

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2014

Letter from Management

Independent Auditors' Report

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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 Canadian Generally Accepted Accounting Principles (GAAP) established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada (CPA). 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 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.

Acting Chairman, Special Areas Board

Director of Finance and Administration



Independent Auditor's Report

To the Minister of Municipal Affairs and the Chair of 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, 2014, 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, 2014, and the results of its operations, changes in its 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, FCA]

Auditor General

April 28, 2015

Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 37,920,171	\$ 38,034,668
Accounts receivable (Note 4)	3,914,739	3,456,902
Notes receivable (Note 5)	13,927,923	16,423,183
Due from Province of Alberta (Note 6)	798,911	301,063
Taxes receivable (Note 7)	891,522	558,377
	<u>57,453,266</u>	<u>58,774,193</u>
Investments (Schedule 1)	28,164,370	27,410,458
Total Financial Assets	<u>85,617,636</u>	<u>86,184,651</u>
Liabilities		
Accounts payable and accruals	2,591,453	2,130,979
Vacation accruals	1,062,609	829,742
Deferred revenues	309,175	344,889
Deferred provincial grant revenue (Note 8)	7,879	892,066
Due to Province of Alberta (Note 6)	695,120	542,932
	<u>4,666,236</u>	<u>4,740,608</u>
Long-term debt (Note 9)	12,899,869	17,209,065
Provision for gravel pit reclamation (Note 10)	2,411,000	2,411,000
Total Liabilities	<u>19,977,105</u>	<u>24,360,673</u>
Net Financial Assets (Schedule 3)	65,640,531	61,823,978
Non-financial assets		
Prepaid assets	142,873	167,487
Tangible capital assets (Schedule 6)	211,240,802	202,090,324
Inventory (Note 11)	6,320,276	6,529,508
	<u>217,703,951</u>	<u>208,787,319</u>
Accumulated Surplus (Note 12)	<u>\$ 283,344,482</u>	<u>\$ 270,611,297</u>
Commitments (Note 22)		

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014		2013
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Taxation			
Power and pipeline	\$ 36,112,865	\$ 37,311,910	\$ 34,857,240
Real property	11,203,670	11,140,447	10,812,823
Grazing and cultivation	793,960	759,081	766,355
Penalties and costs on taxes	75,000	354,855	254,857
	<u>48,185,495</u>	<u>49,566,293</u>	<u>46,691,275</u>
Less requisitions (Note 14)	(16,809,310)	(16,478,509)	(16,809,310)
Net taxes for municipal purposes	<u>31,376,185</u>	<u>33,087,784</u>	<u>29,881,965</u>
Leases (Note 15)	9,449,095	8,475,654	7,497,357
Government transfers for operating (Note 16)	5,465,236	5,988,453	5,613,639
Tax recovery land sales	1,575,000	3,282,775	1,982,066
Government transfers for capital (Note 16)	1,756,668	1,756,668	2,306,094
Interest	1,741,271	1,688,317	1,712,243
Contributed assets (Note 17)	-	-	57,257
Other	2,175,500	2,344,837	1,919,286
Total revenues	<u>53,538,955</u>	<u>56,624,488</u>	<u>50,969,907</u>
Expenses			
Transportation services	19,981,092	20,311,365	9,929,175
Administrative services	5,448,587	6,454,417	5,903,767
Water and sanitation services	3,287,511	3,516,785	2,757,452
Agriculture and community development	2,507,632	2,240,144	2,038,501
Recreational and cultural services	2,098,859	2,141,694	2,049,861
Protective services	1,216,101	1,012,482	1,136,651
Industrial tax transfers	580,000	580,000	580,000
Loss on sale of capital assets	100,000	29,415	151,892
Amortization	6,202,078	7,605,001	6,786,230
Total expenses (Note 18)	<u>41,421,860</u>	<u>43,891,303</u>	<u>31,333,529</u>
Excess of revenues over expenses	\$ 12,117,095	\$ 12,733,185	\$ 19,636,378
Accumulated surplus at beginning of year	<u>270,611,297</u>	<u>270,611,297</u>	<u>250,974,919</u>
Accumulated surplus at end of year	<u>\$ 282,728,392</u>	<u>\$ 283,344,482</u>	<u>\$ 270,611,297</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>		<u>2013</u>
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 12,117,095	\$ 12,733,185	\$ 19,636,378
Acquisition of tangible capital assets	(10,786,424)	(12,231,090)	(11,923,832)
Construction of roads and road surfaces	(9,000,000)	(5,155,804)	(14,261,549)
Loss on sale of tangible capital assets	100,000	29,415	151,892
Proceeds on disposal of tangible capital assets	500,800	602,000	1,905,562
Amortization of tangible capital assets	6,202,078	7,605,001	6,786,230
Use (acquisition) of prepaid assets	-	24,614	(81,804)
Change in inventory	-	209,232	(285,922)
	<hr/>	<hr/>	<hr/>
(Decrease) increase in net financial assets	(866,451)	3,816,553	1,926,955
Net financial assets, beginning of year	<hr/> 61,823,978	<hr/> 61,823,978	<hr/> 59,897,023
Net financial assets, end of year	<hr/> \$ 60,957,527	<hr/> \$ 65,640,531	<hr/> \$ 61,823,978

