



## Independent Auditor's Report

To the Minister of Municipal Affairs

### **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, 2011, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

March 27, 2012

Edmonton, Alberta

**SPECIAL AREAS TRUST ACCOUNT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

Letter from Management

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes of Net Financial Assets

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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 standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. 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 two elected Councilors who are neither management nor employees of the Board, plus one Chairman 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.

Chairman, Special Areas Board

Director of Finance and Administration

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011**

	<b>2011</b>	<b>2010</b>
<b>Financial Assets</b>		
Current:		
Cash (Note 3)	\$ 33,273,975	\$ 26,110,677
Accounts receivable (Note 4)	2,170,962	2,411,665
Notes receivable (Note 5)	2,676,561	1,827,191
Due from Province of Alberta (Note 6)	78,368	2,087,298
Taxes receivable (Note 7)	593,903	1,279,187
	38,793,769	33,716,018
Non-current:		
Accounts receivable (Note 4)	1,996,909	2,368,225
Notes receivable (Note 5)	18,156,407	17,201,484
Investments (Schedule 1)	25,257,363	25,658,520
<b>Total Financial Assets</b>	<b>84,204,448</b>	<b>78,944,247</b>
<b>Liabilities</b>		
Current:		
Accounts payable and accruals	2,051,890	2,086,934
Deferred revenues	248,753	365,653
Deferred provincial grant revenue (Note 8)	168,652	341,251
Due to Province of Alberta (Note 6)	281,646	381,998
Current portion of long term debt (Note 9)	6,040,690	1,925,369
	8,791,631	5,101,205
Non-current:		
Long term debt (Note 9)	17,632,461	17,227,706
Provision for gravel pit reclamation (Note 10)	2,110,000	1,900,000
<b>Total Liabilities</b>	<b>28,534,092</b>	<b>24,228,911</b>
<b>Net Financial Assets (Schedule 3)</b>	<b>55,670,356</b>	<b>54,715,336</b>
<b>Non-financial Assets</b>		
Prepays	544,134	130,730
Capital assets	169,777,089	158,750,405
Inventories	5,158,091	5,369,864
<b>Non-financial Assets (Note 11)</b>	<b>175,479,314</b>	<b>164,250,999</b>
<b>Accumulated Surplus (Note 12)</b>	<b>\$ 231,149,670</b>	<b>\$ 218,966,335</b>

Commitments (Note 21)

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>2011</b>		<b>2010</b>
	<b><u>BUDGET</u></b> (Note 13) (Unaudited)	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
<b>Revenue</b>			
Taxation			
Power and pipeline	\$ 32,782,700	\$ 32,079,813	\$ 29,937,368
Real property	9,565,700	10,044,504	8,734,009
Grazing and cultivation	751,600	757,640	686,403
Penalties and costs on taxes	75,000	126,619	262,786
	<u>43,175,000</u>	<u>43,008,576</u>	<u>39,620,566</u>
Less requisitions (Note 14)	(16,571,600)	(16,406,332)	(16,571,750)
Net taxes for municipal purposes	<u><b>26,603,400</b></u>	<u><b>26,602,244</b></u>	<u><b>23,048,816</b></u>
Leases (Note 15)	9,026,195	10,188,929	8,960,785
Provincial grants (Note 16)	6,204,063	6,096,824	5,981,154
Provincial capital grants (Note 16)	1,600,000	1,567,232	3,591,440
Interest	2,156,143	2,105,141	2,073,653
Federal capital grants	263,547	451,856	1,244,354
Tax recovery land sales	575,000	380,597	686,781
Other	1,557,200	2,880,421	1,449,218
<b>Total revenue</b>	<u><b>47,985,548</b></u>	<u><b>50,273,244</b></u>	<u><b>47,036,201</b></u>
<b>Expense</b>			
Transportation services	22,761,516	19,459,220	15,393,576
Administrative services	5,634,772	4,358,218	4,920,644
Recreational and cultural services	2,504,242	2,748,807	4,108,802
Water and sanitation services	3,323,858	2,379,789	2,207,056
Agriculture and community development	2,269,430	2,176,766	2,065,970
Protective services	1,136,574	894,523	1,184,065
Industrial tax transfers	230,000	219,726	229,742
Loss on sale of capital assets	-	376,335	119,849
Amortization	-	5,476,525	4,962,411
<b>Total expense (Note 17)</b>	<u><b>37,860,392</b></u>	<u><b>38,089,909</b></u>	<u><b>35,192,115</b></u>
<b>Excess of revenue over expenses</b>	<b>\$ 10,125,156</b>	<b>\$ 12,183,335</b>	<b>\$ 11,844,086</b>
Accumulated surplus at beginning of year	<u>218,966,335</u>	<u>218,966,335</u>	<u>207,122,249</u>
<b>Accumulated surplus at end of year</b>	<u><b>\$ 229,091,491</b></u>	<u><b>\$ 231,149,670</b></u>	<u><b>\$ 218,966,335</b></u>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**AS AT DECEMBER 31, 2011**

