium                                    | 300                 | 375                 | 350                 |
| <b>Total Environmental and Public Health Services</b> | <b>\$ 82,666</b>    | <b>\$ 46,096</b>    | <b>\$ 58,284</b>    |
| <b>PLANNING AND DEVELOPMENT SERVICES</b>              |                     |                     |                     |
| Wages and benefits                                    | \$ 31,209           | \$ 3,120            | \$ 33,234           |
| Professional/Contractual services                     | 58,050              | 21,209              | 53,471              |
| Grants and contributions - operating                  | 40,000              | 47,600              | 40,000              |
| - capital                                             | -                   | -                   | -                   |
| Amortization                                          | -                   | -                   | -                   |
| Interest                                              | -                   | -                   | -                   |
| Other - Honorarium, other                             | 1,150               | 589                 | 600                 |
| <b>Total Planning and Development Services</b>        | <b>\$ 130,409</b>   | <b>\$ 72,518</b>    | <b>\$ 127,305</b>   |
| <b>RECREATION AND CULTURAL SERVICES</b>               |                     |                     |                     |
| Wages and benefits                                    | \$ -                | \$ -                | \$ -                |
| Professional/Contractual services                     | 20,545              | 17,883              | 18,937              |
| Utilities                                             | 1,500               | 1,132               | 1,226               |
| Maintenance, materials and supplies                   | -                   | -                   | -                   |
| Grants and contributions - operating                  | 5,825               | 3,214               | 5,604               |
| - capital                                             | -                   | -                   | -                   |
| Amortization                                          | -                   | -                   | -                   |
| Interest                                              | -                   | -                   | -                   |
| Allowance for uncollectibles                          | -                   | -                   | -                   |
| Other -                                               | -                   | -                   | -                   |
| <b>Total Recreation and Cultural Services</b>         | <b>\$ 27,870</b>    | <b>\$ 22,229</b>    | <b>\$ 25,767</b>    |
| <b>TOTAL EXPENDITURES BY FUNCTION</b>                 | <b>\$ 2,122,456</b> | <b>\$ 1,886,563</b> | <b>\$ 2,194,104</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Segment Disclosure by Function  
 For the year ended December 31, 2012

Schedule 4

|                                      | General Government  | Protective Services | Transportation Services | Environmental & Public Health | Planning and Development | Recreation and Culture | Utility Services | Total                 |
|--------------------------------------|---------------------|---------------------|-------------------------|-------------------------------|--------------------------|------------------------|------------------|-----------------------|
| <b>Revenues (Schedule 2)</b>         |                     |                     |                         |                               |                          |                        |                  |                       |
| Fees and Charges                     | \$ 28,536           | \$ 26,506           | \$ 17,332               | \$ -                          | \$ 76,343                | \$ -                   | \$ -             | \$ 148,717            |
| Tangible Capital Asset Sales - Gain  | -                   | -                   | 20,000                  | -                             | -                        | -                      | -                | 20,000                |
| Investment Income and Commissions    | 7,497               | -                   | -                       | -                             | -                        | -                      | -                | 7,497                 |
| Other Revenues                       | 225                 | 1,938               | -                       | -                             | -                        | -                      | -                | 2,163                 |
| Grants - Conditional                 | -                   | 17,322              | -                       | 1,569                         | 57,099                   | -                      | -                | 75,990                |
| - Capital                            | -                   | -                   | 179,878                 | -                             | -                        | -                      | -                | 179,878               |
| <b>Total Revenues</b>                | <b>36,258</b>       | <b>45,766</b>       | <b>217,210</b>          | <b>1,569</b>                  | <b>133,442</b>           | <b>-</b>               | <b>-</b>         | <b>434,245</b>        |
| <b>Expenses (Schedule 3)</b>         |                     |                     |                         |                               |                          |                        |                  |                       |
| Wages & Benefits                     | 223,889             | -                   | 342,044                 | 1,656                         | 3,120                    | -                      | -                | 570,709               |
| Professional/Contractual Services    | 67,213              | 100,077             | 33,071                  | 11,084                        | 21,209                   | 17,883                 | -                | 250,537               |
| Utilities                            | 8,206               | -                   | 12,881                  | -                             | -                        | 1,132                  | -                | 22,219                |
| Maintenance, Materials and Supplies  | 33,203              | -                   | 590,437                 | 7,857                         | -                        | -                      | -                | 631,497               |
| Grants and Contributions             | 600                 | 3,346               | -                       | 25,124                        | 47,600                   | 3,214                  | -                | 79,884                |
| Amortization                         | 7,255               | 20,457              | 251,453                 | -                             | -                        | -                      | -                | 279,165               |
| Interest                             | 6,967               | -                   | 19,642                  | -                             | -                        | -                      | -                | 26,609                |
| Allowance for Uncollectibles         | 5,533               | -                   | -                       | -                             | -                        | -                      | -                | 5,533                 |
| Other                                | 58                  | 19,388              | -                       | 375                           | 589                      | -                      | -                | 20,410                |
| <b>Total Expenses</b>                | <b>352,924</b>      | <b>143,268</b>      | <b>1,249,528</b>        | <b>46,096</b>                 | <b>72,518</b>            | <b>22,229</b>          | <b>-</b>         | <b>1,886,563</b>      |
| <b>Surplus (Deficit) by Function</b> | <b>\$ (316,666)</b> | <b>\$ (97,502)</b>  | <b>\$ (1,032,318)</b>   | <b>\$ (44,527)</b>            | <b>\$ 60,924</b>         | <b>\$ (22,229)</b>     | <b>\$ -</b>      | <b>\$ (1,452,318)</b> |