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, 2014

	<u>2014</u>	<u>2013</u>
Operating activities:		
Excess of revenues over expenses	\$ 12,733,185	\$ 19,636,378
Amortization of investment premiums, less discounts	106,742	199,461
Gain on sale of investments	(138,980)	(35,076)
Amortization of tangible capital assets	7,605,001	6,786,230
Amortization relating to self-constructed assets	(1,711,371)	(1,516,173)
Contributed assets	-	(57,257)
Loss on sale of tangible capital assets	29,415	151,892
Increase in provision for gravel pit reclamation	-	52,000
	<u>18,623,992</u>	<u>25,217,455</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	(433,223)	2,188,807
Due from Province of Alberta	(497,848)	748,138
Taxes receivable	(333,145)	(464,191)
Accounts payable and accruals	693,341	(1,049,668)
Deferred revenues	(35,714)	(4,156)
Deferred government grant revenue	(884,187)	(559,294)
Due to Province of Alberta	152,188	140,275
Inventory	209,232	(285,922)
	<u>(1,129,356)</u>	<u>713,989</u>
Cash provided by operating activities	<u>17,494,636</u>	<u>25,931,444</u>
Capital activities:		
Proceeds of sale of tangible capital assets	602,000	1,905,562
Purchase of tangible capital assets	(15,675,523)	(24,611,951)
Cash applied to capital activities	<u>(15,073,523)</u>	<u>(22,706,389)</u>
Investing activities:		
Net change in notes receivable	2,495,260	1,994,535
Proceeds from redemption of investments	21,006,151	9,018,000
Purchase of investments	(21,727,825)	(10,357,870)
Cash provided by investing activities	<u>1,773,586</u>	<u>654,665</u>
Financing activities:		
Long term debt repaid	(4,309,196)	(3,083,396)
Cash applied to financing activities	<u>(4,309,196)</u>	<u>(3,083,396)</u>
(Decrease) increase in cash and cash equivalents	<u>(114,497)</u>	<u>796,324</u>
Cash and cash equivalents at the beginning of year	<u>38,034,668</u>	<u>37,238,344</u>
Cash and cash equivalents at the end of year	\$ <u>37,920,171</u>	\$ <u>38,034,668</u>

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

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

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
AS AT DECEMBER 31, 2014

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 0.999 million acres of tax recovery land remains unsold as at December 31, 2014 (2013 - 1.021 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 (2013 - 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, 2014, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2013 - 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 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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 2 (e) Financial Instruments

(cont'd) The carrying value of cash, accounts receivable, notes receivable, taxes receivable, amounts due to / from Province of Alberta, vacation accruals and 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) 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.

(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.

