

**SPECIAL AREAS TRUST ACCOUNT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

Letter from Management

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## Independent Auditor's Report

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

### Report on the Financial Statements

#### Opinion

I have audited the financial statements of the Special Areas Trust Account (the Trust), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020, and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trust in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The financial statements of the Trust are included in the *Annual Report of the Ministry of Municipal Affairs* that is prepared by the Ministry of Municipal Affairs. The other information comprises the information included in the *Annual Report of the Ministry of Municipal Affairs* relating to the Trust, but does not include the financial statements of the Trust and my auditor's report thereon. The *Annual Report of the Ministry of Municipal Affairs* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

April 20, 2021  
Edmonton, Alberta



## Special Areas Board

ALBERTA MUNICIPAL AFFAIRS

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

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

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

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

Chair, Special Areas Board

Director of Finance and Administration

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 49,279,018	\$ 38,614,891
Accounts receivable (Note 4)	2,319,925	2,678,457
Notes receivable (Note 5)	4,036,356	4,390,014
Due from Province of Alberta (Note 6)	2,506,610	1,603,077
Taxes receivable (Note 7)	509,993	1,780,760
	<u>58,651,902</u>	<u>49,067,199</u>
Investments (Schedule 1)	32,136,839	30,964,260
<b>Total Financial Assets</b>	<u>90,788,741</u>	<u>80,031,459</u>
<b>Liabilities</b>		
Accounts payable and accruals	1,982,951	2,697,135
Vacation accruals	1,091,768	1,041,233
Deferred revenues	870,217	425,763
Deferred government grant revenue (Note 8)	2,715,728	431,698
Due to Province of Alberta (Note 6)	398,238	472,556
	<u>7,058,902</u>	<u>5,068,385</u>
Long-term debt (Note 9)	159,608	764,964
Provision for gravel pit reclamation (Note 10)	3,117,000	3,296,000
<b>Total Liabilities</b>	<u>10,335,510</u>	<u>9,129,349</u>
<b>Net Financial Assets (Schedule 3)</b>	80,453,231	70,902,110
<b>Non-financial assets</b>		
Prepaid expenses	220,783	297,081
Tangible capital assets (Schedule 6)	236,918,189	235,829,524
Inventory (Note 11)	7,098,404	6,717,213
<b>Total Non-Financial Assets</b>	<u>244,237,376</u>	<u>242,843,818</u>
<b>Accumulated Surplus (Note 12)</b>	<u>\$ 324,690,607</u>	<u>\$ 313,745,928</u>
<b>Commitments (Note 23)</b>		
<b>Subsequent Event (Note 27)</b>		

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>		<b>2019</b>
	<b><u>BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
	(Note 13)		
<b>Revenues</b>			
Net taxes for municipal purposes (Note 14)	31,274,000	27,678,268	32,853,594
Lease revenue (Note 15)	8,949,930	8,190,064	8,919,477
Government transfers for operating (Note 16)	5,910,520	4,930,964	4,516,068
Government transfers for capital (Note 16)	1,975,000	1,695,022	479,271
Interest	1,114,448	1,101,304	1,244,605
Tax recovery land sales	20,000	6,179	7,623
(Loss) gain on sale of tangible capital assets	100,000	(231,312)	(206,974)
Contributed asset (Note 17)	-	97,133	-
Other revenue (Note 18)	3,146,635	2,505,250	3,289,362
<b>Total revenues</b>	<b><u>52,490,533</u></b>	<b><u>45,972,872</u></b>	<b><u>51,103,026</u></b>
<b>Expenses</b>			
Transportation services	16,464,223	13,817,811	19,905,747
Administrative services	5,106,018	4,487,618	5,013,009
Water and sanitation services	3,110,154	2,852,851	2,823,978
Agriculture and community development	2,652,142	2,205,457	2,374,998
Recreational and cultural services	2,294,370	1,645,701	2,272,499
Protective services	1,849,464	1,407,399	2,090,709
Industrial tax transfers	870,000	580,000	580,000
Amortization	7,861,787	8,031,356	8,345,224
<b>Total expenses (Note 19)</b>	<b><u>40,208,158</u></b>	<b><u>35,028,193</u></b>	<b><u>43,406,164</u></b>
<b>Excess of revenues over expenses</b>	<b>\$ 12,282,375</b>	<b>\$ 10,944,679</b>	<b>\$ 7,696,862</b>
<b>Accumulated surplus at beginning of year</b>	<b><u>313,745,928</u></b>	<b><u>313,745,928</u></b>	<b><u>306,049,066</u></b>
<b>Accumulated surplus at end of year</b>	<b>\$ <u>326,028,303</u></b>	<b>\$ <u>324,690,607</u></b>	<b>\$ <u>313,745,928</u></b>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>		<b>2019</b>
	<b><u>BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
	(Note 13)		
<b>Excess of revenue over expenses</b>	\$ 12,282,375	\$ 10,944,679	\$ 7,696,862
Acquisition of tangible capital assets	(10,140,450)	(4,905,071)	(8,296,643)
Construction of roads and road surfaces	(11,047,849)	(6,300,565)	(10,382,074)
Loss (gain) on sale of tangible capital assets	(100,000)	231,312	206,974
Proceeds on disposal of tangible capital assets	1,146,000	1,854,303	885,469
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
Change in prepaid assets	-	76,298	402,138
Change in inventory	-	(381,191)	2,294,109
<b>Increase in net financial assets</b>	1,863	9,551,121	1,152,059
<b>Net financial assets, beginning of year</b>	70,902,110	70,902,110	69,750,051
<b>Net financial assets, end of year</b>	<b>\$ 70,903,973</b>	<b>\$ 80,453,231</b>	<b>\$ 70,902,110</b>

