

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2015

Letter from Management

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Special Areas Board

ALBERTA MUNICIPAL AFFAIRS

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of Management. Management is responsible for the preparation and presentation of the accompanying financial statements including responsibility for significant accounting judgments and estimates. These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management has developed and maintains the necessary accounting systems and related internal control systems to provide reasonable assurance, that transactions are authorized, assets are properly accounted for and safeguarded, and that financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Special Areas Board is composed of three elected Councilors who are neither management nor employees of the Board, plus one Chair who is an employee of the Government of Alberta, Alberta Municipal Affairs, and is also a member of the management team for the Special Areas Trust Account. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

The Office of the Auditor General of Alberta audits the financial statements and their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Special Areas Board and Special Areas Trust Account management to discuss their audit findings.

Chair, Special Areas Board

Director of Finance and Administration



Independent Auditor's Report

To the Minister of Municipal Affairs and the Chair of the Special Areas Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Special Areas Trust Account, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

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 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2015, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher FCPA, FCA]

Auditor General

April 19, 2016

Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 39,369,846	\$ 37,920,171
Accounts receivable (Note 4)	4,159,351	3,914,739
Notes receivable (Note 5)	12,424,111	13,927,923
Due from Province of Alberta (Note 6)	565,750	798,911
Taxes receivable (Note 7)	921,428	891,522
	<u>57,440,486</u>	<u>57,453,266</u>
Investments (Schedule 1)	28,835,804	28,164,370
Total Financial Assets	<u>86,276,290</u>	<u>85,617,636</u>
Liabilities		
Accounts payable and accruals	3,169,510	2,591,453
Vacation accruals	1,055,534	1,062,609
Deferred revenues	392,119	309,175
Deferred government grant revenue (Note 8)	357,879	7,879
Due to Province of Alberta (Note 6)	385,695	695,120
	<u>5,360,737</u>	<u>4,666,236</u>
Long-term debt (Note 9)	10,401,659	12,899,869
Provision for gravel pit reclamation (Note 10)	2,537,000	2,411,000
Total Liabilities	<u>18,299,396</u>	<u>19,977,105</u>
Net Financial Assets (Schedule 3)	67,976,894	65,640,531
Non-financial assets		
Prepaid assets	119,902	142,873
Tangible capital assets (Schedule 6)	216,873,228	211,240,802
Inventory (Note 11)	6,582,881	6,320,276
	<u>223,576,011</u>	<u>217,703,951</u>
Accumulated Surplus (Note 12)	<u>\$ 291,552,905</u>	<u>\$ 283,344,482</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Taxation			
Power and pipeline	\$ 37,822,046	\$ 38,049,886	\$ 37,311,910
Real property	12,249,791	12,609,332	11,146,235
Grazing and cultivation	770,672	737,321	753,293
Penalties and costs on taxes	75,000	489,648	354,855
	<u>50,917,509</u>	<u>51,886,187</u>	<u>49,566,293</u>
Less requisitions and bad debt (Note 14)	(17,472,259)	(17,867,144)	(17,531,119)
Net taxes for municipal purposes	<u>33,445,250</u>	<u>34,019,043</u>	<u>32,035,174</u>
Leases (Note 15)	10,877,695	8,896,998	8,475,654
Government transfers for operating (Note 16)	6,284,412	5,556,403	5,988,453
Tax recovery land sales	2,080,000	2,972,773	3,282,775
Interest	1,550,956	1,484,517	1,688,317
Government transfers for capital (Note 16)	2,006,615	2,006,615	1,756,668
Other revenue (Note 17)	1,942,500	2,514,896	2,344,837
Total revenues	<u>58,187,428</u>	<u>57,451,245</u>	<u>55,571,878</u>
Expenses			
Transportation services	27,104,379	26,170,928	20,267,332
Administrative services	5,605,695	4,932,992	5,445,840
Water and sanitation services	3,571,353	3,094,808	3,516,785
Agriculture and community development	2,651,725	2,376,877	2,240,144
Recreational and cultural services	2,613,764	2,253,015	2,141,694
Protective services	1,812,560	1,926,340	1,012,482
Industrial tax transfers	580,000	580,000	580,000
Loss on sale of capital assets	100,000	61,971	29,415
Amortization	7,302,078	7,845,891	7,605,001
Total expenses (Note 18)	<u>51,341,554</u>	<u>49,242,822</u>	<u>42,838,693</u>
Excess of revenues over expenses	\$ 6,845,874	\$ 8,208,423	\$ 12,733,185
Accumulated surplus at beginning of year	<u>283,344,482</u>	<u>283,344,482</u>	<u>270,611,297</u>
Accumulated surplus at end of year	<u>\$ 290,190,356</u>	<u>\$ 291,552,905</u>	<u>\$ 283,344,482</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015		2014
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 6,845,874	\$ 8,208,423	\$ 12,733,185
Acquisition of tangible capital assets	(10,896,500)	(9,337,450)	(12,231,090)
Construction of roads and road surfaces	(5,012,000)	(4,590,535)	(5,155,804)
Loss on sale of tangible capital assets	100,000	61,971	29,415
Proceeds on disposal of tangible capital assets	470,000	387,697	602,000
Amortization of tangible capital assets	7,302,078	7,845,891	7,605,001
Use of prepaid assets	-	22,971	24,614
Change in inventory	-	(262,605)	209,232
(Decrease) increase in net financial assets	(1,190,548)	2,336,363	3,816,553
Net financial assets, beginning of year	65,640,531	65,640,531	61,823,978
Net financial assets, end of year	\$ 64,449,983	\$ 67,976,894	\$ 65,640,531