(i) 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 have been met, and reasonable estimates of the amounts can be determined.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 2 (j) 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
AS AT DECEMBER 31, 2014

Note 2 (j) 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, 2014, the Board's portfolio of securities held by the Fund had an average effective yield of 1.19% per annum (2013 - 1.21% per annum).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$110,677 (2013- \$77,625), are comprised of the following:

	<u>2014</u>	<u>2013</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 431,576	\$ 352,758
Accrued interest	59,836	39,819
	<u>491,412</u>	<u>392,577</u>
Equipment rentals	213,999	-
Parks permit receivable	136,498	64,756
Oil well drilling	126,028	29,639
Leases	114,261	216,343
Accrued interest on investments	80,917	115,929
Local improvement recoveries	75,570	75,690
High speed wireless	-	39,565
Miscellaneous	146,424	228,558
	<u>\$ 1,385,109</u>	<u>\$ 1,163,057</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 2,230,330	\$ 1,587,593
Local improvement recoveries	299,300	350,164
High speed wireless	-	356,088
	<u>\$ 2,529,630</u>	<u>\$ 2,293,845</u>
	<u>\$ 3,914,739</u>	<u>\$ 3,456,902</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
AS AT DECEMBER 31, 2014

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2014</u>	<u>2013</u>
Current:		
Acadia Foundation	\$ 2,380,774	\$ 2,295,859
Acadia Foundation - accrued interest	21,931	25,617
	<u>2,402,705</u>	<u>2,321,476</u>
Neutral Hills Child Care Society	27,281	13,454
Village of Consort	-	250,000
Other	11,944	-
	<u>\$ 2,441,930</u>	<u>\$ 2,584,930</u>
Non-current:		
Acadia Foundation	\$ 11,224,464	\$ 13,605,238
Neutral Hills Child Care Society	222,719	236,546
Other	38,810	(3,531)
	<u>\$ 11,485,993</u>	<u>\$ 13,838,253</u>
	<u>\$ 13,927,923</u>	<u>\$ 16,423,183</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% (2013 - 3.14% to 5.00%). Semi-annual payments totaling \$2,859,730 (2013 - \$2,859,730) were made in June and December. Interest revenue recognized as a result of this loan in 2013 was \$560,185 (2013 - \$642,165).

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.

The Village of Consort loan has been paid in full.

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

2016	2,495,252
2017	2,587,282
2018	2,617,320
2019	1,812,477
Thereafter	1,973,662
	<u>\$ 11,485,993</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 6 Due (to) from Province of Alberta

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

	<u>2014</u>	<u>2013</u>
Due from Province of Alberta:		
Transportation	\$ 34,637	\$ -
Municipal Affairs	175,471	195,762
Environment and Sustainable Resource Development	16,236	37,438
Agriculture and Rural Development	-	1,600
Service Alberta	<u>572,567</u>	<u>66,263</u>
	<u>798,911</u>	<u>301,063</u>
Due to Province of Alberta:		
Environment and Sustainable Resource Development	(240,779)	(335,792)
Other	<u>(454,341)</u>	<u>(207,140)</u>
	<u>(695,120)</u>	<u>(542,932)</u>
Due from (to) Province of Alberta	<u>\$ 103,791</u>	<u>\$ (241,869)</u>

Note 7 Taxes Receivable

	<u>2014</u>	<u>2013</u>
Current taxes	\$ 1,566,309	\$ 1,083,404
Over levy	272,908	(49,872)
Tax arrears	<u>1,564,156</u>	<u>984,086</u>
	3,403,373	2,017,618
Less allowance for doubtful accounts:	<u>(2,511,851)</u>	<u>(1,459,241)</u>
	<u>\$ 891,522</u>	<u>\$ 558,377</u>

Note 8 Deferred Provincial Grant Revenue

	<u>2014</u>	<u>2013</u>
Agriculture and Rural Development	\$ 7,879	\$ 49,766
Municipal Affairs	-	649,309
Transportation	<u>-</u>	<u>192,991</u>
	<u>\$ 7,879</u>	<u>\$ 892,066</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 9 Long Term Debt