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, 2020**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Operating activities:</b>		
Excess of revenues over expenses	\$ 10,944,679	\$ 7,696,862
Amortization of investment premiums, less discounts	215,566	160,873
(Gain) on sale of investments	(93,858)	(9,128)
Amortization of tangible capital assets	8,031,356	8,345,224
Amortization relating to self-constructed assets	(1,669,320)	(1,851,164)
Loss on sale of tangible capital assets	231,312	206,974
(Decrease) increase in provision for gravel pit reclamation	(179,000)	86,000
	<u>17,383,602</u>	<u>14,635,641</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	434,830	1,021,383
Due from Province of Alberta	(903,533)	(1,065,528)
Due from Government of Canada	-	1,432,805
Taxes receivable	1,270,767	(556,630)
Accounts payable and accruals	(663,649)	(365,591)
Deferred revenues	444,454	(49,708)
Deferred government grant revenue	2,284,030	124,997
Due to Province of Alberta	(74,318)	2,186
Inventory	(381,191)	2,294,109
	<u>2,411,390</u>	<u>2,838,023</u>
Cash provided by operating activities	<u>19,794,992</u>	<u>17,473,664</u>
<b>Capital activities:</b>		
Proceeds of sale of tangible capital assets	1,854,303	885,469
Purchase of tangible capital assets	(9,439,183)	(16,827,553)
Cash applied to capital activities	<u>(7,584,880)</u>	<u>(15,942,084)</u>
<b>Investing activities:</b>		
Net change in notes receivable	353,658	2,215,303
Proceeds from redemption of investments	9,555,083	14,793,435
Purchase of investments	(10,849,370)	(15,888,869)
Cash (applied to) provided by investing activities	<u>(940,629)</u>	<u>1,119,869</u>
<b>Financing activities:</b>		
Long term debt repaid	(605,356)	(1,837,219)
Cash applied to financing activities	<u>(605,356)</u>	<u>(1,837,219)</u>
<b>Increase in cash and cash equivalents</b>	<u>10,664,127</u>	<u>814,230</u>
Cash and cash equivalents at the beginning of year	<u>38,614,891</u>	<u>37,800,661</u>
<b>Cash and cash equivalents at the end of year</b>	<b><u>\$ 49,279,018</u></b>	<b><u>\$ 38,614,891</u></b>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

(c) Revenue Recognition

Taxation revenues are recognized when the tax has been authorized by board motion and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal revenue.

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 (d) 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 0.928 million acres of tax recovery land remains unsold as at December 31, 2020 (2019 - 0.930 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 1.568 million acres (2019 - 1.569 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, 2020, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2019 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(e) 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 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.

(f) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring. All sites that are under the control and ownership of The Board and are at a higher risk of contamination, are compliant with guidelines set out by the Alberta Safety Codes Authority.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 (g) Financial Instruments

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

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

The fair value of investments are disclosed on Schedule 1.

(h) 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.

(i) Investments

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

(j) 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.