	<b>2011</b>		<b>2010</b>
	<b><u>BUDGET</u></b> (Note 13) (Unaudited)	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
<b>Excess of revenue over expenses</b>	10,125,156	12,183,335	11,844,086
Acquisition of tangible capital assets	(10,583,656)	(17,832,361)	(15,512,715)
Loss on sale of tangible capital assets	-	376,335	119,849
Net transfers to capital	(1,024,000)	-	-
Proceeds on disposal of tangible capital assets	1,982,500	952,817	103,883
Amortization of tangible capital assets	-	5,476,525	4,962,411
Acquisition of prepaid assets	-	(413,404)	(130,730)
Change in inventory	-	211,773	(214,822)
	<hr/>	<hr/>	<hr/>
<b>Increase in net financial assets</b>	500,000	955,020	1,171,962
<b>Net financial assets, beginning of year</b>	<hr/>	<hr/>	<hr/>
	54,715,336	54,715,336	53,543,374
<b>Net financial assets, end of year</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	55,215,336	55,670,356	54,715,336

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, 2011**

	2011	2010
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ 12,183,335	\$ 11,844,086
Amortization of investment premiums, less discounts	136,366	141,057
Gain on sale of investments	(127,462)	(106,929)
Amortization of tangible capital assets	5,476,525	4,962,411
Amortization relating to self-constructed assets	(1,193,320)	(1,012,019)
Loss on sale of capital assets	376,335	119,849
Increase in provision for gravel pit reclamation	210,000	160,000
	17,061,779	16,108,455
Changes in non-cash operating items:		
Prepays & accounts receivable	198,615	(449,155)
Notes receivable	(849,370)	(467,868)
Due from Province of Alberta	2,008,930	(1,032,834)
Taxes receivable, net	685,284	(709,707)
Accounts payable and accruals	(35,044)	(183,163)
Deferred revenues	(116,900)	(170,528)
Deferred provincial grant revenue	(172,599)	(1,113,690)
Due to Province of Alberta	(100,352)	(463,643)
Inventories	211,773	(214,822)
	1,830,337	(4,805,410)
Cash provided by operating activities	18,892,116	11,303,045
<b>Capital activities:</b>		
Sale of tangible capital assets	952,817	103,883
Purchase of tangible capital assets	(16,639,041)	(14,500,696)
Cash applied to capital activities	(15,686,224)	(14,396,813)
<b>Investing activities:</b>		
Net change in notes receivable	(954,923)	(2,776,622)
Proceeds from redemption of investments	7,438,179	4,484,510
Purchase of investments	(7,045,926)	(3,549,755)
Cash applied to investing activities	(562,670)	(1,841,867)
<b>Financing activities:</b>		
Long term debt issued	6,564,161	5,000,000
Long term debt repaid	(2,044,085)	(2,972,720)
Cash provided by financing activities	4,520,076	2,027,280
<b>Increase (decrease) in cash</b>	<b>7,163,298</b>	<b>(2,908,355)</b>
Cash at the beginning of year	26,110,677	29,019,032
<b>Cash at end of year</b>	<b>\$ 33,273,975</b>	<b>\$ 26,110,677</b>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

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.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, 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, services performed or the tangible capital assets are acquired.

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, grazing, etc.) and are due and payable at the beginning of the year.



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

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 Statements of Financial Position. Approximately 1.044 million acres of tax recovery land remains unsold as at December 31, 2011 (2010 - 1.056 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 Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.575 million acres (2010 - 1.584 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Special Areas 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, 2011, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2010 - 0.012 million acres) and are not recorded in the Statements 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 revenue and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of employee benefit plans, allowance for doubtful accounts receivable, provision for contingencies, 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.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 2 (e) Financial Instruments

(cont'd) The carrying value of cash, current accounts receivable, current notes receivable, taxes receivable, amounts due to / from Province of Alberta, current debt, accounts payable and accruals approximate fair value due to the short-term nature of these items.