	<u>2014</u>	<u>2013</u>
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$263,223, including fixed interest at 4.39%, due June 2018	\$ 1,691,014	\$ 2,128,841
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$251,377, including fixed interest at 4.01%, due December 2018	1,840,984	2,257,309
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, due December 2019	4,511,150	5,327,040
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020	2,963,756	3,444,230
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	1,892,965	2,151,645
Alberta Treasury Branches (ATB) demand loan, repayable in semi-annual installments at \$380,000, plus monthly variable interest of ATB prime -0.25%, fully paid during the year	-	1,900,000
	<u>12,899,869</u>	<u>17,209,065</u>
Less: current portion	<u>2,498,210</u>	<u>4,309,196</u>
	<u>\$ 10,401,659</u>	<u>\$ 12,899,869</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 9 Long Term Debt

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

2015	2,498,210
2016	2,590,558
2017	2,686,369
2018	2,522,549
2019	1,837,219
Thereafter	<u>764,964</u>
	<u>\$ 12,899,869</u>

Interest on long-term debt for 2014 amounted to \$569,034 (2013 - \$677,933).

The total cash payments for interest in 2014 were \$575,138 (2013 - \$682,526).

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 2014 it was estimated that 860,664 cubic meters (2013 - 846,130 cubic meters) of gravel pits were exposed at an approximate cost for reclamation of \$2.80 per cubic meter (2013 - \$2.85 per cubic meter), for a total liability of \$2,411,000 (2013 - \$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
AS AT DECEMBER 31, 2014

Note 11 Inventory

	<u>2014</u>			<u>2013</u>
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,539,328	\$ 15,393	\$ 1,523,935	\$ 1,393,340
Gravel	4,465,065	-	4,465,065	4,769,720
Culverts	94,382	-	94,382	57,553
Fuel	136,258	-	136,258	123,003
Fencing	64,967	-	64,967	139,327
Chemicals and other	35,669	-	35,669	46,565
Inventory	<u>\$ 6,335,669</u>	<u>\$ 15,393</u>	<u>\$ 6,320,276</u>	<u>\$ 6,529,508</u>

Note 12 Accumulated Surplus

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

	<u>2014</u>	<u>2013</u>
Equity in tangible capital assets	\$ 211,240,802	\$ 200,190,324
Equity in inventory	6,320,276	6,529,508
Unrestricted operational surplus	14,676,401	15,873,789
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>51,107,003</u>	<u>48,017,676</u>
Total Accumulated Surplus (Schedule 4)	<u>\$283,344,482</u>	<u>\$270,611,297</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
AS AT DECEMBER 31, 2014

Note 13 Budget

The 2014 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in January 2014. The budget was prepared on a cash basis.

A reconciliation to that basis is as follows:

	<u>2014</u>		<u>2013</u>
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 12,117,095	\$ 12,733,185	\$ 19,636,378
Acquisition of tangible capital assets	(10,786,424)	(12,231,090)	(11,923,832)
Construction of road and road surfaces	(9,000,000)	(5,155,804)	(14,261,549)
Net transfers to capital	(764,000)	(1,900,000)	(760,000)
Loss on sale of tangible capital assets	100,000	29,415	151,892
Proceeds on disposal of tangible capital assets	500,800	602,000	1,905,560
Amortization of tangible capital assets	6,202,078	7,605,001	6,786,230
	<u>(1,630,451)</u>	<u>1,682,707</u>	<u>1,534,679</u>
Tax Recovery Land Sales - transferred from operations	(1,500,000)	(3,089,327)	(1,857,911)
(Deficit)	<u>\$ (3,130,451)</u>	<u>\$ (1,406,620)</u>	<u>\$ (323,232)</u>

Note 14 Requisitions

	<u>2014</u>	<u>2013</u>
Alberta School Foundation Fund	\$ 12,292,167	\$ 12,641,457
Seniors Foundation	4,186,342	4,167,853
	<u>\$ 16,478,509</u>	<u>\$ 16,809,310</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 15 Leases

	<u>2014</u>	<u>2013</u>
Mineral surface leases	\$ 3,413,959	\$ 3,450,809
Equipment rentals	2,003,560	560,049
Grazing leases	1,545,731	1,569,115
Community pastures	631,582	603,389
Cultivation leases	417,668	402,583
Easements	136,588	497,806
Other	326,566	413,606
	<u>\$ 8,475,654</u>	<u>\$ 7,497,357</u>