Taxation and Other Unconditional Revenue (Schedule 1)

\$ 2,219,059

**Net Surplus (Deficit)**

\$ 766,741

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Segment Disclosure by Function  
 For the year ended December 31, 2011

Schedule 5

|                                      | General Government  | Protective Services | Transportation Services | Environmental & Public Health | Planning and Development | Recreation and Culture | Utility Services | Total                 |
|--------------------------------------|---------------------|---------------------|-------------------------|-------------------------------|--------------------------|------------------------|------------------|-----------------------|
| <b>Revenues (Schedule 2)</b>         |                     |                     |                         |                               |                          |                        |                  |                       |
| Fees and Charges                     | \$ 19,251           | \$ 4,830            | \$ 15,862               | \$ -                          | \$ 46,106                | \$ -                   | \$ -             | \$ 86,049             |
| Tangible Capital Asset Sales - Gain  | -                   | -                   | 2,168                   | -                             | -                        | -                      | -                | 2,168                 |
| Investment Income and Commissions    | 8,240               | -                   | -                       | -                             | -                        | -                      | -                | 8,240                 |
| Other Revenues                       | 225                 | 1,936               | 4,790                   | -                             | -                        | -                      | -                | 6,951                 |
| Grants - Conditional                 | -                   | -                   | 31,447                  | 4,496                         | 50,041                   | -                      | -                | 85,984                |
| - Capital                            | -                   | -                   | 104,345                 | -                             | -                        | -                      | -                | 104,345               |
| <b>Total Revenues</b>                | <b>27,716</b>       | <b>6,766</b>        | <b>158,612</b>          | <b>4,496</b>                  | <b>96,147</b>            | <b>-</b>               | <b>-</b>         | <b>293,737</b>        |
| <b>Expenses (Schedule 3)</b>         |                     |                     |                         |                               |                          |                        |                  |                       |
| Wages & Benefits                     | 174,696             | -                   | 321,554                 | 1,866                         | 33,234                   | -                      | -                | 531,350               |
| Professional/Contractual Services    | 55,803              | 55,951              | 37,327                  | 12,446                        | 53,471                   | 18,937                 | -                | 233,935               |
| Utilities                            | 7,487               | -                   | 13,154                  | -                             | -                        | 1,226                  | -                | 21,867                |
| Maintenance, Materials and Supplies  | 29,603              | -                   | 952,342                 | 18,011                        | -                        | -                      | -                | 999,956               |
| Grants and Contributions             | 500                 | 26,181              | -                       | 25,611                        | 40,000                   | 5,604                  | -                | 97,896                |
| Amortization                         | 5,477               | 19,344              | 233,594                 | -                             | -                        | -                      | -                | 258,415               |
| Interest                             | 2,742               | -                   | 18,262                  | -                             | -                        | -                      | -                | 21,004                |
| Allowance for uncollectibles         | 7,645               | -                   | -                       | -                             | -                        | -                      | -                | 7,645                 |
| Other                                | 247                 | 16,191              | -                       | 350                           | 600                      | -                      | -                | 17,388                |
| <b>Total Expenses</b>                | <b>284,200</b>      | <b>117,667</b>      | <b>1,576,233</b>        | <b>58,284</b>                 | <b>127,305</b>           | <b>25,767</b>          | <b>-</b>         | <b>2,189,456</b>      |
| <b>Surplus (Deficit) by Function</b> | <b>\$ (256,484)</b> | <b>\$ (110,901)</b> | <b>\$ (1,417,621)</b>   | <b>\$ (53,788)</b>            | <b>\$ (31,158)</b>       | <b>\$ (25,767)</b>     | <b>\$ -</b>      | <b>\$ (1,895,719)</b> |