(k) Government Transfers

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 (1) Non-financial Assets

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

Prepaid expenses

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

Inventory

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

Leases

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

Tangible Capital Assets

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

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 (l) 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
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

Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure buildings and engineered structure assets.

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 and Cash Equivalents include deposits of \$47,969,777 (2019 - \$37,427,014) in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF 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 securities with a maximum term to maturity of three years. As at December 31, 2020, the Board's portfolio of securities held by the Fund have a time weighted return of 0.92% per annum (2019 - 1.88%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$184,895 (2019 - \$137,450), are comprised of the following:

	<u>2020</u>	<u>2019</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 262,271	\$ 259,708
Accrued interest	<u>21,344</u>	<u>28,086</u>
	283,615	287,794
Leases	484,722	278,859
Parks permit receivable	253,858	253,858
Oil well drilling	64,414	205,046
Accrued interest on investments	119,305	85,022
Local improvement recoveries	70,078	68,867
Sheerness deadfish irrigation	7,312	37,046
Miscellaneous	<u>182,513</u>	<u>282,991</u>
	<u>\$ 1,465,817</u>	<u>\$ 1,499,483</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 809,347	\$ 1,093,555
Local improvement recoveries	42,849	84,447
Other	<u>1,912</u>	<u>972</u>
	<u>\$ 854,108</u>	<u>\$ 1,178,974</u>
	<u><u>\$ 2,319,925</u></u>	<u><u>\$ 2,678,457</u></u>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2020</u>	<u>2019</u>
Current:		
Acadia Foundation	\$ 169,555	\$ 581,241
Acadia Foundation - accrued interest	470	1,072
	<u>170,025</u>	<u>582,313</u>
Special Areas & Oyen Development Corporation	77,888	96,346
Association of Consort & District Seniors Centre	11,702	15,661
Big Country Waste Management Commission	216,578	212,053
Neutral Hills Child Care Society	-	102,941
Village of Cereal	150,000	-
Other	24,128	15,158
	<u>\$ 650,321</u>	<u>\$ 1,024,472</u>
Non-current:		
Acadia Foundation	\$ -	\$ 169,556
Special Areas & Oyen Development Corporation	2,442,989	2,138,475
Association of Consort & District Seniors Centre	372,637	384,339
Big Country Waste Management Commission	221,199	437,776
Neutral Hills Child Care Society	250,000	147,059
Other	99,210	88,337
	<u>\$ 3,386,035</u>	<u>\$ 3,365,542</u>
	<u><u>\$ 4,036,356</u></u>	<u><u>\$ 4,390,014</u></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 Province of Alberta. 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 3.514% (2019 - 3.14% to 3.514%). Semi-annual payments totaling \$598,838 (2019 - \$1,809,226) were made in June and December. Interest revenue recognized as a result of this loan in 2020 was \$16,995 (2019 - \$65,855).



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 5 Notes Receivable

(cont'd) The Special Areas & Oyen Development Corp. is a part 9 company that is jointly owned by the Special Areas Board and the Town of Oyen. The amount owed is a result of advancing funds to re-purpose and upgrade the industrial railyard in Oyen. Repayment is based on the issuance of (2) unsecured interest bearing notes of a 25 year term at 2.5430% and 2.2261% interest.

The Big Country Waste Management Commission note is a result of the Board entering into a memorandum of understanding to advance funds to complete a new landfill cell construction at Youngstown. Repayment is based on the issuance of an unsecured interest bearing note of a 5 year term at 2.1347% interest.

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

The amount owed by the Association of Consort & District Seniors Centre is a result of the Board entering into a memorandum of understanding to advance funds to complete a new community centre at Consort. Repayment is based on the issuance of an unsecured interest bearing note of a 25 year term at 2.6220% interest.

The amount owed by the Village of Cereal is a result of the Board entering into a memorandum of understanding to advance funds to facilitate the dissolution of the Village. Repayment is based on the issuance of an unsecured interest bearing note due in 2021 at 0.8256% interest.