Note 16 Government Transfers

	<u>2014</u>	<u>2013</u>
Transfers for operating:		
Municipal Affairs	\$ 2,763,000	\$ 3,112,368
Transportation	1,744,711	1,553,756
Agriculture and Rural Development	1,190,691	665,017
Human Services	147,443	147,443
Infrastructure	142,608	131,055
Tourism, Parks and Recreation	-	4,000
	<u>\$ 5,988,453</u>	<u>\$ 5,613,639</u>
Transfers for capital:		
Municipal Affairs	<u>\$ 1,756,668</u>	<u>\$ 2,306,094</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

Note 17 Contributed assets

Assets transferred were as followed:

	2014			2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Tangible Capital Assets:				
Electronic data processing				
- Hardware	\$ -	\$ -	\$ -	\$ 31,885
Automotive equipment	-	-	-	25,372
	\$ -	\$ -	\$ -	\$ 57,257

In management's opinion, the calculated NBV approximates fair value.

Note 18 Total Expenses

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

	2014	2013
Manpower (Schedule 2)	\$ 16,314,821	\$ 14,800,883
Materials, goods, and utilities	13,339,246	11,566,940
Amortization of tangible capital assets	7,605,001	6,786,230
Contract and general services	7,361,884	8,316,110
Grants	1,711,638	1,712,837
Provision for doubtful accounts	1,094,340	650,811
Industrial tax transfers	580,000	580,000
Interest on long-term debt	569,034	677,933
Goods and services from Alberta Government departments		
Alberta Treasury Board & Finance		
Risk Management	252,040	160,180
Investment fees	20,561	23,731
Alberta Municipal Affairs		
Linear assessment	141,541	140,892
Government Services	27,586	26,639
Loss on sale of tangible capital assets	29,415	151,892
Less:		
Internal road projects capitalized in the year	(5,155,804)	(14,261,549)
	\$ 43,891,303	\$ 31,333,529

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2014

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>2014</u>	<u>2013</u>
Total debt limit	\$ 82,301,730	\$ 72,909,834
Total debt	<u>12,899,869</u>	<u>17,209,065</u>
Amount of debt limit unused	<u>\$ 69,401,861</u>	<u>\$ 55,700,769</u>
Debt servicing limit	\$ 13,716,955	\$ 12,151,639
Debt servicing	<u>2,938,010</u>	<u>3,742,731</u>
Amount of debt servicing limit unused	<u>\$ 10,778,945</u>	<u>\$ 8,408,908</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
AS AT DECEMBER 31, 2014

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 2014 to the PSPP were \$836,532 (2013 - \$799,721) and to the MEPP were \$196,496 (2013 - \$151,738).

At December 31, 2013, the PSPP reported a deficit of \$1,254,678,000 (2012 deficit - \$1,645,141,000) and the MEPP reported a surplus of \$50,457,000 (2012 deficit - \$303,423,000).

Note 22 Commitments

The Board has entered into four long-term operating leases for equipment. The Board has also entered into contracts to purchase one fire truck in 2015. The future payments are as follows:

2015	\$	515,822
2016		70,082
2017		<u>6,046</u>
	\$	<u><u>591,950</u></u>

Note 23 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 24 Comparative Figures

Certain 2013 figures have been reclassified to conform to 2014 presentation.