Taxation and Other Unconditional Revenue (Schedule 1)

\$ 1,900,540

**Net Surplus (Deficit)**

\$ 4,821

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Tangible Capital Assets by Object  
 For the year ended December 31, 2012

Schedule 6

**2012** **2011**

|                                            | General Assets   |                   |                   |                   |                       | Infrastructure Assets | General / Infrastructure Assets Under Construction | Total               | Total               |
|--------------------------------------------|------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|----------------------------------------------------|---------------------|---------------------|
|                                            | Land             | Land Improvements | Buildings         | Vehicles          | Machinery & Equipment | Linear Assets         |                                                    |                     |                     |
| <b>Asset cost</b>                          |                  |                   |                   |                   |                       |                       |                                                    |                     |                     |
| Opening Asset costs                        | \$ 20,223        | \$ -              | \$ 234,168        | \$ 160,094        | \$ 1,448,990          | \$ 6,624,912          | \$ -                                               | \$ 8,488,387        | \$ 7,754,714        |
| Additions during the year                  | -                | -                 | 7,985             | -                 | 239,808               | 225,097               | -                                                  | 472,890             | 765,752             |
| Disposals and write downs during the year  | -                | -                 | -                 | -                 | (28,840)              | -                     | -                                                  | (28,840)            | (32,079)            |
| Transfers (from) assets under construction | -                | -                 | -                 | -                 | -                     | -                     | -                                                  | -                   | -                   |
| <b>Closing Asset Costs</b>                 | <b>\$ 20,223</b> | <b>\$ -</b>       | <b>\$ 242,153</b> | <b>\$ 160,094</b> | <b>\$ 1,659,958</b>   | <b>\$ 6,850,009</b>   | <b>\$ -</b>                                        | <b>\$ 8,932,437</b> | <b>\$ 8,488,387</b> |
| <b>Accumulated Amortization</b>            |                  |                   |                   |                   |                       |                       |                                                    |                     |                     |
| Opening Accum. Amort. Cost                 | \$ -             | \$ -              | \$ 119,820        | \$ 47,970         | \$ 456,667            | \$ 4,136,785          | \$ -                                               | \$ 4,761,242        | \$ 4,522,074        |
| Add: Amortization taken                    | -                | -                 | 6,054             | 9,669             | 94,907                | 168,535               | -                                                  | 279,165             | 258,415             |
| Less: Accum. Amort. on disposals           | -                | -                 | -                 | -                 | (28,840)              | -                     | -                                                  | (28,840)            | (19,247)            |
| <b>Closing Accumulated Amort.</b>          | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ 125,874</b> | <b>\$ 57,639</b>  | <b>\$ 522,734</b>     | <b>\$ 4,305,320</b>   | <b>\$ -</b>                                        | <b>\$ 5,011,567</b> | <b>\$ 4,761,242</b> |
| <b>Net Book Value</b>                      | <b>\$ 20,223</b> | <b>\$ -</b>       | <b>\$ 116,279</b> | <b>\$ 102,455</b> | <b>\$ 1,137,224</b>   | <b>\$ 2,544,689</b>   | <b>\$ -</b>                                        | <b>\$ 3,920,870</b> | <b>\$ 3,727,145</b> |

- |                                                       |    |   |
|-------------------------------------------------------|----|---|
| 1. Total contributed/donated assets received in 2012: | \$ | - |
| 2. List of assets recognized at nominal value are:    | \$ | - |
| - Infrastructure assets                               | \$ | - |
| - Vehicles                                            | \$ | - |
| - Machinery and Equipment                             | \$ | - |
| 3. Amount of interest capitalized in 2012:            | \$ | - |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Tangible Capital Assets by Function  
 For the year ended December 31, 2012