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Operating activities:		
Excess of revenues over expenses	\$ 8,208,423	\$ 12,733,185
Amortization of investment premiums, less discounts	(18,272)	106,742
Gain on sale of investments	(110,365)	(138,980)
Amortization of tangible capital assets	7,845,891	7,605,001
Amortization relating to self-constructed assets	(1,821,585)	(1,711,371)
Loss on sale of tangible capital assets	61,971	29,415
Increase in provision for gravel pit reclamation	126,000	-
	<u>14,292,063</u>	<u>18,623,992</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	(221,641)	(433,223)
Due from Province of Alberta	233,161	(497,848)
Taxes receivable	(29,906)	(333,145)
Accounts payable and accruals	570,982	693,341
Deferred revenues	82,944	(35,714)
Deferred government grant revenue	350,000	(884,187)
Due to Province of Alberta	(309,425)	152,188
Inventory	(262,605)	209,232
	<u>413,510</u>	<u>(1,129,356)</u>
Cash provided by operating activities	<u>14,705,573</u>	<u>17,494,636</u>
Capital activities:		
Proceeds of sale of tangible capital assets	387,697	602,000
Purchase of tangible capital assets	(12,106,400)	(15,675,523)
Cash applied to capital activities	<u>(11,718,703)</u>	<u>(15,073,523)</u>
Investing activities:		
Net change in notes receivable	1,503,812	2,495,260
Proceeds from redemption of investments	27,672,014	21,006,151
Purchase of investments	(28,214,811)	(21,727,825)
Cash provided by investing activities	<u>961,015</u>	<u>1,773,586</u>
Financing activities:		
Long term debt repaid	(2,498,210)	(4,309,196)
Cash applied to financing activities	<u>(2,498,210)</u>	<u>(4,309,196)</u>
Increase (decrease) in cash and cash equivalents	<u>1,449,675</u>	<u>(114,497)</u>
Cash and cash equivalents at the beginning of year	<u>37,920,171</u>	<u>38,034,668</u>
Cash and cash equivalents at the end of year	<u>\$ 39,369,846</u>	<u>\$ 37,920,171</u>

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board ("the Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements are the representations of management, and have been prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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

Revenue resulting from mineral surface leases are first recognized on the initial agreement date and then on the anniversary date each year thereafter. All other leases are recognized as earned on an annual basis (e.g. cultivation and grazing) and are due and payable at the beginning of the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2 (c) Land

(cont'd) Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the Statement of Financial Position. Approximately 0.957 million acres of tax recovery land remains unsold as at December 31, 2015 (2014 - 0.999 million acres).

Crown land transferred to the Province of Alberta from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Board, is not valued for financial statement purposes. This consists of approximately 1.575 million acres (2014 - 1.575 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2015, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2014 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the fire insurance proceeds in accounts receivable, allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

(e) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2 (f) Financial Instruments

(cont'd) Cash and cash equivalents, accounts receivable, notes receivable, taxes receivable, amounts due to/from Province of Alberta, vacation accruals and accounts payable are measured at cost.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts are measured at amortized cost.

The fair value of investments are disclosed on Schedule 1.

(g) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(h) Investments

Investments are valued at amortized cost adjusted for the applicable amortization of discount or premium using the effective interest method over the period to maturity. Where there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

(i) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(j) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met, and reasonable estimates of the amounts can be determined.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2 (k) Non-financial Assets

(cont'd) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Prepaid expenses

Prepaid expenses include pre-payments on goods and services which will be utilized in the following year.