Principal repayments are estimated as follows:

2021	650,321
2022	354,613
2023	136,661
2024	139,993
2025	121,422
Thereafter	2,633,346
	<u>\$ 4,036,356</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 6 Due from (to) Province of Alberta

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

	<u>2020</u>	<u>2019</u>
Due from Province of Alberta:		
Service Alberta	\$ 1,409,656	\$ 885,469
Municipal Affairs	1,010,208	639,682
Transportation	50,209	69,301
Environment and Parks	36,537	8,625
	<u>2,506,610</u>	<u>1,603,077</u>
Due to Province of Alberta:		
Environment and Parks	(341,695)	(338,938)
Municipal Affairs	-	(73,001)
Other	(56,543)	(60,617)
	<u>(398,238)</u>	<u>(472,556)</u>
Due from Province of Alberta, net	<u>\$ 2,108,372</u>	<u>\$ 1,130,521</u>

Note 7 Taxes Receivable

	<u>2020</u>	<u>2019</u>
Current taxes	\$ 3,369,772	\$ 3,078,996
Less bad debt write-offs:	<u>(3,053,823)</u>	<u>(1,466,683)</u>
	315,949	1,612,313
Under levy	137,316	114,536
Tax arrears	56,728	53,911
	<u>509,993</u>	<u>1,780,760</u>
Less allowance for doubtful accounts:	<u>-</u>	<u>-</u>
	<u>\$ 509,993</u>	<u>\$ 1,780,760</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 8    Deferred Government Grant Revenue

	<u>2020</u>	<u>2019</u>
Transportation	\$ 2,050,000	\$ -
Municipal Affairs	496,621	431,698
Agriculture and Forestry	<u>169,107</u>	<u>-</u>
	<u>\$ 2,715,728</u>	<u>\$ 431,698</u>

Note 9    Long-Term Debt

	<u>2020</u>	<u>2019</u>
Province of Alberta loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, repaid during the year	-	293,503
Province of Alberta loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	<u>159,608</u> 159,608	<u>471,461</u> 764,964
Less: current portion	<u>159,608</u>	<u>605,356</u>
	<u>\$ -</u>	<u>\$ 159,608</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 9 Long-Term Debt

(cont'd) Principal repayments on long-term debt next year is estimated as follows:

2021	<u>159,608</u>
	<u>\$ 159,608</u>

Interest on long-term debt for 2020 amounted to \$16,650 (2019 - \$68,882).

The total cash payments for interest in 2020 were \$17,532 (2019 - \$71,591).

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 2020 it was estimated that 846,988 cubic meters (2019 - 898,127 cubic meters) of gravel pits were exposed for a total liability of \$3,117,000 (2019 - \$3,296,000).

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 Inventory

	2020			2019
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,536,023	\$ 138,544	\$ 1,397,479	\$ 1,466,248
Gravel	5,037,443	-	5,037,443	4,570,849
Culverts	211,793	-	211,793	249,365
Fuel	238,000	-	238,000	252,856
Fencing	76,891	-	76,891	62,124
Chemicals and other	136,798	-	136,798	115,771
Inventory	<u>\$ 7,236,948</u>	<u>\$ 138,544</u>	<u>\$ 7,098,404</u>	<u>\$ 6,717,213</u>

Note 12 Accumulated Surplus

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

	2020	2019
Equity in tangible capital assets	\$ 236,918,189	\$ 235,829,524
Equity in inventory	7,098,404	6,717,213
Unrestricted operational surplus	25,664,371	16,194,279
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>55,009,643</u>	<u>55,004,912</u>
Total Accumulated Surplus (Schedule 4)	<u>\$324,690,607</u>	<u>\$313,745,928</u>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 13 Budget

The 2020 municipal budget was adopted by the Board in December 2019 and approved by the Minister of Municipal Affairs in February 2020. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2020		2019
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 12,282,375	\$ 10,944,679	\$ 7,696,862
Acquisition of tangible capital assets	(10,140,450)	(4,905,071)	(8,296,643)
Construction of road and road surfaces	(11,047,849)	(6,300,565)	(10,382,074)
Loss (gain) on sale of tangible capital assets	(100,000)	231,312	206,974
Proceeds on disposal of tangible capital assets	1,146,000	1,854,303	885,469
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
	1,863	9,856,014	(1,544,188)
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(4,731)	(6,723)
Surplus (deficit), as per budget	\$ 1,863	\$ 9,851,283	\$ (1,550,911)