All non-current receivables and long-term debt are a result of binding contractual agreements. The carrying value of these non-current accounts approximate their fair value.

The fair value of investments are disclosed on Schedule 1.

(f) 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.

(g) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line 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.

(h) 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.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 2 (i) 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.

Inventories

The cost of consumable supplies is included as an expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as non-financial assets at net book value.

Inventories are valued at the lower of cost or net replacement value. Costs for all inventories are determined by using the first-in-first-out method with the exception of parts which are 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 an original cost greater than \$2,500 (\$10,000 for engineered structures and third party software development) and a useful life greater than one year are shown on the statement of financial position as non-financial assets at net book value. Purchased land and other off the shelf electronic data processing equipment are all capitalized.

The Special Areas 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**  
**AS AT DECEMBER 31, 2011**

Note 2 (i) 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
	Year 1	Year 2	Year 3 and Thereafter	Salvage Value
	%	%	%	%
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.

Note 3 Cash

Cash includes funds held in the Consolidated Cash Investment Trust Fund 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, 2011, securities held by the Fund had a time-weighted return of 1.27% per annum (2010 - 0.95% per annum).

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$46,220 (2010 - \$59,007), are comprised of the following:

	2011	2010
Current:		
From sale of tax recovery land & related mineral surface leases	\$ 408,209	\$ 511,759
Accrued interest	39,579	50,275
	447,788	562,034
Leases	628,578	119,937
Equipment rentals	515,091	29,397
Accrued interest on investments	95,878	94,713
High speed wireless	71,701	91,701
Local improvement recoveries	58,744	76,688
Oil well drilling	28,930	111,031
Federal grant receivable	-	1,118,945
Miscellaneous	324,252	207,219
	\$ 2,170,962	\$ 2,411,665
Non-current:		
From sale of tax recovery land & related mineral surface leases	\$ 1,570,244	\$ 1,928,800
High speed wireless	356,174	356,174
Miscellaneous	70,491	83,251
	\$ 1,996,909	\$ 2,368,225

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 8% per annum is applied to tax recovery land sale II and 6% per annum to tax recovery land sale III that commenced in 2004. 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.

The high speed wireless receivable is a result of the Board entering into a memorandum of agreement with an internet service provider to facilitate the delivery of high-speed internet to residents of the Special Areas. Certain equipment was offered for sale by the Board to the internet service provider at the Board's cost. Repayment terms will be based on network usage and a promissory note that will be signed upon completion of the joint project.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	2011	2010
Current:		
Acadia Foundation	2,135,122	1,796,031
Acadia Foundation - accrued interest	32,980	31,160
	2,168,102	1,827,191
Village of Consort	500,000	-
Other	8,459	-
	\$ 2,676,561	\$ 1,827,191
Non-current:		
Acadia Foundation	\$ 18,115,110	\$ 17,137,437
Other	41,297	64,047
	\$ 18,156,407	\$ 17,201,484

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 are then 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% (2010 - 3.34% to 5.00%). Semi-annual payments totaling \$2,675,202 (2010 - \$2,207,864) were made in June and December. Interest revenue recognized as a result of this loan in 2011 was \$743,982 (2010 - \$679,401).

The Village of Consort loan is a result of the board entering into a memorandum of understanding with the Village of Consort to advance the Village funds to complete the renovations of the Consort Sportex. The loan is interest free and is due and payable in February 2012. Subsequent to December 31, 2011 the Board approved application of 2012 MSI funds to pay the balance of the loan.

Principal repayments on long-term receivable are estimated as follows:

2012	\$ 2,676,561
2013	2,222,254
2014	2,304,430
2015	2,389,688
2016	2,478,144
Thereafter	6,085,330
	\$ 18,156,407

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 6 Due (to) from Province of Alberta

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

	2011	2010
Due from Province of Alberta:		
Service Alberta	\$ 65,454	\$ 11,060
Environment	11,314	45,434
Agriculture and Rural Development	1,600	271,600
Infrastructure - Building Canada Fund	-	1,118,945
Transportation	-	640,259
	78,368	2,087,298
Due to Province of Alberta:		
Environment	(198,738)	(213,124)
Other	(82,908)	(168,874)
	(281,646)	(381,998)
Due (to) from Province of Alberta	\$ (203,278)	\$ 1,705,300