Inventory

Inventory is valued at the lower of cost or net replacement value. Costs for all inventory is determined by using the first-in-first-out method with the exception of parts inventory, which is valued by using the average costing method.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Tangible Capital Assets

Tangible capital assets consist of engineering structures, roads, buildings, vehicles, equipment, land, water/wastewater utilities and dams.

For the purposes of the Board, tangible capital assets having a useful life greater than one year are shown at net book value. Recognition thresholds for these assets are \$10,000 for engineered structures or third party software development and \$2,500 for all other categories. Purchased land and all other off the shelf electronic data processing equipment are all capitalized.

The Board in its provision of transportation services, undertakes using its own forces, a significant amount of construction activity consisting of road building and road resurfacing. These activities are considered to be capital in nature as they result in the construction of tangible capital assets. Thus the expenditures made for direct manpower, materials and indirect equipment costs relating to these activities are removed from operational expenditures to reflect the capital component of the assets being self-constructed. An hourly equipment rate is used to estimate the actual indirect equipment cost, including amortization, and is the basis for allocating these costs to the road construction projects. Annually, the total estimated equipment costs included in the road construction projects is compared to actual equipment costs incurred.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 2 (k) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	
Mobile equipment	5.00	5.00	5.00	5.00
Buildings	2.50	2.50	2.50	2.50
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00
Water/wastewater lines	2.50	2.50	2.50	0.00
Dams	2.50	2.50	2.50	0.00

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Cash and cash equivalents

Cash includes funds held in the Consolidated Cash Investment Trust Fund of the Province of Alberta which is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term cashable fixed income securities with a maximum term-to-maturity of three years. As at December 31, 2015, the Board's portfolio of securities held by the Fund had an average effective yield of 0.93% per annum (2014 - 1.18% per annum).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$139,572 (2014 - \$110,677), are comprised of the following:

	<u>2015</u>	<u>2014</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 393,370	\$ 431,576
Accrued interest	74,019	59,836
	<u>467,389</u>	<u>491,412</u>
Leases	242,510	114,261
Parks permit receivable	136,498	136,498
Accrued interest on investments	80,664	80,917
Local improvement recoveries	70,393	75,570
Sheerness deadfish irrigation	50,694	-
Oil well drilling	42,427	126,028
Equipment rentals	-	213,999
Miscellaneous	155,958	146,424
	<u>\$ 1,246,533</u>	<u>\$ 1,385,109</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 2,659,302	\$ 2,230,330
Local improvement recoveries	252,599	299,300
Other	917	-
	<u>\$ 2,912,818</u>	<u>\$ 2,529,630</u>
	<u>\$ 4,159,351</u>	<u>\$ 3,914,739</u>

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 6% per annum is applied to tax recovery land sales that commenced in 2004. Sales revenue is recognized when the agreement is signed and first payment is received. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2015</u>	<u>2014</u>
Current:		
Acadia Foundation	\$ 2,468,874	\$ 2,380,774
Acadia Foundation - accrued interest	18,107	21,931
	<u>2,486,981</u>	<u>2,402,705</u>
Big Country Waste Management Commission	155,529	-
Neutral Hills Child Care Society	27,281	27,281
Other	44,582	11,944
	<u>\$ 2,714,373</u>	<u>\$ 2,441,930</u>
Non-current:		
Acadia Foundation	\$ 8,755,590	\$ 11,224,464
Big Country Waste Management Commission	644,471	-
Neutral Hills Child Care Society	222,719	222,719
Other	86,958	38,810
	<u>\$ 9,709,738</u>	<u>\$ 11,485,993</u>
	<u>\$ 12,424,111</u>	<u>\$ 13,927,923</u>

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Alberta Capital Finance Authority. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 5.00% (2014 - 3.14% to 5.00%). Semi-annual payments totaling \$2,859,730 (2014 - \$2,859,730) were made in June and December. Interest revenue recognized as a result of this loan in 2015 was \$475,131 (2014 - \$560,185).

The Big Country Waste Management Commission note is a result of the board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 1.417% interest.