Note 14 Taxation

	2020		2019
	Budgeted	Actual	Actual
Power and pipeline	\$ 35,292,629	\$ 33,028,079	\$ 36,458,274
Real property	10,815,975	11,091,408	11,824,492
Grazing and cultivation	703,979	703,760	724,499
Penalties and costs on taxes	200,000	94,515	210,232
	47,012,583	44,917,762	49,217,497
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,784,558	12,060,051	11,702,639
Seniors Foundation	1,684,025	1,881,166	2,921,949
Bad Debt	2,000,000	3,053,823	1,466,683
Designated Industrial Properties	270,000	244,454	272,632
	\$ 15,738,583	\$ 17,239,494	\$ 16,363,903
Net taxes for municipal purposes	\$ 31,274,000	\$ 27,678,268	\$ 32,853,594

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 15 Lease Revenue

	2020		2019
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,200,000	\$ 2,376,512	\$ 3,210,954
Equipment rentals	1,724,000	2,056,354	1,947,919
Grazing leases	2,111,000	1,973,050	2,063,528
Community pastures	828,650	832,180	737,871
Cultivation leases	437,000	420,510	419,930
Miscellaneous leases	125,000	124,414	125,222
Easements	211,000	114,305	110,981
Rights of entry	100,000	93,094	93,045
Other	213,280	199,645	210,027
	<u>\$ 8,949,930</u>	<u>\$ 8,190,064</u>	<u>\$ 8,919,477</u>

Note 16 Government Transfers

	2020		2019
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 1,598,874	\$ 2,436,242	\$ 1,694,178
Transportation	1,551,720	1,551,720	1,551,720
Agriculture and Forestry	499,495	347,814	499,495
Government of Canada	1,270,000	264,332	472,794
Human Services	176,931	176,932	180,420
Infrastructure	720,500	118,892	113,686
Environment	43,000	25,932	-
Culture and Tourism	50,000	9,100	3,775
	<u>\$ 5,910,520</u>	<u>\$ 4,930,964</u>	<u>\$ 4,516,068</u>
Transfers for capital:			
Municipal Affairs	\$ 1,975,000	\$ 1,695,022	\$ 479,271

Note 17 Contributed Asset

The Board received an estimated 33,289 cubic metres of asphalt millings from Alberta Transportation in 2020. These millings were valued at \$97,133 or \$2.92/m3.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 18 Other Revenue

	2020		2019
	Budgeted	Actual	Actual
Oil well drilling tax revenue	\$ 1,030,000	\$ 717,146	\$ 1,425,467
Park permits and concession revenues	616,000	641,737	570,531
Water sales	310,000	288,835	275,236
Licence, assignment and application fees	316,000	162,067	229,292
Cost recoveries	240,135	109,286	64,687
Cultivation conversion	32,000	98,218	134,227
Fire cost recoveries	100,000	97,790	106,646
Bylaw enforcement cost recoveries	35,000	68,546	53,760
Gravel sales	160,000	37,429	57,158
Other	307,500	284,196	372,358
	<u>\$ 3,146,635</u>	<u>\$ 2,505,250</u>	<u>\$ 3,289,362</u>

Note 19 Total Expenses

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

	2020		2019
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 18,686,691	\$ 15,630,254	\$ 17,764,307
Materials, goods, and utilities	13,535,834	9,179,838	13,980,951
Amortization of tangible capital assets	7,861,787	8,031,356	8,345,224
Contract and general services	7,434,603	6,186,595	10,785,267
Grants	2,304,560	1,335,974	1,704,447
Industrial tax transfers	870,000	580,000	580,000
Interest on long-term debt	17,532	16,650	68,882
Goods and services from Alberta Government departments			
Alberta Treasury Board & Finance	315,000	308,458	311,406
Alberta Environment	10,000	-	38,335
Alberta Municipal Affairs	20,000	12,545	12,995
Provision for doubtful accounts	200,000	47,088	196,424
Less:			
Internal road projects capitalized in the year	(11,047,849)	(6,300,565)	(10,382,074)
	<u>\$ 40,208,158</u>	<u>\$ 35,028,193</u>	<u>\$ 43,406,164</u>



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 19 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$1,649,597 of expenses (2019 - \$3,544,144), that were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 20 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>2020</u>	<u>2019</u>
Total debt limit	\$ 66,763,743	\$ 76,246,094
Total debt	<u>159,608</u>	<u>764,964</u>
Amount of debt limit unused	<u>\$ 66,604,135</u>	<u>\$ 75,481,130</u>
Debt servicing limit	\$ 11,127,291	\$ 12,707,682
Debt servicing	<u>162,114</u>	<u>622,887</u>
Amount of debt servicing limit unused	<u>\$ 10,965,177</u>	<u>\$ 12,084,795</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 21 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 19.

