

**TOWN OF RAINBOW LAKE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Auditor's Report**

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**Statement 2 - Consolidated Statement of Financial Activities  
and Changes in Fund Balance**

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**Notes to Financial Statements**

**LIONEL L. LARCOMBE, Chartered Accountant**

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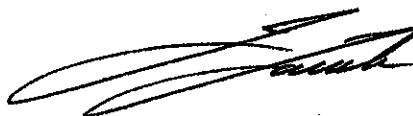
**AUDITOR'S REPORT**

To the Mayor and Council of the Town of Rainbow Lake

I have audited the consolidated statement of financial position of the Town of Rainbow Lake as at December 31, 2008 and the consolidated statement of financial activities with changes in fund balances and the consolidated statement of changes in financial position for the year then ended. These statements are the responsibility of the Town of Rainbow Lake's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion these consolidated financial statements present fairly, in all material respects, the financial position of the Town of Rainbow Lake as at December 31, 2008 and the results of its financial activities and changes in financial position for the year then ended in accordance with generally accepted accounting principles.



Edmonton, Alberta  
February 24, 2009

Chartered Accountant  
LIONEL L. LARCOMBE

**MANAGEMENT RESPONSIBILITY  
FOR FINANCIAL REPORTING**

The accompanying Consolidated Financial Statements of Town of Rainbow Lake for the year ended December 31, 2008 have been prepared by management and approved by the Mayor and Council. Management is responsible for the information and representations contained in these financial statements.

The Town of Rainbow Lake maintains appropriate processes to ensure that relevant and reliable financial information is produced. The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in Canada. The significant accounting policies, which management believes are appropriate for the Town of Rainbow Lake, are described in Note 1 to the Consolidated Financial Statements.

The Mayor and Council are responsible for reviewing and approving the Consolidated Financial Statements and overseeing management's performance of its financial reporting responsibilities. The Mayor and Council have reviewed the Consolidated Financial Statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors prior to the approval of the audited Consolidated Financial Statements for publication.

The external auditors, appointed by the Council, conducted an audit of these Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion to the Town's ratepayers. Their report is presented herein.

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Mayor.

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Chief Financial Officer

## TOWN OF RAINBOW LAKE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2008

	2008	2007
<b><u>ASSETS</u></b>		
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments - Note 2	\$ 2,223,076	\$ 580,444
Taxes and grants in place of taxes receivable - Note 3	79,346	58,515
Trade and other receivables	2,310,802	3,054,413
Prepaid expenses	65,838	56,083
Inventory of land held for resale	200,515	200,515
Long term investment in and advances to Gas Alberta Inc.	22,611	22,611
<b>TOTAL FINANCIAL ASSETS</b>	<b>4,902,188</b>	<b>3,972,581</b>
<b>PHYSICAL ASSETS</b>		
Inventory of materials and supplies	20,458	10,882
Physical assets - Note 4	42,253,140	41,009,464
<b>TOTAL PHYSICAL ASSETS</b>	<b>42,273,598</b>	<b>41,020,346</b>
<b>TOTAL ASSETS</b>	<b>\$ 47,175,786</b>	<b>\$ 44,992,927</b>

**LIABILITIES AND MUNICIPAL EQUITY**

<b>LIABILITIES</b>		
Short term borrowing	\$ 101,728	\$ 237,366
Accounts payable and accrued liabilities	800,432	502,836
Deposit liabilities	133,856	120,823
Deferred revenue - Note 10	505,575	282,021
Excess requisition reserve - Note 1(j)	13,544	-
Long-term debt - Note 5	3,527,399	3,760,781
<b>TOTAL LIABILITIES</b>	<b>5,082,534</b>	<b>4,903,827</b>
<b>MUNICIPAL EQUITY</b>		
Operating fund	1,454	512
Equity in physical assets	39,479,071	38,179,377
Reserves	2,612,727	1,909,211
<b>TOTAL MUNICIPAL EQUITY</b>	<b>42,093,252</b>	<b>40,089,100</b>
<b>TOTAL LIABILITIES AND MUNICIPAL EQUITY</b>	<b>\$ 47,175,786</b>	<b>\$ 44,992,927</b>