The Neutral Hills Child Care Society note is a result of the board entering into a memorandum of understanding to advance funds to complete a new daycare building in Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 15 year term at 3.00% interest.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5 Notes Receivable

(cont'd) Principal repayments on long-term receivable are estimated as follows:

2017	2,751,919
2018	2,784,296
2019	1,977,575
2020	815,882
Thereafter	1,380,066
	<u>\$ 9,709,738</u>

Note 6 Due from Province of Alberta

The net amount due from (to) the Province of Alberta is comprised of the following:

	2015	2014
Due from Province of Alberta:		
Transportation	\$ 17,291	\$ 34,637
Municipal Affairs	272,024	175,471
Environment and Parks	44,977	16,236
Service Alberta	231,458	572,567
	<u>565,750</u>	<u>798,911</u>
Due to Province of Alberta:		
Environment and Parks	(277,725)	(240,779)
Other	(107,970)	(454,341)
	<u>(385,695)</u>	<u>(695,120)</u>
Due from Province of Alberta	<u>\$ 180,055</u>	<u>\$ 103,791</u>

Note 7 Taxes Receivable

	2015	2014
Current taxes	\$ 1,678,559	\$ 1,566,309
Over levy	34,125	272,908
Tax arrears	2,183,736	1,564,156
	<u>3,896,420</u>	<u>3,403,373</u>
Less allowance for doubtful accounts:	<u>(2,974,992)</u>	<u>(2,511,851)</u>
	<u>\$ 921,428</u>	<u>\$ 891,522</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8 Deferred Government Grant Revenue

	<u>2015</u>	<u>2014</u>
Municipal Affairs	\$ 350,000	\$ -
Agriculture and Forestry	<u>7,879</u>	<u>7,879</u>
	<u>\$ 357,879</u>	<u>\$ 7,879</u>

Note 9 Long-Term Debt

	<u>2015</u>	<u>2014</u>
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$263,223, including fixed interest at 4.39%, due June 2018	\$ 1,233,775	\$ 1,691,014
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$251,377, including fixed interest at 4.01%, due December 2018	1,407,787	1,840,984
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, due December 2019	3,667,749	4,511,150
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020	2,466,250	2,963,756
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	<u>1,626,098</u>	<u>1,892,965</u>
	10,401,659	12,899,869
Less: current portion	<u>2,590,558</u>	<u>2,498,210</u>
	<u>\$ 7,811,101</u>	<u>\$ 10,401,659</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9 Long-Term Debt

(cont'd) Principal repayments on long-term debt in each of the next five years are estimated as follows:

2016	2,590,558
2017	2,686,369
2018	2,522,549
2019	1,837,219
2020	605,356
Thereafter	<u>159,608</u>
	<u>\$ 10,401,659</u>

Interest on long-term debt for 2015 amounted to \$435,881 (2014 - \$569,034).

The total cash payments for interest in 2015 were \$439,837 (2014 - \$575,138).

Note 10 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

The estimated liability is based on the total cubic meters of exposed gravel pits multiplied by the price per cubic meter to reclaim the sites.

In 2015 it was estimated that 906,162 cubic meters (2014 - 860,664 cubic meters) of gravel pits were exposed at an approximate cost for reclamation of \$2.80 per cubic meter (2014 - \$2.80 per cubic meter), for a total liability of \$2,537,000 (2014 - \$2,411,000).

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Inventory

	<u>2015</u>			<u>2014</u>
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,512,751	\$ 29,536	\$ 1,483,215	\$ 1,523,935
Gravel	4,755,070	-	4,755,070	4,465,065
Culverts	61,442	-	61,442	94,382
Fuel	111,102	-	111,102	136,258
Fencing	85,378	-	85,378	64,967
Chemicals and other	86,674	-	86,674	35,669
Inventory	<u>\$ 6,612,417</u>	<u>\$ 29,536</u>	<u>\$ 6,582,881</u>	<u>\$ 6,320,276</u>

Note 12 Accumulated Surplus

Accumulated Surplus consists of equity in tangible capital assets, unrestricted amounts and internally restricted as follows:

	<u>2015</u>	<u>2014</u>
Equity in tangible capital assets	\$216,873,228	\$ 211,240,802
Equity in inventory	6,582,881	6,320,276
Unrestricted operational surplus	14,152,341	14,676,401
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>53,944,455</u>	<u>51,107,003</u>
Total Accumulated Surplus (Schedule 4)	<u>\$291,552,905</u>	<u>\$283,344,482</u>

The internally restricted accumulated surplus are funds that are available to meet cash flow needs but may not be used for expenditures without authorization by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 13 Budget

The 2015 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in December 2014. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	<u>2015</u>		<u>2014</u>
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 6,845,874	\$ 8,208,423	\$ 12,733,185
Acquisition of tangible capital assets	(10,896,500)	(9,337,450)	(12,231,090)
Construction of road and road surfaces	(5,012,000)	(4,590,535)	(5,155,804)
Net transfers to capital	-	-	(1,900,000)
Loss on sale of tangible capital assets	100,000	61,971	29,415
Proceeds on disposal of tangible capital assets	470,000	387,698	602,000
Amortization of tangible capital assets	7,302,078	7,845,891	7,605,001
	<u>(1,190,548)</u>	<u>2,575,998</u>	<u>1,682,707</u>
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	<u>(2,000,000)</u>	<u>(2,837,452)</u>	<u>(3,089,327)</u>
(Deficit, as per Budget)	<u>\$ (3,190,548)</u>	<u>\$ (261,454)</u>	<u>\$ (1,406,620)</u>