Note 7 Taxes Receivable

	2011	2010
Current taxes	\$ 666,808	\$ 1,166,522
Under levy	46,601	403,413
Tax arrears	331,981	383,874
	1,045,390	1,953,809
Less allowance for doubtful accounts:	(451,487)	(674,622)
	\$ 593,903	\$ 1,279,187

Note 8 Deferred Provincial Grant Revenue

	2011	2010
Transportation	\$ 158,193	\$ 140,795
Agriculture and Rural Development	10,459	12,572
Municipal Affairs	-	187,884
	\$ 168,652	\$ 341,251

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 9 Long Term Debt

	2011	2010
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$263,223, including fixed interest at 4.39%, due June 2018	\$ 2,949,516	\$ 3,333,909
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$251,377, including fixed interest at 4.01%, due December 2018	3,041,951	3,411,506
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, due December 2019	6,879,846	7,618,470
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020	4,356,393	4,789,190
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	2,645,445	-
Alberta Treasury Branches (ATB) demand loan, repayable in semi-annual installments of \$380,000, plus monthly variable interest at ATB prime -0.25%	3,800,000	-
	23,673,151	19,153,075
Less: current portion	6,040,690	1,925,369
	\$ 17,632,461	\$ 17,227,706



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 9 Long Term Debt

(cont'd) The current portion of long-term debt includes all of the ATB loan due to its demand feature.

Expected principal repayments on long-term debt in each of the next five years (assuming the demand loan will not be called and will be renewed at similar terms as it comes due) are estimated as follows:

2012	\$	3,380,690
2013		3,083,396
2014		3,169,196
2015		3,258,210
2016		2,970,558
Thereafter		<u>7,811,101</u>
		<u>\$ 23,673,151</u>

The total cash payments for interest in 2011 were \$760,819 (2010 - \$701,855).

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 2011 it was estimated that 798,547 cubic meters (2010 - 757,410 cubic meters) of gravel pits were exposed at an approximate cost for reclamation of \$2.65 per cubic meter (2010 - \$2.50 per cubic meter), for a total liability of \$2,110,000 (2010 - \$1,900,000).

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**  
**AS AT DECEMBER 31, 2011**

Note 11 Non-financial Assets

	2011			2010
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
<b>Tangible Capital Assets:</b>				
Mobile equipment	\$ 27,414,241	\$ 6,574,095	\$ 20,840,146	\$ 13,795,524
Engineered structures	7,577,496	857,371	6,720,125	6,578,641
Buildings	9,241,196	3,935,030	5,306,166	5,343,720
Automotive equipment	13,668,271	8,552,476	5,115,795	4,485,345
Machinery and equipment	4,349,257	2,137,038	2,212,219	2,043,174
Land	1,036,729	138,005	898,724	910,124
Electronic data processing				
- Hardware	1,464,422	1,300,051	164,371	133,468
- Software	1,630,170	1,481,554	148,616	159,853
Road infrastructure	160,950,713	32,644,187	128,306,526	125,234,077
Water/wastewater lines	54,027	53,322	705	728
Dams	367,494	303,798	63,696	65,751
<b>Tangible Capital Assets</b>	<b>\$ 227,754,016</b>	<b>\$ 57,976,927</b>	<b>\$169,777,089</b>	<b>\$158,750,405</b>
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
<b>Inventory:</b>				
Parts	\$ 1,151,800	\$ 11,518	\$ 1,140,282	\$ 1,019,291
Gravel	3,606,662	-	3,606,662	4,059,045
Culverts	132,617	-	132,617	115,653
Fuel	162,675	-	162,675	105,899
Fencing	82,197	-	82,197	21,587
Chemicals and other	33,658	-	33,658	48,389
<b>Inventory</b>	<b>\$ 5,169,609</b>	<b>\$ 11,518</b>	<b>\$ 5,158,091</b>	<b>\$ 5,369,864</b>
Prepays			\$ 544,134	\$ 130,730
<b>Total non-financial assets</b>			<b>\$175,479,314</b>	<b>\$164,250,999</b>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 12 Accumulated Surplus

Accumulated Surplus consists of unrestricted amounts and internally restricted as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted Accumulated Surpluses		
Equity in tangible capital assets	\$ 165,977,089	\$ 158,750,405
Equity in inventory	5,158,091	5,369,864
Unrestricted operational surplus	14,904,638	10,085,366
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>45,109,852</u>	<u>44,760,700</u>
Total Accumulated Surplus (Schedule 4)	<u><u>\$231,149,670</u></u>	<u><u>\$218,966,335</u></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.