(See accompanying notes)

## TOWN OF RAINBOW LAKE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
<b>Revenues</b>		
Net municipal property taxes (Schedule 3)	\$ 1,138,623	\$ 935,754
Sales, user charges, licenses and permits	2,741,104	2,823,441
Rentals	133,714	149,419
Federal conditional transfers	-	815
Provincial conditional transfers	1,205,022	4,569,410
Other revenues	3,800	23,879
Penalties and costs on taxes	47,165	31,410
Franchise and concession contracts	57,170	56,158
Returns on investments	61,930	101,517
Provincial government unconditional transfers	2,809	2,809
Local government unconditional transfers	752,208	693,540
<b>Total Revenue</b>	<b>6,143,545</b>	<b>9,388,152</b>
<b>Expenditures</b>		
<b>Operating:</b>		
Legislative	32,233	32,285
Administration	474,082	378,234
Fire, disaster & ambulance services	155,142	223,535
By-law enforcement	134,220	39,970
Common services	167,497	287,033
Roads, streets and walks	215,417	296,866
Airport services	243,703	192,841
Water and wastewater	706,858	433,622
Waste management	97,547	89,835
Family and community support services	39,851	49,063
Planning, zoning and development	40,392	39,754
Economic development	8,158	25,009
Subdivision land and development	12,517	27,322
Housing rentals	96,152	82,379
Recreation, parks and cultural services	430,164	414,085
Gas production and distribution	1,122,994	1,036,820
Cable TV services	162,467	153,452
	<b>4,139,394</b>	<b>3,802,105</b>
<b>Capital:</b>		
Subdivision land and development	-	10,659
	-	10,659
<b>Total Expenditures</b>	<b>4,139,394</b>	<b>3,812,764</b>
<b>Excess of Revenue Over Expenditures</b>	<b>2,004,151</b>	<b>5,575,388</b>
Long-term debt repaid	(233,382)	(218,394)
<b>Change In Fund Balances During Year</b>	<b>\$ 1,770,769</b>	<b>\$ 5,356,994</b>

(See accompanying notes)

## TOWN OF RAINBOW LAKE

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 2008

	2008	2007
<b>Operations</b>		
Net excess of revenue over expenditures	\$ 2,004,151	\$ 5,575,388
Add (deduct) items not affecting working capital:		
Cost of physical assets sold	-	10,659
	2,004,151	5,586,047
Net changes in non-cash working capital balances:		
Decrease (increase) in taxes and grants in lieu receivables	(20,830)	(33,629)
Decrease (increase) in trade and other receivables	743,611	(1,959,735)
Decrease (increase) in other prepaid expenses	(9,755)	(28,219)
Decrease (increase) in inventory of materials & supplies	(9,576)	1,135
Increase (decrease) in accounts payable and accrued liabilities	297,596	(540,825)
Increase (decrease) in deposit liabilities	13,033	(64,951)
Increase (decrease) in over requisition reserve	13,544	-
Increase (decrease) in deferred revenue	223,554	(216,025)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>3,255,328</b>	<b>2,743,798</b>
<b>Investing</b>		
Purchases of capital assets - engineering structures	(1,172,408)	(5,911,866)
Purchases of capital assets - machinery and equipment	(948)	(19,636)
Purchases of capital assets - land	-	(28,475)
Purchases of capital assets - vehicles	(70,320)	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(1,243,676)</b>	<b>(5,959,977)</b>
<b>Financing</b>		
Short term borrowing repaid	(135,638)	(135,637)
Capital fund long-term debt repaid	(233,382)	(218,394)
<b>Net Cash Provided By (Used In) Financing Activities</b>	<b>(369,020)</b>	<b>(354,031)</b>
<b>Change in Cash During Year</b>	<b>1,642,632</b>	<b>(3,570,210)</b>
Net cash and temporary investments at beginning of year	580,444	4,150,654
<b>Net Cash and Temporary Investments at End of Year</b>	<b>\$ 2,223,076</b>	<b>\$ 580,444</b>