Note 14 Requisitions and Bad Debt

	<u>2015</u>	<u>2014</u>
Alberta School Foundation Fund	\$ 12,736,190	\$ 12,292,167
Seniors Foundation	4,234,716	4,186,342
Bad Debt	896,238	1,052,610
	<u>\$ 17,867,144</u>	<u>\$ 17,531,119</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 15 Leases

	<u>2015</u>	<u>2014</u>
Mineral surface leases	\$ 3,331,853	\$ 3,413,959
Equipment rentals	2,070,709	2,003,560
Grazing leases	1,885,297	1,545,731
Community pastures	649,751	631,582
Cultivation leases	415,642	417,668
Miscellaneous leases	132,082	69,268
Easements	128,828	136,588
Rights of entry	98,145	100,138
Other	184,691	157,160
	<u>\$ 8,896,998</u>	<u>\$ 8,475,654</u>

Note 16 Government Transfers

	<u>2015</u>	<u>2014</u>
Transfers for operating:		
Municipal Affairs	\$ 3,065,359	\$ 2,763,000
Transportation	1,551,720	1,744,711
Agriculture and Forestry	499,496	1,190,691
Human Services	158,501	147,443
Infrastructure	227,970	142,608
Culture and Tourism	53,357	-
	<u>\$ 5,556,403</u>	<u>\$ 5,988,453</u>
Transfers for capital:		
Municipal Affairs	<u>\$ 2,006,615</u>	<u>\$ 1,756,668</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 17 Other Revenue

	<u>2015</u>	<u>2014</u>
Park permits and concession revenues	\$ 824,456	\$ 308,229
Licence, assignment and application fees	628,817	654,803
Water sales	243,550	212,675
Oil well drilling tax revenue	181,250	299,183
Fire cost recoveries	104,870	86,433
Cost recoveries	78,788	265,675
Gravel sales	70,943	142,671
Bylaw enforcement cost recoveries	53,558	83,650
Insurance revenue	53,047	4,340
Other	275,617	287,178
	<u>\$ 2,514,896</u>	<u>\$ 2,344,837</u>

Note 18 Total Expenses

Total expenses for the year is analyzed by object as follows:

	<u>2015</u>	<u>2014</u>
Manpower (Schedule 2)	\$ 18,105,369	\$ 16,314,821
Materials, goods, and utilities	16,050,674	13,339,246
Contract and general services	8,742,074	7,361,884
Amortization of tangible capital assets	7,845,891	7,605,001
Grants	1,540,077	1,711,638
Industrial tax transfers	580,000	580,000
Interest on long-term debt	435,881	569,034
Goods and services from Alberta Government departments		
Alberta Treasury Board & Finance		
Risk Management	280,936	252,040
Investment fees	20,464	20,561
Alberta Municipal Affairs		
Linear assessment	113,564	141,541
Government Services	27,561	27,586
Loss on sale of tangible capital assets	61,971	29,415
Provision for doubtful accounts	28,895	41,730
Less:		
Internal road projects capitalized in the year	<u>(4,590,535)</u>	<u>(5,155,804)</u>
	<u>\$ 49,242,822</u>	<u>\$ 42,838,693</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 18 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$10,080,304 of expenses (2014 - \$4,463,571). These expenses were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 19 Debt Limits

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

	<u>2015</u>	<u>2014</u>
Total debt limit	\$ 83,166,945	\$ 80,722,815
Total debt	<u>10,401,659</u>	<u>12,899,869</u>
Amount of debt limit unused	<u>\$ 72,765,286</u>	<u>\$ 67,822,946</u>
Debt servicing limit	\$ 13,861,158	\$ 13,453,803
Debt servicing	<u>2,938,010</u>	<u>2,938,010</u>
Amount of debt servicing limit unused	<u>\$ 10,923,148</u>	<u>\$ 10,515,793</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 20 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 18.

Grants provided by the Province of Alberta are disclosed in Note 16 and the amounts outstanding at the end of the year are disclosed in Note 6.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Note 21 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings. The Board's contribution to the PSPP is 11.70% up to the CPP threshold of \$52,500, and 16.72% thereafter. The Board's contribution to the MEPP is 21.85% up to the Salary Cap of \$138,500.