Note 25 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2014

	2014				2013			
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value	
	Rate	Rate	Date	Value				
Bonds:								
Bank of Montreal	4.870%	3.900%	April 22, 2020	\$ -	\$ -	\$ -	\$ 715,167	
Bank of Montreal	2.430%	2.435%	March 4, 2019	740,000	\$ 750,789	\$ 740,124	-	
Bank of Nova Scotia	6.650%	3.290%	January 22, 2021	-	-	-	478,969	
Bank of Nova Scotia	2.462%	2.462%	March 14, 2019	500,000	\$ 507,740	\$ 500,127	-	
Canada Housing Trust	2.750%	1.036%	December 15, 2014	-	-	-	1,595,391	
Canada Housing Trust	2.750%	1.130%	September 15, 2014	-	-	-	1,364,723	
Canada Housing Trust	2.950%	3.080%	March 15, 2015	630,000	\$ 632,394	\$ 631,274	1,098,497	
Canada Housing Trust	2.750%	1.780%	June 15, 2016	10,623,000	\$ 10,873,434	\$ 10,819,487	5,463,267	
Canada Housing Trust	2.050%	1.590%	June 15, 2017	550,000	\$ 560,731	\$ 556,044	558,434	
Canada Housing Trust	4.100%	2.479%	December 15, 2018	741,000	\$ 814,936	\$ 801,335	1,962,288	
Canada Housing Trust	1.700%	1.730%	December 15, 2017	2,650,000	\$ 2,678,738	\$ 2,652,502	2,653,323	
Canada Housing Trust	1.950%	1.629%	June 15, 2019	975,000	\$ 990,862	\$ 988,361	-	
Canada Housing Trust	2.000%	1.681%	December 15, 2019	980,000	\$ 995,623	\$ 994,826	-	
Canadian Imperial Bank of Commerce	4.110%	4.070%	April 30, 2020	-	-	-	700,031	
Government of Canada	2.500%	1.760%	June 1, 2015	-	-	-	1,515,717	
Government of Canada	3.000%	1.180%	December 1, 2015	2,286,000	\$ 2,327,072	\$ 2,325,597	1,355,059	
Government of Canada	2.000%	1.650%	June 1, 2016	-	-	-	1,437,005	
Government of Canada	2.750%	1.160%	September 1, 2016	-	-	-	189,591	
Province of Ontario	2.100%	2.280%	September 8, 2018	1,000,000	\$ 1,020,135	\$ 994,099	992,599	
Province of Ontario	3.200%	2.380%	September 8, 2016	-	-	-	3,541,276	
Province of Ontario	2.100%	2.132%	September 8, 2019	1,000,000	\$ 1,015,586	\$ 998,658	-	
Province of Quebec	4.500%	2.318%	December 1, 2018	3,280,000	\$ 3,639,244	\$ 3,580,005	1,100,688	
Royal Bank of Canada	2.680%	2.040%	December 8, 2016	-	-	-	688,283	
Royal Bank of Canada	3.040%	2.995%	July 17, 2024	780,000	\$ 792,926	\$ 781,541	-	
TD Bank	2.447%	2.447%	April 2, 2019	800,000	\$ 811,633	\$ 800,240	-	
Alberta Capital Finance Authority			(15 Shares)	27,535,000	28,411,843	28,164,220	27,410,308	
				150	150	150	150	
				<u>\$ 27,535,150</u>	<u>\$ 28,411,993</u>	<u>\$ 28,164,370</u>	<u>\$ 27,410,458</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 interest rate or currency risks arising from these financial instruments.

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014				2013	
	Number of Individuals (a)	Salary (b) \$	Other Cash Benefits (c) \$	Other Non-cash Benefits (d) \$	Number of Individuals	Total \$
Chairman of the Special Areas Board	1	159,592	1,850	10,347	1	167,446
Special Areas Board members	3	35,696	-	2,014	2	23,790
Director of Finance and Administration	1	129,686	2,100	37,875	1	166,273
Director of Municipal Services	1	123,562	1,850	36,440	1	151,006
Director of Properties Administration	1	126,109	1,850	36,209	1	151,918
Roads & Equipment Superintendent	1	104,233	1,850	32,134	1	131,516
Managers (e)	4	415,981	7,650	126,387	3.25	423,173
Other full time staff (f)	107.0	7,265,396	-	1,570,604	99.0	8,551,511
Part time and casual wage staff		5,230,254	-	551,827		4,881,017
Other Boards and committees		17,243	-	749		15,585
Advisory Councillors	10	45,441	-	7,025	13	60,104
Increase in vacation accrual		232,867	-	-		77,544
		<u>\$ 13,886,060</u>	<u>\$ 17,150</u>	<u>\$ 2,411,611</u>		<u>\$ 14,800,883</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 bonuses, lump sum payments 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, tuition and long and short-term disability plan.
- (e) Average salary is \$103,995 and average benefits (column c & d) are \$33,509 totaling \$137,504 (2013 - \$130,207).
- (f) Average salary is \$67,901 and average benefits are \$14,678 totaling \$82,579 (2013 - \$86,379).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2014