(See accompanying notes)

## TOWN OF RAINBOW LAKE

## SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCE - OPERATING

FOR THE YEAR ENDED DECEMBER 31, 2008

	Budget	2008	2007
<b>Revenues</b>			
Net municipal property taxes (Schedule 3)	\$ 1,099,333	\$ 1,138,623	\$ 935,754
Sales, user charges, licenses, fines and permits	2,747,048	2,741,104	2,816,276
Rentals	144,450	133,714	149,419
Federal conditional transfers	800	-	815
Provincial conditional transfers	236,172	216,947	39,713
Other revenues	2,700	-	3,879
Penalties and costs on taxes	22,000	47,165	31,410
Franchise and concession contracts	53,000	57,170	56,158
Return on investments	94,500	53,449	91,470
Provincial government unconditional transfers	2,809	2,809	2,809
Local government unconditional transfers	600,000	752,208	693,540
<b>Total Revenue</b>	<b>5,002,812</b>	<b>5,143,189</b>	<b>4,821,243</b>
<b>Expenditures</b>			
Legislative	41,675	32,233	32,285
Administration	487,400	474,082	378,234
Fire, disaster & ambulance services	315,940	155,142	223,535
By-law enforcement	134,500	134,220	39,970
Common services	255,790	167,497	287,033
Roads, streets and walks	327,204	215,417	296,866
Airport services	284,023	243,703	192,841
Water and wastewater	610,053	706,858	433,622
Waste management	102,796	97,547	89,835
Family and community support services	54,522	39,851	49,063
Planning, zoning and development	39,867	40,392	39,754
Economic development	8,100	8,158	25,009
Subdivision land and development	21,000	12,517	27,322
Housing rentals	119,600	96,152	82,379
Recreation, parks and cultural services	553,200	430,164	414,085
Gas production and distribution	1,153,710	1,122,994	1,036,820
Cable TV services	189,482	162,467	153,452
	<b>4,698,861</b>	<b>4,139,394</b>	<b>3,802,105</b>
<b>Excess of Revenue Over Expenditures</b>	<b>303,951</b>	<b>1,003,795</b>	<b>1,019,138</b>
<b>Net Interfund Transfers</b>			
To capital fund	(65,300)	(34,437)	-
From (To) reserve fund	(5,268)	(735,032)	(800,730)
Payment on capital fund long-term debt	(233,383)	(233,382)	(218,394)
<b>Net Interfund Transfers</b>	<b>(303,951)</b>	<b>(1,002,851)</b>	<b>(1,019,124)</b>
<b>Change in Operating Fund During Year</b>	<b>-</b>	<b>944</b>	<b>14</b>
Operating Fund Balance, Beginning of Year	510	510	496
<b>Operating Fund Balance , End of Year</b>	<b>\$ 510</b>	<b>\$ 1,454</b>	<b>\$ 510</b>

(See accompanying notes)

## TOWN OF RAINBOW LAKE

## SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGES IN FUND BALANCE - CAPITAL

AS AT DECEMBER 31, 2008

	2008	2007
<b>Revenue</b>		
Provincial government transfers	\$ 988,075	\$ 4,529,697
Gas system user charges	3,800	7,165
Return on investments	-	10,047
Donation	-	-
Developers' agreements and levies	8,484	20,000
<b>Total Revenue</b>	<u>1,000,359</u>	<u>4,566,909</u>
<b>Expenditures</b>		
Subdivision land	-	10,659
<b>Total Expenditures</b>	<u>-</u>	<u>10,659</u>
<b>Excess of Revenue Over Expenditures</b>	<u>1,000,359</u>	<u>4,556,250</u>
<b>Net Interfund Transfers</b>		
Transferred from reserves	31,516	11,714
Net transferred from operating fund	34,437	-
Operating fund payments on long-term capital debt	233,382	218,394
<b>Net Interfund Transfers</b>	<u>299,335</u>	<u>230,108</u>
<b>Change in Capital Fund During the Year</b>	1,299,694	4,786,358
Capital Fund Balance, Beginning of Year	38,179,377	33,393,019
<b>Capital Fund Balance, End of Year</b>	<u>\$ 39,479,071</u>	<u>\$ 38,179,377</u>