Total current contributions by the Board in 2015 to the PSPP were \$892,630 (2014 - \$836,532) and to the MEPP were \$211,867 (2014 - \$196,496).

At December 31, 2014, the PSPP reported a deficit of \$803,299,000 (2013 deficit - \$1,254,678,000) and the MEPP reported a surplus of \$75,805,000 (2013 surplus - \$50,457,000).

The Board is not responsible for future funding of the plan deficit other than through contribution increases.

Note 22 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately \$70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure and all costs are recorded as expenditures of that Ministry.

Note 23 Comparative Figures

Certain 2014 figures have been reclassified to conform to 2015 presentation.

Note 24 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2015

	2015						2014
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
	Bonds:						
Bank of Montreal	2.430%	2.435%	March 4, 2019	\$ 740,000	\$ 758,737	\$ 740,110	\$ 740,124
Bank of Nova Scotia	2.462%	2.462%	March 14, 2019	500,000	512,291	500,000	500,127
Canada Housing Trust	2.950%	3.080%	March 15, 2015	-	-	-	631,274
Canada Housing Trust	2.750%	1.780%	June 15, 2016	-	-	-	10,819,487
Canada Housing Trust	2.050%	1.590%	June 15, 2017	5,125,000	5,230,480	5,220,883	556,044
Canada Housing Trust	1.700%	1.730%	December 15, 2017	5,650,000	5,758,792	5,706,870	2,652,502
Canada Housing Trust	2.350%	0.783%	December 15, 2018	1,700,000	1,772,439	1,777,554	-
Canada Housing Trust	4.100%	2.479%	December 15, 2018	741,000	810,162	786,514	801,335
Canada Housing Trust	1.950%	1.629%	June 15, 2019	975,000	1,007,040	985,450	988,361
Canada Housing Trust	2.000%	1.681%	December 15, 2019	980,000	1,014,730	991,932	994,826
Canada Housing Trust	3.750%	1.207%	March 15, 2020	620,000	686,699	684,370	-
Canada Housing Trust	1.200%	1.114%	June 15, 2020	650,000	651,012	652,408	-
Canada Housing Trust	1.450%	1.278%	June 15, 2020	740,000	749,036	745,491	-
CPP Investment Board	1.400%	1.440%	June 4, 2020	1,500,000	1,503,606	1,497,689	-
Government of Canada	3.000%	1.180%	December 1, 2015	-	-	-	2,325,597
Government of Canada	1.000%	0.658%	August 1, 2016	205,000	205,616	205,424	-
Government of Canada	3.500%	1.027%	June 1, 2020	482,000	541,249	533,254	-
Province of Ontario	2.100%	2.280%	September 8, 2018	1,000,000	1,030,561	995,670	994,099
Province of Ontario	2.100%	2.132%	September 8, 2019	1,700,000	1,756,160	1,725,111	998,658
Province of Quebec	4.500%	2.318%	December 1, 2018	3,280,000	3,609,437	3,505,688	3,580,005
Royal Bank of Canada	3.040%	2.995%	July 17, 2024	780,000	784,784	781,236	781,541
TD Bank	2.447%	2.447%	April 2, 2019	800,000	820,805	800,000	800,240
				28,168,000	29,203,636	28,835,654	28,164,220
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
				\$ 28,168,150	\$ 29,203,786	\$ 28,835,804	\$ 28,164,370

Note:

The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.

The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015					2014	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chair of the Special Areas Board (e)	1.42	\$ 214,650	\$ 14,961	\$46,902	\$ 276,513	1	\$ 171,789
Special Areas Board members	3	33,114	-	2,153	35,267	3	37,710
Director of Finance and Administration	1	137,633	7,522	39,158	184,313	1	169,661
Director of Municipal Services	1	135,095	-	38,535	173,630	1	161,852
Director of Properties Administration	1	113,484	-	33,503	146,987	1	164,168
Roads & Equipment Superintendent	1	110,621	-	33,178	143,799	1	138,217
Managers (f)	3	331,863	-	98,010	429,873	4	550,018
Other full time staff (g)	106	7,916,076	-	1,730,247	9,646,323	99	8,836,000
Part time and casual wage staff		6,303,062	-	702,310	7,005,372		5,782,081
Other Boards and committees		23,229	-	1,092	24,321		17,992
Advisory Councillors	13	39,168	-	6,878	46,046	10	52,466
(Decrease) increase in vacation accrual		(7,075)		-	(7,075)		232,867
		<u>\$ 15,350,920</u>	<u>\$ 22,483</u>	<u>\$ 2,731,966</u>	<u>\$ 18,105,369</u>		<u>\$ 16,314,821</u>