Schedule 7

|                                           | 2012               |                     |                         |                               |                        |                      |               | Total               | 2011                |
|-------------------------------------------|--------------------|---------------------|-------------------------|-------------------------------|------------------------|----------------------|---------------|---------------------|---------------------|
|                                           | General Government | Protective Services | Transportation Services | Environmental & Public Health | Planning & Development | Recreation & Culture | Water & Sewer |                     |                     |
| <b>Asset Cost</b>                         |                    |                     |                         |                               |                        |                      |               |                     |                     |
| Opening Asset costs                       | \$ 205,884         | \$ 290,385          | \$ 7,992,107            | \$ -                          | \$ 11                  | \$ -                 | \$ -          | \$ 8,488,387        | \$ 7,754,714        |
| Additions during the year                 | 4,842              | 9,158               | 458,890                 | -                             | -                      | -                    | -             | 472,890             | 765,752             |
| Disposals and write-downs during the year | -                  | -                   | (28,840)                | -                             | -                      | -                    | -             | (28,840)            | (32,079)            |
| <b>Closing Asset Costs</b>                | <b>\$ 210,726</b>  | <b>\$ 299,543</b>   | <b>\$ 8,422,157</b>     | <b>\$ -</b>                   | <b>\$ 11</b>           | <b>\$ -</b>          | <b>\$ -</b>   | <b>\$ 8,932,437</b> | <b>\$ 8,488,387</b> |
| <b>Accumulated Amortization</b>           |                    |                     |                         |                               |                        |                      |               |                     |                     |
| Opening Accum. Amort. Costs               | \$ 140,941         | \$ 123,628          | \$ 4,496,673            | \$ -                          | \$ -                   | \$ -                 | \$ -          | \$ 4,761,242        | \$ 4,522,074        |
| Add: Amortization taken                   | 7,255              | 20,457              | 251,453                 | -                             | -                      | -                    | -             | 279,165             | 258,415             |
| Less: Accum. Amort. on disposals          | -                  | -                   | (28,840)                | -                             | -                      | -                    | -             | (28,840)            | (19,247)            |
| <b>Closing Accumulated Amortization</b>   | <b>\$ 148,196</b>  | <b>\$ 144,085</b>   | <b>\$ 4,719,286</b>     | <b>\$ -</b>                   | <b>\$ -</b>            | <b>\$ -</b>          | <b>\$ -</b>   | <b>\$ 5,011,567</b> | <b>\$ 4,761,242</b> |
| <b>Net Book Value</b>                     | <b>\$ 62,530</b>   | <b>\$ 155,458</b>   | <b>\$ 3,702,871</b>     | <b>\$ -</b>                   | <b>\$ 11</b>           | <b>\$ -</b>          | <b>\$ -</b>   | <b>\$ 3,920,870</b> | <b>\$ 3,727,145</b> |



**RURAL MUNICIPALITY OF LUMSDEN NO. 189**

Schedule of Accumulated Surplus  
For the year ended December 31, 2012

Schedule 8

|                                                  | 2011                | Changes           | 2012                |
|--------------------------------------------------|---------------------|-------------------|---------------------|
| <b>UNAPPROPRIATED SURPLUS</b>                    | \$ (135,139)        | \$ 460,775        | \$ 325,636          |
| <b>APPROPRIATED RESERVES</b>                     |                     |                   |                     |
| Infrastructure                                   | 219,152             | 70,697            | 289,849             |
| Deer Valley - Unorganized Hamlet                 | 44,462              | 31,783            | 76,245              |
| Capital Trust                                    | 94,360              | 31,541            | 125,901             |
| Public Reserve                                   | 36,537              | -                 | 36,537              |
| <b>Total Appropriated</b>                        | <b>394,511</b>      | <b>134,021</b>    | <b>528,532</b>      |
| <b>NET INVESTMENT IN TANGIBLE CAPITAL ASSETS</b> |                     |                   |                     |
| Tangible Capital Assets (Schedule 6)             | 3,727,145           | 193,725           | 3,920,870           |
| Less: Related debt                               | (614,002)           | (21,780)          | (635,782)           |
| <b>Net Investment in Tangible Capital Assets</b> | <b>3,113,143</b>    | <b>171,945</b>    | <b>3,285,088</b>    |
| <b>OTHER</b>                                     | -                   | -                 | -                   |
| <b>Total Accumulated Surplus</b>                 | <b>\$ 3,372,515</b> | <b>\$ 766,741</b> | <b>\$ 4,139,256</b> |