## SCHEDULE OF CHANGES IN FUND BALANCE - RESERVES

FOR THE YEAR ENDED DECEMBER 31, 2007

<b>Reserve Fund Balance, Beginning of Year</b>	\$ 1,909,211	\$ 1,120,195
Transfer from operating fund	735,032	852,919
Transfer (to) operating fund	-	(52,189)
	<u>735,032</u>	<u>800,730</u>
Transfer from capital fund	8,484	20,000
Transfer (to) capital fund	(40,000)	(31,714)
	<u>(31,516)</u>	<u>(11,714)</u>
<b>Change in Reserve Fund During the Year</b>	<u>703,516</u>	<u>789,016</u>
<b>Reserve Fund Balance, End of Year</b>	<u>\$ 2,612,727</u>	<u>\$ 1,909,211</u>

(See accompanying notes)



## TOWN OF RAINBOW LAKE

## SCHEDULE OF PROPERTY TAXES LEVIED

AS AT DECEMBER 31, 2008

	Budget	2008	2007
<b>Taxation</b>			
Real property taxes	\$ 1,354,527	\$ 1,393,465	\$ 1,205,546
Linear property taxes	25,318	25,318	27,374
Government grants in place of property taxes	25,230	25,230	22,880
Special assessments and local improvement taxes	23,000	23,351	23,351
	1,428,075	1,467,364	1,279,151
<b>Requisitions</b>			
Alberta School Foundation Fund	305,085	305,085	319,211
Mackenzie Housing Management	23,657	23,656	24,186
	328,742	328,741	343,397
<b>Net Municipal Property Taxes</b>	<b>\$ 1,099,333</b>	<b>\$ 1,138,623</b>	<b>\$ 935,754</b>

## TOWN OF RAINBOW LAKE

## SCHEDULE OF CONSOLIDATED EXPENDITURES BY OBJECT

AS AT DECEMBER 31, 2006

	Budget	2006	2007
<b>Expenditures</b>			
Salaries, wages and benefits	\$ 1,100,988	\$ 945,820	\$ 946,494
Contracted and general services	1,707,325	1,272,861	1,115,191
Materials, goods, supplies, and utilities	1,645,290	1,691,900	1,418,859
Contributions to own agencies and boards	28,500	12,942	10,500
Bank charges and short-term interest	2,200	2,274	2,260
Interest on long-term debt	198,688	198,687	213,675
Transfer to allowances	14,500	12,500	42,500
Cost of capital assets sold	-	-	10,659
Other expenditures	1,370	2,410	52,626
<b>Total Expenditures</b>	<b>\$ 4,698,861</b>	<b>\$ 4,139,394</b>	<b>\$ 3,812,764</b>

(See accompanying notes)

**TOWN OF RAINBOW LAKE****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2008**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Rainbow Lake are as follows:

**a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operation plus all of the organizations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their affairs and resources. They include the following:

Town of Rainbow Lake Cable TV  
Town of Rainbow Lake gas system  
Town of Rainbow Lake municipal airport

The schedule of taxes levied also includes requisitions for educational, health, social and other external organizations that are not part of the municipal reporting entity.

**b) Basis of Accounting**

Revenues are recognized in the period in which the transactions or events occurred that give rise to the revenue. Expenditures are recognized in the period the goods and services are acquired and the liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met by the municipality, and reasonable estimates of the amounts can be made.

**c) Pension Expenditure**

The Town participates in a multi-employer defined benefit pension plan. The plan is accounted for as a defined contribution plan.

**d) Fund Accounting**

Management funds consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. Capital fund debt principle and interest payments are recorded as operating fund expenditures. Proceeds from sales of land held for resale are recorded as operating fund revenues.

**e) Inventories**

Inventories of materials and supplies for consumption are valued at the lower of cost or net realizable value with cost determined on the first-in first-out method

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing. Related development costs incurred to provide infrastructure such as water and wastewater services, roads and sidewalks are recorded as physical assets under their respective function.