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.
- (b) Salary includes pensionable base pay and honoraria.
- (c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2015.
- (d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and short-term disability plan.
- (e) The Chair position was occupied by two individuals during the year. From January to May 2015 there was an Acting Chair in place.
- (f) Average salary is \$110,621 and average benefits (column c & d) are \$32,670 totaling \$143,291 (2014 - \$137,504).
- (g) Average salary is \$74,680 and average benefits are \$16,323 totaling \$91,003 (2014 - \$89,253).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>Schedule 3</u> <u>2014</u>
Change in Financial Assets		
Cash and cash equivalents	\$ 1,449,675	\$ (114,497)
Accounts receivable	244,612	457,837
Notes receivable	(1,503,812)	(2,495,260)
Due from Province of Alberta	(233,161)	497,848
Taxes receivable	29,906	333,145
	<u>(12,780)</u>	<u>(1,320,927)</u>
Investments	671,434	753,912
Increase (Decrease) in Financial Assets	<u>658,654</u>	<u>(567,015)</u>
Change in Liabilities		
Accounts payable and accruals	(578,057)	(460,474)
Vacation accrual	7,075	(232,867)
Deferred revenues	(82,944)	35,714
Deferred government grant revenue	(350,000)	884,187
Due to Province of Alberta	309,425	(152,188)
	<u>(694,501)</u>	<u>74,372</u>
Long-term debt	2,498,210	4,309,196
Provision for gravel pit reclamation	(126,000)	-
Decrease in Liabilities	<u>1,677,709</u>	<u>4,383,568</u>
Net increase in net financial assets	2,336,363	3,816,553
Net financial assets at the beginning of year	<u>65,640,531</u>	<u>61,823,978</u>
Net financial assets at end of year	<u><u>\$ 67,976,894</u></u>	<u><u>\$ 65,640,531</u></u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2015

Schedule 4

	2015		2014
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 13)		
Equity in capital assets at beginning of year	\$	211,240,802	\$ 200,190,324
Addition of capital assets:			
Transportation services	3,813,000	4,661,970	8,397,426
Road infrastructure	5,012,000	4,590,535	5,155,804
Water and sanitation services	1,866,000	1,950,445	686,512
Administrative services	3,225,000	1,593,447	1,474,829
Recreation and cultural services	777,600	464,635	532,608
Protective services	585,000	413,613	982,074
Agriculture and community pasture services	629,900	253,340	157,641
	15,908,500	13,927,985	17,386,894
Annual amortization of capital assets		(7,845,891)	(7,605,001)
Disposal of capital assets		(449,668)	(631,415)
		216,873,228	209,340,802
Debt retired in the year		-	1,900,000
Equity in capital assets at end of year (Note 12)	\$	216,873,228	\$ 211,240,802
Equity in inventory at beginning of year	\$	6,320,276	\$ 6,529,508
Add purchases and other inventory costs		5,746,865	3,878,024
Deduct requisitions		(5,484,260)	(4,087,256)
Equity in inventory at end of year (Note 11, 12)	\$	6,582,881	\$ 6,320,276
Accumulated operational surplus at beginning of year	\$	14,676,401	\$ 15,873,789
Excess of revenues over expenses		8,208,423	12,733,185
Equity change in capital assets and inventory		(5,895,031)	(10,841,246)
		16,989,793	17,765,728
Transfers to internally restricted reserves (Note 13)		(2,837,452)	(3,089,327)
Accumulated operational surplus at end of year (Note 12)	\$	14,152,341	\$ 14,676,401
Internally restricted accumulated surplus at beginning of year	\$	51,107,003	\$ 48,017,676
Tax Recovery Land Sales - Transfers from operations		2,837,452	3,089,327
Internally restricted accumulated surplus at end of year (Note 12)	\$	53,944,455	\$ 51,107,003
	\$	291,552,905	\$ 283,344,482