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
 Schedule of Mill Rates and Assessments  
 For the year ended December 31, 2012

Schedule 9

|                                 | PROPERTY CLASS |               |                            |                         |                            |                   | Total          |
|---------------------------------|----------------|---------------|----------------------------|-------------------------|----------------------------|-------------------|----------------|
|                                 | Agriculture    | Residential   | Residential<br>Condominium | Seasonal<br>Residential | Commercial<br>& Industrial | Potash<br>Mine(s) |                |
| <b>Taxable Assessment</b>       | \$ 42,588,200  | \$ 65,930,475 | \$ -                       | \$ 189,980              | \$ 9,131,950               | \$ -              | \$ 117,840,605 |
| <b>Regional Park Assessment</b> |                |               |                            |                         |                            |                   | -              |
| <b>Total Assessment</b>         |                |               |                            |                         |                            |                   | 117,840,605    |
| <b>Mill Rate Factor(s)</b>      | 1.000          | 1.000         | 1.000                      | 1.000                   | 1.000                      |                   |                |
| <b>Total Minimum Tax</b>        | -              | -             | -                          | -                       | -                          |                   | -              |
| <b>Total Municipal Tax Levy</b> | \$ 700,874     | \$ 1,085,018  | \$ -                       | \$ 3,127                | \$ 150,283                 |                   | \$ 1,939,302   |

| MILL RATES:                 | MILLS  |
|-----------------------------|--------|
| Average Municipal*          | 16.457 |
| Average School*             | 7.781  |
| Potash Mill Rate            | -      |
| Uniform Municipal Mill Rate | 16.457 |

\* Average Mill Rates (multiply the total tax levy for each taxing authority by 1,000 and divide by the total assessment for the taxing authority).



**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
Statement of Financial Position  
As at December 31, 2012

**Statement 1**

|                                      | 2012                | 2011                |
|--------------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                        |                     |                     |
| <b>Financial Assets</b>              |                     |                     |
| Cash & Temporary Investments         | \$ 392,910          | \$ 335,056          |
| Taxes Receivable - Municipal         | 305,943             | 343,574             |
| Other Accounts Receivable            | 84,535              | 180,879             |
| Land for Resale                      | 193                 | 193                 |
| Long-Term Investments                | 61,130              | 56,275              |
| Other                                | -                   | -                   |
| <b>Total Financial Assets</b>        | <b>844,711</b>      | <b>915,977</b>      |
| <b>LIABILITIES</b>                   |                     |                     |
| Bank Indebtedness                    | -                   | -                   |
| Accounts Payable                     | 125,725             | 733,373             |
| Accrued Liabilities Payable          | -                   | -                   |
| Deposits                             | -                   | -                   |
| Deferred Revenue                     | -                   | -                   |
| Accrued Landfill Costs               | -                   | -                   |
| Other Liabilities                    | 13,952              | 6,154               |
| Long-Term Debt                       | 635,782             | 614,002             |
| Lease Obligations                    | -                   | -                   |
| <b>Total Liabilities</b>             | <b>775,459</b>      | <b>1,353,529</b>    |
| <b>NET FINANCIAL ASSETS</b>          | <b>69,252</b>       | <b>(437,552)</b>    |
| <br>                                 |                     |                     |
| Tangible Capital Assets              | 3,920,870           | 3,727,145           |
| Prepayment and Deferred Charges      | 5,820               | 1,846               |
| Stock and Supplies                   | 143,319             | 81,076              |
| Other                                | -                   | -                   |
| <b>Total Non-Financial Assets</b>    | <b>4,070,009</b>    | <b>3,810,067</b>    |
| <b>Accumulated Surplus (Deficit)</b> | <b>\$ 4,139,261</b> | <b>\$ 3,372,515</b> |

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

To the Residents of the  
Rural Municipality of Lumsden No. 189

Management of the **Rural Municipality of Lumsden No. 189** has the responsibility for preparing the accompanying financial statements and ensuring that all information in the related reports is consistent with the statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary systems of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained.