**TOWN OF RAINBOW LAKE****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2008**

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**f) Physical Assets**

Physical assets are reported as expenditures in the period they are acquired.

Physical assets are recorded at cost except for donated assets, which are recorded at estimated fair value.

Government contributions for the acquisition of physical assets are recorded as capital revenue and do not reduce the related physical asset costs.

Physical assets for government purposes are not depreciated.

**g) Allowances for Operating and Physical Assets**

Allowances for asset valuations are netted against the related asset and are segregated between operating and capital purposes. Increases in allowances are recorded as an expenditure while decreases in allowances are recorded as revenue in the respective operating and capital fund.

**h) Reserves for Future Expenditures**

Reserves are established at the discretion of council to set aside funds for future operating and capital expenditures. Transfers to and/or from operating reserves are reflected as an adjustment to the operating fund while transfers to and/or from capital reserves are shown as an adjustment to capital equity.

**i) Equity in Physical Assets**

Equity in physical assets represents the Town of Rainbow Lake's net investment in its total physical assets, including land held for resale, after deducting the portion financed by third parties through debenture debt or other capital liability.

**j) Over-levies and Under-levies**

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and property tax revenue is increased.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**k) Use of Estimates**

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 expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

## TOWN OF RAINBOW LAKE

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2008

## f) Tangible Capital Assets

Effective December 3, 2007, the Town of Rainbow Lake adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants (CICA) with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to the tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008 the Town of Rainbow Lake continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008 the Town has compiled listings and values for all assets i.e. for all vehicles, lands, buildings, machinery and equipment, and engineering structures.

## 2. CASH AND TEMPORARY INVESTMENTS

	2008	2007
Cash on hand	\$ 525	\$ 600
Cash on deposit	240,573	579,844
Temporary Investments	1,981,978	-
	<u>\$ 2,223,076</u>	<u>\$ 580,444</u>

Council has designated funds of \$2,612,727 (2007 - \$1,909,211) for various operating and capital purposes.

Included in the above amounts is debenture funding received but unspent at the year end totaling \$552,815. These funds are committed to be spent on the project for which they were received.

Included in the above balance are deferred contributions totaling \$505,575 (2007 - \$282,021) (Note 10).

## 3. TAXES AND GRANTS IN PLACE RECEIVABLES

	2008	2007
Current taxes and grants in place	\$ 75,681	\$ 53,007
Taxes and grants in place in arrears	5,089	6,932
Less: allowance for doubtful accounts	(1,424)	(1,424)
	<u>\$ 79,346</u>	<u>\$ 58,515</u>

*mobile licenses*

## 4. PHYSICAL ASSETS - at cost

	2008	2007
Land	\$ 441,116	\$ 441,116
Buildings	7,745,914	7,745,914
Distribution systems:		
Water	18,416,116	17,839,103
Wastewater	1,690,136	1,690,136
Gas	1,085,835	1,077,918
Other engineering structures	8,913,383	8,325,905
Machinery and equipment and furnishings	2,650,546	2,649,598
Vehicles	1,310,094	1,239,774
	<u>\$ 42,253,140</u>	<u>\$ 41,009,464</u>

## TOWN OF RAINBOW LAKE

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

## 5 LONG-TERM DEBT

	2008	2007
Supported by general tax levies	\$ 796,715	\$ 851,096
Supported by special tax levies	80,116	115,530
Supported by utility charges	2,650,568	2,794,155
	<u>\$ 3,527,399</u>	<u>\$ 3,760,781</u>

Principal and interest repayments are due as follows:

	Principal	Interest	Total
2009	\$ 249,579	\$ 182,490	\$ 432,069
2010	267,098	164,971	432,069
2011	216,755	146,006	362,761
2012	230,625	132,136	362,761
2013	177,244	117,195	294,439
Thereafter	2,386,098	711,250	3,097,348
	<u>\$ 3,527,399</u>	<u>\$ 1,454,048</u>	<u>\$ 4,981,447</u>

Debenture debt is repayable to Alberta Capital Finance Authority and bears interest at rates ranging from 4.569% to 11.75% per annum and mature in periods between 2010 to 2026. Debenture debt is issued on the credit and security of the Town of Rainbow Lake at large.