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT EXPENDITURE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015						Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Expenditures:							
Manpower (Schedule 2)	\$ 3,070,363	\$ 258,290	\$ 12,149,697	\$ 741,220	\$ 1,341,654	\$ 544,145	\$ 18,105,369
Materials, goods, and utilities	98,979	106,793	14,773,307	248,148	277,564	545,883	16,050,674
Contract and general services	796,188	1,561,257	3,836,959	1,903,461	444,266	199,943	8,742,074
Grants	86,133	-	1,500	201,979	287,421	963,044	1,540,077
Interest on long-term debt	435,881	-	-	-	-	-	435,881
Goods and services from GOA	416,553	-	-	-	25,972	-	442,525
Provision for doubtful accounts	28,895	-	-	-	-	-	28,895
Internal road projects capitalized in the year	-	-	(4,590,535)	-	-	-	(4,590,535)
Segmented expenditures per department	<u>\$ 4,932,992</u>	<u>\$ 1,926,340</u>	<u>\$ 26,170,928</u>	<u>\$ 3,094,808</u>	<u>\$ 2,376,877</u>	<u>\$ 2,253,015</u>	<u>\$ 40,754,960</u>
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Loss on sale of tangible capital assets	-	-	61,971	-	-	-	61,971
Amortization of tangible capital assets	623,318	658,542	6,027,582	314,443	117,071	104,935	7,845,891
Expenditures per statement of operations	<u>\$ 6,136,310</u>	<u>\$ 2,584,882</u>	<u>\$ 32,260,481</u>	<u>\$ 3,409,251</u>	<u>\$ 2,493,948</u>	<u>\$ 2,357,950</u>	<u>\$ 49,242,822</u>
Cash Basis Reconciliation:							
Segmented expenditures per department	\$ 4,932,992	\$ 1,926,340	\$ 26,170,928	\$ 3,094,808	\$ 2,376,877	\$ 2,253,015	\$ 40,754,960
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Purchase of tangible capital assets	1,593,447	413,613	9,252,505	1,950,445	253,340	464,635	13,927,985
Tax recovery land sales	2,837,452	-	-	-	-	-	2,837,452
Segmented expenses per cash basis	<u>\$ 9,943,891</u>	<u>\$ 2,339,953</u>	<u>\$ 35,423,433</u>	<u>\$ 5,045,253</u>	<u>\$ 2,630,217</u>	<u>\$ 2,717,650</u>	<u>\$ 58,100,397</u>
Budgeted expenditures per cash basis	<u>\$ 11,410,695</u>	<u>\$ 2,397,560</u>	<u>\$ 35,929,379</u>	<u>\$ 5,437,353</u>	<u>\$ 3,281,625</u>	<u>\$ 3,391,364</u>	<u>\$ 61,847,976</u>

Note:
The Board provides a range of services to its ratepayers. For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in the segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2015

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2015	2014
Cost									
Balance, beginning of the year	\$36,768,737	\$24,169,461	\$18,872,531	\$5,176,801	\$1,296,170	\$194,951,889	\$3,887,493	\$285,123,082	\$269,815,259
Add:									
Additions during the year	1,767,308	4,084,111	2,462,955	552,275	17,350	4,590,535	453,451	13,927,985	17,386,894
Less:									
Disposals during the year	(569,278)	-	(254,279)	(50,238)	-	-	-	(873,795)	(2,079,071)
Balance, end of the year	\$37,966,767	\$28,253,572	\$21,081,207	\$5,678,838	\$1,313,520	\$199,542,424	\$4,340,944	\$298,177,272	\$285,123,082
Accumulated Amortization									
Balance, beginning of the year	\$ 8,911,258	\$ 6,885,364	\$12,139,782	\$2,530,232	\$ 141,805	\$ 40,524,287	\$2,749,552	\$ 73,882,280	\$ 67,724,935
Add:									
Amortization	1,872,596	648,583	1,751,725	294,498	-	2,734,577	543,912	7,845,891	7,601,201
Depletion	-	-	-	-	-	-	-	-	3,800
Less:									
Accumulated Amortization on Disposals	(255,354)	-	(149,937)	(18,836)	-	-	-	(424,127)	(1,447,656)
Balance, end of the year	\$10,528,500	\$ 7,533,947	\$13,741,570	\$2,805,894	\$ 141,805	\$ 43,258,864	\$3,293,464	\$ 81,304,044	\$ 73,882,280
Net book value, 2015	\$27,438,267	\$20,719,625	\$ 7,339,637	\$2,872,944	\$1,171,715	\$156,283,560	\$1,047,480	216,873,228	\$211,240,802
Net book value, 2014	\$27,857,479	\$17,284,097	\$ 6,732,749	\$2,646,569	\$1,154,365	\$154,427,602	\$1,137,941		\$211,240,802

- Notes:
- Engineered structures comprise of dams, water/wastewater lines, buildings and engineered structures assets. The ending balance includes \$1,723,382 in assets that were under construction at year-end (2014 - \$1,676,370); no related amortization was recorded.
 - Electronic data processing (EDP) equipment comprise of hardware and software assets. The ending balance has no assets that were currently under development (2014 - \$790,919).