Note 13 Budget

The 2011 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in January 2011. The budget was prepared on the previous basis of accounting and as such does not reflect the impact of adopting Tangible Capital Assets (TCA). A reconciliation to that basis is as follows:

	<u>2011</u>		<u>2010</u>
	Budgeted	Actual	Actual
Surplus during the year	\$ 10,125,156	\$ 12,183,335	\$ 11,844,086
Acquisition of tangible capital assets	(10,583,656)	(17,832,361)	(15,512,715)
Net transfers to capital	(1,024,000)	3,800,000	(1,324,143)
Loss on sale of tangible capital assets	-	376,335	119,849
Proceeds on disposal of tangible capital assets	1,982,500	952,818	103,883
Amortization of tangible capital assets	-	5,476,525	4,962,411
	<u>500,000</u>	<u>4,956,652</u>	<u>193,371</u>
Tax Recovery Land Sales - transferred from operations	<u>(500,000)</u>	<u>(349,152)</u>	<u>(627,884)</u>
Surplus (Deficit)	<u><u>\$ -</u></u>	<u><u>\$ 4,607,500</u></u>	<u><u>\$ (434,513)</u></u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 14 Requisitions

	<u>2011</u>	<u>2010</u>
Alberta School Foundation Fund	12,637,078	13,284,609
Seniors Foundation	3,769,254	3,287,141
	<u>\$ 16,406,332</u>	<u>\$ 16,571,750</u>

Note 15 Lease Revenue

	<u>2011</u>	<u>2010</u>
Equipment rentals	\$ 3,826,001	\$ 3,170,117
Mineral surface leases	3,350,509	3,420,645
Grazing leases	1,214,996	1,060,252
Easements	558,616	31,633
Community pastures	542,708	480,126
Cultivation leases	294,847	294,823
Other	401,252	503,189
	<u>\$ 10,188,929</u>	<u>\$ 8,960,785</u>

Note 16 Provincial Grants

	<u>2011</u>	<u>2010</u>
Provincial grants:		
Municipal Affairs	\$ 3,680,144	\$ 3,789,317
Transportation	1,747,823	1,470,198
Agriculture and Rural Development	386,761	447,612
Human Services	150,383	162,585
Infrastructure	115,713	95,442
Tourism, Parks and Recreation	16,000	16,000
	<u>\$ 6,096,824</u>	<u>\$ 5,981,154</u>
Provincial capital grants:		
Municipal Affairs	\$ 1,517,061	\$ 2,472,494
Infrastructure - Building Canada Fund	50,171	1,118,946
	<u>\$ 1,567,232</u>	<u>\$ 3,591,440</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 17 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	<u>2011</u>	<u>2010</u>
Manpower (Schedule 2)	\$ 13,879,927	\$ 12,789,258
Materials, goods, and utilities	13,944,381	12,915,549
Contract and general services	10,267,756	6,506,392
Amortization	5,476,525	4,962,411
Grants	2,503,734	3,905,380
Goods and services from Alberta Government departments		
Alberta Finance		
Risk Management	164,677	170,738
Investment fees	28,166	14,324
Alberta Municipal Affairs		
Linear assessment	152,248	96,111
Government Services	15,804	24,904
Interest on long-term debt	760,819	701,855
Industrial tax transfers	219,726	229,742
Loss on sale of capital assets	376,335	119,849
Provision for doubtful accounts	(234,716)	605,153
Less:		
Internal road projects capitalized in the year	<u>(9,465,473)</u>	<u>(7,849,551)</u>
	<u>\$ 38,089,909</u>	<u>\$ 35,192,115</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 18 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>2011</u>	<u>2010</u>
Total debt limit	\$ 72,381,234	\$ 60,284,854
Total debt	<u>23,673,151</u>	<u>19,153,075</u>
Amount of debt limit unused	<u>\$ 48,708,083</u>	<u>\$ 41,131,779</u>
Debt servicing limit	\$ 12,063,539	\$ 10,047,476
Debt servicing	<u>4,187,292</u>	<u>2,613,783</u>
Amount of debt servicing limit unused	<u>\$ 7,876,247</u>	<u>\$ 7,433,693</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 19 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are billed to the Board as disclosed in Note 17.