Interest on long-term debt and cash payments for interest amounted to \$198,687 (2007 - \$213,675).

## 6. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officers, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	2008			2007 Total
	Salary (1)	Benefits & Allowances (2)	Total	
Mayor John Watt	\$ -	\$ -	\$ -	\$ 6,957
Mayor Monty Moore	580	-	580	1,160
Mayor/Councillor Jeff Savage	3,790	-	3,790	4,720
Mayor/Councillor Boyd Langford	7,910	-	7,910	4,350
Mayor/Councillor Kelly Drover	5,430	-	5,430	4,430
Councillor Chris Burkholtz	1,640	-	1,640	740
Councillor Rose Cretney	3,770	-	3,770	-
Councillor Norm Van Vliet	3,100	-	3,100	-
Councillor Ryan Lacey	1,710	-	1,710	-
Councillor Ivan Berkholtz	-	-	-	2,380
Chief Administrative Officer	125,368	10,934	136,302	139,090
Designated Officers	11,044	-	11,044	13,770

(1) Salary includes regular base pay, bonuses, overtime, lump sum payment, gross honoraria and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short term disability plans, professional memberships and tuition.

(3) Where employee housing is provided, no amount is included in the benefits and allowances figures.

## TOWN OF RAINBOW LAKE

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2008

**7. DEBIT LIMITS**

Section 276/2 of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town of Rainbow Lake be disclosed as follows:

	2008	2007
Total debt limit	\$ 5,738,310	\$ 5,532,994
Total debt	3,646,127	4,015,146
Amount of debt limit unused	<u>\$ 2,092,183</u>	<u>\$ 1,517,848</u>
Debt servicing limit	\$ 956,385	\$ 922,165
Debt servicing	533,797	567,705
Amount of debt servicing limit unused	<u>\$ 422,588</u>	<u>\$ 354,460</u>

**8. CONTINGENCIES**

- (a) Employees of the Town of Rainbow Lake participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves approximately 133,000 people and about 389 employers. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town of Rainbow Lake is required to make current service contributions to the Plan of 5.525% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 7.4% of pensionable earnings above this amount. Employees of the Town are required to make current service contributions of 4.525% of pensionable salary up to the year's maximum pensionable salary and 6.4% on pensionable salary above this amount.

Total service contributions by the Town to the LAPP in 2008 were \$44,905 (2007 - \$38,912). Total current service contributions by the employees of the Town to the LAPP in 2008 were \$39,626 (2007 - \$34,323).

At December 31, 2007, the LAPP disclosed an actuarial deficit of \$1,288.9 million.

- (b) The Town has guaranteed a loan for the Assumption Region Community Policing Society in the amount of \$17,000.

**9. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, receivables, accounts payable accrued liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risk arising from these instruments. Unless otherwise noted, the fair value of these instruments approximates their carrying value.

**TOWN OF RAINBOW LAKE****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2008****10. DEFERRED CONTRIBUTIONS**

Deferred contributions reported in the Operating and Capital Funds relate to restricted funding received in the current year that is related to expenditures in the subsequent year.

	<u>2008</u>	<u>2007</u>
Donation for Devonian Park	\$ 261	\$ 261
Donation for tree lighting	317	-
Other donations and fundraising	229	-
Gas line construction contribution	900	-
AMIP grant for water treatment plant - Home Road + Imperial Drive	148,733	204,039
TCA operating grant	4,233	-
Street improvement grants	113,214	-
NDCC grant	33,157	-
Municipal Sponsorship Program - LWIS system	-	2,312
Municipal Sustainability Initiative	204,531	75,409
	<u>\$ 505,575</u>	<u>\$ 282,021</u>

**11. APPROVAL OF FINANCIAL STATEMENTS**

Council and management approve these financial statements.

**12. BUDGET FIGURES**

The unaudited budget figures are presented for information purposes only.