	<u>Schedule 3</u>	
	<u>2014</u>	<u>2013</u>
Change in Financial Assets		
Cash and cash equivalents	\$ (114,497)	\$ 796,324
Accounts receivable	457,837	(2,270,609)
Notes receivable	(2,495,260)	(1,994,535)
Due from Province of Alberta	497,848	(748,138)
Taxes receivable	333,145	464,191
	<u>(1,320,927)</u>	<u>(3,752,767)</u>
Investments	753,912	1,175,483
	<u>(567,015)</u>	<u>(2,577,284)</u>
Change in Liabilities		
Accounts payable and accruals	(460,474)	1,127,212
Vacation accrual	(232,867)	(77,544)
Deferred revenues	35,714	4,156
Deferred provincial grant revenue	884,187	295,747
Deferred federal grant revenue	-	263,547
Due to Province of Alberta	(152,188)	(140,275)
	<u>74,372</u>	<u>1,472,843</u>
Long term loan	4,309,196	3,083,396
Provision for gravel pit reclamation	-	(52,000)
	<u>4,383,568</u>	<u>4,504,239</u>
Net increase in net financial assets	3,816,553	1,926,955
Net financial assets at the beginning of year	<u>61,823,978</u>	<u>59,897,023</u>
Net financial assets at end of year	<u>\$ 65,640,531</u>	<u>\$ 61,823,978</u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY UNRESTRICTED ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule 4

	2014		2013
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 13)		
Equity in capital assets at beginning of year	\$	200,190,324	\$ 182,088,627
Addition of capital assets:			
Road infrastructure	9,000,000	5,155,804	14,261,549
Water and sanitation services	1,455,000	686,512	380,562
Transportation services	5,177,869	8,397,426	9,196,010
Protective services	944,800	982,074	374,337
Administrative services	2,374,100	1,474,829	854,561
Recreation and cultural services	442,155	532,608	716,679
Agriculture and community pasture services	392,500	157,641	401,683
	19,786,424	17,386,894	26,185,381
Annual amortization of capital assets		(7,605,001)	(6,786,230)
Disposal of capital assets		(631,415)	(2,057,454)
		209,340,802	199,430,324
Debt retired in the year		1,900,000	760,000
Equity in capital assets at end of year (Note 12)	\$	211,240,802	\$ 200,190,324
 Equity in inventory at beginning of year	\$	6,529,508	\$ 6,243,586
Add purchases and other inventory costs		3,878,024	4,058,678
Deduct requisitions		(4,087,256)	(3,772,756)
Equity in inventory at end of year (Note 11, 12)	\$	6,320,276	\$ 6,529,508
 Accumulated operational surplus at beginning of year	\$	15,873,789	\$ 16,482,941
Excess of revenues over expenses		12,733,185	19,636,378
Equity change in capital assets and inventory		(10,841,246)	(18,387,619)
		17,765,728	17,731,700
Transfers to internally restricted reserves		(3,089,327)	(1,857,911)
Accumulated operational surplus at end of year (Note 12)	\$	14,676,401	\$ 15,873,789
 Internally restricted accumulated surplus at beginning of year	\$	48,017,676	\$ 46,159,765
Tax Recovery Land Sales - Transfers from operations		3,089,327	1,857,911
Internally restricted accumulated surplus at end of year (Note 12)	\$	51,107,003	\$ 48,017,676
	\$	283,344,482	\$ 270,611,297