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.

During the year the Board advanced \$3,249,419 (2010 - \$4,877,206) to Acadia Foundation, a significantly influenced related party. For further details see Note 5.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2011**

Note 20 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 9.10% up to the CPP threshold of \$48,300, and 13.00% thereafter. The Board's contribution to the MEPP is 19.14% up to the Salary Cap of \$127,611.

Total current contributions by the Board in 2011 to the PSPP were \$527,007 (2010 - \$509,067) and to the MEPP were \$122,811 (2010 - \$155,079).

At December 31, 2010, the PSPP reported a deficit of \$2,067,151,000 (2009 - \$1,729,196,000) and the MEPP reported a deficit of \$397,087,000 (2009 - \$483,199,000).

Note 21 Commitments

The Board has entered into six long-term operating leases for equipment. The Board is committed to purchasing five scrapers and five fire trucks. The future payments are as follows:

2012	\$ 5,721,422
2013	54,000
2014	54,000
2015	54,000
2016	54,000
	<hr/>
	\$ 5,937,422
	<hr/>

The Board had entered into a long-term gravel crushing contract in which the Board has committed to crushing 1,500,000 Tonnes from 2008 to 2013. Depending on conditions, an average of 300,000 Tonnes will be crushed annually.

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 expenditure of that Ministry.

Note 23 Comparative Figures

Certain 2010 figures have been reclassified to conform to 2011 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, 2011**

	2011						2010
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
	Bonds:						
Bank of Montreal	4.870%	3.900%	April 22, 2020	\$ 700,000	\$ 752,955	\$ 725,373	\$ 728,425
Bank of Nova Scotia	6.650%	3.290%	January 22, 2021	440,000	506,458	497,968	-
Bank of Nova Scotia	3.030%	3.030%	June 4, 2012	-	-	-	499,993
Canada Housing Trust	4.000%	4.290%	June 15, 2012	2,360,000	2,391,270	2,357,236	3,546,719
Canada Housing Trust	3.600%	2.880%	June 15, 2013	5,260,000	5,451,622	5,314,804	5,352,404
Canada Housing Trust	2.700%	2.650%	December 15, 2013	3,300,000	3,403,356	3,303,087	3,304,663
Canada Housing Trust	2.950%	3.080%	March 15, 2015	1,100,000	1,158,520	1,095,693	1,094,349
Canada Housing Trust	2.750%	2.500%	June 15, 2016	1,220,000	1,284,709	1,232,803	-
Canadian Imperial Bank of Commerce	4.110%	4.070%	April 30, 2020	700,000	734,468	700,000	700,000
Financement Quebec	3.250%	3.050%	June 1, 2014	500,000	523,270	502,250	503,180
Government of Canada	2.500%	1.760%	June 1, 2015	1,500,000	1,569,810	1,537,722	1,023,841
Government of Canada	2.000%	1.650%	June 1, 2016	2,785,000	2,875,122	2,827,668	-
Government of Canada	2.750%	1.230%	September 1, 2016	700,000	746,522	748,338	-
Government of Canada	6.000%	5.920%	June 1, 2011	-	-	-	95,023
Government of Canada	3.750%	4.010%	September 1, 2011	-	-	-	798,742
Government of Canada	5.250%	4.030%	June 1, 2012	-	-	-	3,544,021
New Brunswick Provincial	3.350%	3.060%	June 1, 2013	500,000	515,235	501,910	503,256
Province of Ontario	3.200%	2.820%	September 8, 2016	700,000	746,823	711,430	-
Province of Ontario	6.100%	4.490%	December 2, 2011	-	-	-	709,115
Province of Quebec	5.250%	3.650%	October 1, 2013	800,000	856,040	820,470	832,145
Province of Quebec	5.500%	2.740%	December 1, 2014	1,550,000	1,733,861	1,666,350	1,706,188
TD Bank	5.690%	5.020%	June 3, 2018	700,000	736,526	714,111	716,306
				24,815,000	25,986,567	25,257,213	25,658,370
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
				<u>\$ 24,815,150</u>	<u>\$ 25,986,717</u>	<u>\$ 25,257,363</u>	<u>\$ 25,658,520</u>

## 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 currency or credit risks arising from these financial instruments.