Ultimate responsibility for financial statements to the residents of the municipality lies with the Council who review the financial statements in detail with management prior to their approval for publication.

External auditors are appointed by the Council to audit the financial statements and are available to meet separately with both the Council and management to review their findings. The external auditors have full and free access to the Council to discuss their audit and their findings as to the integrity of the municipality's financial reporting and the adequacy of the system of internal controls.

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Administrator

**RURAL MUNICIPALITY OF LUMSDEN NO. 189**  
**Statement of Operations**  
**For the year ended December 31, 2012**

**Statement 2**

|                                                             | 2012 Budget         | 2012                | 2011                |
|-------------------------------------------------------------|---------------------|---------------------|---------------------|
| <b>Revenues</b>                                             |                     |                     |                     |
| Taxes and Other Unconditional Revenue                       | \$ 2,263,520        | \$ 2,219,059        | \$ 1,900,540        |
| Fees and Charges                                            | 81,450              | 148,717             | 86,049              |
| Conditional Grants                                          | 54,155              | 75,990              | 85,984              |
| Tangible Capital Assets Sales - Gain                        | -                   | 20,000              | 2,168               |
| Land Sales - Gain                                           | -                   | -                   | -                   |
| Investment Income and Commissions                           | 4,650               | 7,497               | 8,240               |
| Other Revenues                                              | 225                 | 2,163               | 6,951               |
| <b>Total Revenues</b>                                       | <b>2,404,000</b>    | <b>2,473,426</b>    | <b>2,089,932</b>    |
| <b>Expenses</b>                                             |                     |                     |                     |
| General Government Services                                 | 305,406             | 352,924             | 284,200             |
| Protective Services                                         | 129,670             | 143,268             | 122,315             |
| Transportation Services                                     | 1,446,435           | 1,249,528           | 1,576,233           |
| Environmental and Public Health Services                    | 82,666              | 46,096              | 58,284              |
| Planning and Development Services                           | 130,409             | 72,518              | 127,305             |
| Recreation and Cultural Services                            | 27,870              | 22,229              | 25,767              |
| Utility Services                                            | -                   | -                   | -                   |
| <b>Total Expenses</b>                                       | <b>2,122,456</b>    | <b>1,886,563</b>    | <b>2,194,104</b>    |
| <b>Surplus (Deficit) before Other Capital Contributions</b> | <b>281,544</b>      | <b>586,863</b>      | <b>(104,172)</b>    |
| Provincial/Federal Capital Grants and Contributions         | 106,400             | 179,878             | 104,345             |
| <b>Surplus (Deficit) of Revenues over Expenses</b>          | <b>387,944</b>      | <b>766,741</b>      | <b>173</b>          |
| <b>Accumulated Surplus (Deficit), Beginning of Year</b>     | <b>3,372,515</b>    | <b>3,372,515</b>    | <b>3,372,342</b>    |
| <b>Accumulated Surplus (Deficit), End of Year</b>           | <b>\$ 3,760,459</b> | <b>\$ 4,139,256</b> | <b>\$ 3,372,515</b> |

**REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS**

To the Reeve and Councillors  
RURAL MUNICIPALITY OF LUMSDEN NO. 189

The accompanying summary financial statements, which comprise the statement of financial position as at December 31, 2012 and the statement of operations for the year then ended, are derived from the audited financial statements of the RURAL MUNICIPALITY OF LUMSDEN NO. 189 for the year ended December 31, 2012. We expressed an unmodified audit opinion on those financial statements in our report dated .

The summary financial statements do not contain all the disclosures required by Canadian public sector accounting standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Rural Municipality Of Lumsden No. 189.

*Management's Responsibility for the Summary Financial Statements*

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian public sector accounting standards.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements."

*Opinion*

In our opinion, the summary financial statements derived from the audited financial statements of the RURAL MUNICIPALITY OF LUMSDEN NO. 189 for the year ended December 31, 2012 are a fair summary of those financial statements in accordance with Canadian public sector accounting standards.

\_\_\_\_\_  
Dudley & Company  
Chartered Accountants LLP

Regina, Saskatchewan