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT EXPENDITURE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014					Total	
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development		Recreation & Cultural Services
Expenditures:							
Manpower (Schedule 2)	\$ 3,183,438	\$ 230,320	\$ 10,510,579	\$ 667,649	\$ 1,228,744	\$ 494,091	\$ 16,314,821
Materials, goods, and utilities	146,651	88,071	12,122,310	261,341	323,698	397,175	13,339,246
Contract and general services	959,824	694,091	2,788,475	2,381,251	364,972	173,271	7,361,884
Grants	130,030	-	1,500	206,544	296,407	1,077,157	1,711,638
Interest on long-term debt	525,001	-	44,033	-	-	-	569,034
Goods and services from GOA	415,133	-	272	-	26,323	-	441,728
Provision for doubtful accounts	1,094,340	-	-	-	-	-	1,094,340
Internal road projects capitalized in the year	-	-	(5,155,804)	-	-	-	(5,155,804)
Segmented expenditures per department	\$ 6,454,417	\$ 1,012,482	\$ 20,311,365	\$ 3,516,785	\$ 2,240,144	\$ 2,141,694	\$ 35,676,887
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Loss (gain) on sale of tangible capital assets	34,735	(172,463)	168,273	-	(1,130)	-	29,415
Amortization of tangible capital assets	798,960	642,549	5,733,480	236,030	96,592	97,390	7,605,001
Expenditures per statement of operations	\$ 7,868,112	\$ 1,482,568	\$ 26,213,118	\$ 3,752,815	\$ 2,335,606	\$ 2,239,084	\$ 43,891,303
Cash Basis Reconciliation:							
Segmented expenditures per department	\$ 6,454,417	\$ 1,012,482	\$ 20,311,365	\$ 3,516,785	\$ 2,240,144	\$ 2,141,694	\$ 35,676,887
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Purchase of tangible capital assets	1,474,829	982,074	13,553,230	686,512	157,641	532,608	17,386,894
Tax recovery land sales	3,089,327	-	-	-	-	-	3,089,327
Segmented expenditures per cash basis	\$ 11,598,573	\$ 1,994,556	\$ 33,864,595	\$ 4,203,297	\$ 2,397,785	\$ 2,674,302	\$ 56,733,108
Budgeted expenditures per cash basis	\$ 9,902,687	\$ 2,160,901	\$ 34,922,961	\$ 4,742,511	\$ 2,900,132	\$ 2,541,014	\$ 57,170,206

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, 2014

Cost	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2014	2013
Balance, beginning of the year	\$32,523,889	\$21,619,224	\$16,851,770	\$4,525,288	\$1,108,370	\$189,796,085	\$3,390,633	\$269,815,259	\$247,627,251
Add:									
Additions during the year	5,268,089	2,574,276	2,424,456	777,406	187,800	5,155,804	999,063	17,386,894	26,185,381
Less:									
Disposals during the year	(1,023,241)	(24,039)	(403,695)	(125,893)	-	-	(502,203)	(2,079,071)	(3,997,373)
Balance, end 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
Accumulated Amortization									
Balance, beginning of the year	\$ 7,587,011	\$ 6,352,972	\$10,889,552	\$2,383,392	\$ 138,005	\$ 37,875,304	\$2,498,699	\$ 67,724,935	\$ 62,878,624
Add:									
Amortization	1,822,047	546,815	1,600,695	264,340	-	2,648,983	718,321	7,601,201	6,786,230
Depletion	-	-	-	-	3,800	-	-	3,800	-
Less:									
Accumulated Amortization on Disposals	(497,800)	(14,423)	(350,465)	(117,500)	-	-	(467,468)	(1,447,656)	(1,939,919)
Balance, end 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
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	\$202,090,324
Net book value, 2013	\$24,936,878	\$15,266,252	\$ 5,962,218	\$2,141,896	\$ 970,365	\$151,920,781	\$ 891,934	\$202,090,324	

Notes:

- Engineered structures comprise of dams, water/wastewater lines, buildings and engineered structures assets. The ending balance includes \$1,676,370 in assets that were under construction at year-end (2013 - \$602,539); no related amortization was recorded.
- Electronic data processing (EDP) equipment comprise of hardware and software assets. The ending balance includes \$790,919 in assets that were currently under development (2013- \$431,909); no related amortization was recorded.