**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011					2010	
	Number of Individuals ( a )	Salary ( b )	Other Cash Benefits ( c )	Other Non-cash Benefits ( d )	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	\$ 151,254	\$ 1,750	\$ 8,105	\$ 161,109	1	\$ 166,744
Special Areas Board members	2	13,092	-	1,942	15,034	2	16,027
Director of Finance and Administration	1	117,080	7,071	30,201	154,352	1	142,792
Director of Municipal Services ( e )	1	56,514	3,770	5,579	65,863	1	121,600
Director of Properties Administration ( e )	1	12,652	8,283	4,486	25,421	1	136,909
Roads & Equipment Superintendent	1	98,788	1,750	26,353	126,891	1	123,863
Managers ( f )	4	393,460	7,000	104,276	504,736	4	485,698
Other full time staff ( g )	94	6,358,752	-	1,136,238	7,494,990	91	6,739,168
Part time and casual wage staff		4,703,288	-	504,570	5,207,858		4,805,309
Other Boards and committees		45,194	-	2,143	47,337		48,966
Advisory Councilors	13	30,418	-	890	31,308	15	23,676
(Decrease) Increase in vacation accrual		45,028	-	-	45,028		(21,494)
		<u>\$ 12,025,520</u>	<u>\$ 29,624</u>	<u>\$ 1,824,783</u>	<u>\$ 13,879,927</u>		<u>\$ 12,789,258</u>

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councilors.
- (b) Salary includes regular base pay.
- (c) Other cash benefits includes bonuses, lump sum payments, honoraria and vacation payouts.
- (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 and long-term disability plan.
- (e) The incumbents in these positions retired in 2011, and recruitment is ongoing.
- (f) Average salary is \$98,365 and average benefits (column c & d) are \$26,069 totaling \$124,434 (2010 - \$122,640).
- (g) Average salary is \$67,646 and average benefits are \$12,088 totaling \$79,734 (2010 - \$74,057).

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE**  
**AS AT DECEMBER 31, 2011**

	<u>2011</u>	<u>Schedule 3</u> <u>2010</u>
<b>Change in Financial Assets</b>		
Current:		
Cash	\$ 7,163,298	\$ (2,908,355)
Accounts receivable	(240,703)	318,425
Notes receivable	849,370	467,868
Due from Province of Alberta	(2,008,930)	1,032,834
Taxes receivable	(685,284)	709,707
	<u>5,077,751</u>	<u>(379,521)</u>
Non-current:		
Accounts receivable	(371,316)	-
Notes receivable	954,923	2,776,622
Investments	(401,157)	(968,883)
	<u>5,260,201</u>	<u>1,428,218</u>
<b>Increase in Financial Assets</b>		
<b>Change in Liabilities</b>		
Current:		
Accounts payable and accruals	35,044	183,163
Deferred revenues	116,900	170,528
Deferred provincial grant revenue	172,599	1,113,690
Due to Province of Alberta	100,352	463,643
Current portion of long term loan	(4,115,321)	(193,349)
	<u>(3,690,426)</u>	<u>1,737,675</u>
Non-current:		
Long term loan	(404,755)	(1,833,931)
Provision for gravel pit reclamation	(210,000)	(160,000)
	<u>(4,305,181)</u>	<u>(256,256)</u>
<b>Increase in Liabilities</b>		
<b>Net increase in net financial assets</b>	955,020	1,171,962
Net financial assets at the beginning of year	<u>54,715,336</u>	<u>53,543,374</u>
<b>Net financial assets at end of year</b>	<u>\$ 55,670,356</u>	<u>\$ 54,715,336</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY UNRESTRICTED ACCUMULATED SURPLUS INFORMATION SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>2011</b>		<b><u>Schedule 4</u></b>
	<b><u>BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
	(Note 13)		
	(Unaudited)		
<b>Equity in capital assets at beginning of year</b>		\$ 158,750,405	\$ 148,423,833
Add purchase of capital assets:			
Road infrastructure	3,375,000	9,465,473	7,849,551
Water and sanitation services	695,000	394,311	3,726,346
Transportation services	4,086,400	6,539,127	2,910,391
Protective services	973,100	529,961	582,937
Administrative services	464,906	250,670	196,433
Recreation and cultural services	551,000	299,082	140,204
Agriculture and community pasture services	438,250	353,737	106,853
	<u>10,583,656</u>	<u>17,832,361</u>	<u>15,512,715</u>
Annual amortization of capital assets		(5,476,525)	(4,962,411)
Disposal of capital assets		(1,329,152)	(223,732)
		<u>169,777,089</u>	<u>158,750,405</u>
Debt acquired net of payments		(3,800,000)	-
<b>Equity in capital assets at end of year (Note 11, 12)</b>		<b>\$ <u>165,977,089</u></b>	<b>\$ <u>158,750,405</u></b>
<b>Equity in inventories at beginning of year</b>		\$ 5,369,864	\$ 5,155,042
Add purchases and other inventory costs		3,872,971	3,695,428
Deduct requisitions		(4,084,744)	(3,480,606)
<b>Equity in inventory at end of year (Note 11, 12)</b>		<b>\$ <u>5,158,091</u></b>	<b>\$ <u>5,369,864</u></b>
<b>Accumulated operational surplus at beginning of year</b>		\$ 10,085,366	\$ 9,410,558
Surplus for the year		12,183,335	11,844,086
Debt acquired net of payments		3,800,000	-
Change in Non-Financial Assets		(10,814,911)	(10,541,394)
		<u>15,253,790</u>	<u>10,713,250</u>
Transfers to internally restricted reserves		(349,152)	(627,884)
<b>Accumulated operational surplus at end of year (Note 12)</b>		<b>\$ <u>14,904,638</u></b>	<b>\$ <u>10,085,366</u></b>
<b>Internally restricted accumulated surpluses at beginning of year</b>		\$ 44,760,700	\$ 44,132,816
Tax Recovery Land Sales - Transfers from operations		349,152	627,884
<b>Internally restricted accumulated surpluses at end of year (Note 12)</b>		<b>\$ <u>45,109,852</u></b>	<b>\$ <u>44,760,700</u></b>
		<b>\$ <u>231,149,670</u></b>	<b>\$ <u>218,966,335</u></b>

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SEGMENT EXPENDITURE DISCLOSURE BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011						Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Expenditures:							
Manpower (Schedule 2)	\$ 2,653,211	\$ 203,177	\$ 8,896,177	\$ 548,057	\$ 1,201,213	\$ 378,092	\$ 13,879,927
Materials, goods, and utilities	147,324	90,855	12,805,893	250,910	343,401	305,998	13,944,381
Contract and general services	597,741	600,491	7,212,313	1,315,551	396,573	145,087	10,267,756
Grants	80,484	-	4,210	265,271	235,579	1,918,190	2,503,734
Interest on long-term debt	760,819	-	-	-	-	-	760,819
Goods and services from GOA	353,355	-	6,100	-	-	1,440	360,895
	(234,716)	-	-	-	-	-	(234,716)
			(9,465,473)				(9,465,473)
	\$ 4,358,218	\$ 894,523	\$ 19,459,220	\$ 2,379,789	\$ 2,176,766	\$ 2,748,807	\$ 32,017,323
Industrial tax transfers	219,726	-	-	-	-	-	219,726
Loss on sale of capital assets	514	4,498	371,323	-	-	-	376,335
Amortization	321,347	380,307	4,467,727	181,820	64,845	60,479	5,476,525
Segmented expenditures per income statement	\$ 4,899,805	\$ 1,279,328	\$ 24,298,270	\$ 2,561,609	\$ 2,241,611	\$ 2,809,286	\$ 38,089,909
Cash Basis Reconciliation:							
Segmented expenditures per department	\$ 4,358,218	\$ 894,523	\$ 19,459,220	\$ 2,379,789	\$ 2,176,766	\$ 2,748,807	\$ 32,017,323
Industrial tax transfers	219,726	-	-	-	-	-	219,726
Purchase of capital assets	250,670	529,961	16,004,600	394,311	353,737	299,082	17,832,361
Financing of capital assets	-	-	(3,800,000)	-	-	-	(3,800,000)
Tax recovery land sales	349,152	-	-	-	-	-	349,152
Segmented expenses per cash basis	\$ 5,177,766	\$ 1,424,484	\$ 31,663,820	\$ 2,774,100	\$ 2,530,503	\$ 3,047,889	\$ 46,618,562
Budgeted expenditures per cash basis	\$ 6,829,678	\$ 2,029,674	\$ 31,246,916	\$ 4,098,858	\$ 2,707,680	\$ 3,055,242	\$ 49,968,048

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.