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 22 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.

Total current contributions by the Board in 2020 to the PSPP were \$858,470 (2019 - \$844,212) and to the MEPP were \$139,900 (2019 - \$170,263).

At December 31, 2019, the PSPP reported a surplus of \$2,759,320,000 (2018 surplus - \$519,218,000) and the MEPP reported a surplus of \$1,008,135,000 (2018 surplus - \$670,700,000).

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

**Note 23 Commitments**

The Board has entered into three long-term operating leases for equipment. The estimated future payments are as follows:

	Equipment Leases	Capital Purchases	Transfer
2021	\$ 67,577	\$ -	\$ -

**Note 24 Future Accounting Changes**

PS 3280 Asset Retirement Obligations (effective April 1, 2022)

This standard provides guidance on how to account for and report a liability for retirement of a tangible capital asset.

PS 3400 Revenue (effective April 1, 2023)

This standard provides guidance on how to account for and report on revenue, and specifically, addresses revenue arising from exchange transactions and unilateral transactions.

PS 3450 Financial Instruments (effective April 1, 2022)

Adoption of this standard requires corresponding adoption of: PS 2601, Foreign Currency Translation; PS 1201, Financial Statement Presentation; and PS 3041, Portfolio Investments in the same fiscal period. These standards provide guidance on: recognition, measurement, and disclosure of the financial instruments; standards on how to account for and report transactions that are denominated in foreign currency; general reporting principles and standards for the disclosure of information in the financial statements; and how to account for and report portfolio investments.

Management is currently assessing the impact of these standards on the financial statements.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 25    Impact of COVID-19 Pandemic

The COVID-19 pandemic is complex and rapidly evolving. It has caused material disruption to businesses and has resulted in an economic slowdown. The magnitude and duration of COVID-19 is uncertain and, accordingly, it is difficult to reliably measure the potential future impact on the Board's financial position and operations.

Note 26    Comparative Figures

Certain 2019 figures have been reclassified to conform to 2020 presentation.

Note 27    Subsequent Event

On January 1, 2021, the Village of Cereal was dissolved and amalgamated with Special Areas No. 3 as a hamlet. The Board has received approval for grants related to the transition of the Village. The financial impact of the amalgamation has yet to be fully determined.

Note 28    Approval of Financial Statements

These financial statements have been approved by the Board.

**SPECIAL AREAS TRUST ACCOUNT**

**SCHEDULE OF INVESTMENTS**

**AS AT DECEMBER 31, 2020**

**Schedule 1**

	2020					2019				
	Stated	Effective	Maturity Date	Par Value	Fair Value	Book Value	Book Value	Book Value	Book Value	Book Value
	Interest Rate	Interest Rate								
Bonds:										
Bank of Montreal	2.890%	2.890%	June 20, 2023	\$ 800,000	\$ 846,047	\$ 800,017	\$ 800,016			
Canada Housing Trust	1.250%	1.153%	December 15, 2020	-	-	-	509,035			
Canada Housing Trust	3.350%	2.090%	December 15, 2020	-	-	-	924,900			
Canada Housing Trust	1.250%	1.025%	June 15, 2021	-	-	-	3,548,018			
Canada Housing Trust	3.800%	1.371%	June 15, 2021	1,000,000	1,016,221	1,010,325	3,649,690			
Canada Housing Trust	1.500%	1.522%	December 15, 2021	-	-	-	1,197,095			
Canada Housing Trust	2.650%	1.386%	March 15, 2022	2,245,000	2,310,704	2,295,625	817,417			
Canada Housing Trust	1.750%	2.314%	June 15, 2022	1,563,000	1,597,645	1,559,808	1,557,659			
Canada Housing Trust	2.400%	2.373%	December 15, 2022	2,782,000	2,898,035	2,787,478	2,790,196			
Canada Housing Trust	2.350%	0.510%	June 15, 2023	1,120,000	1,175,376	1,170,188	-			
Canada Housing Trust	2.350%	2.731%	September 15, 2023	1,210,000	1,274,994	1,216,286	1,218,585			
Canada Housing Trust	3.150%	2.561%	September 15, 2023	1,010,000	1,085,774	1,025,939	1,031,621			
Canada Housing Trust	2.550%	2.406%	December 15, 2023	1,505,000	1,600,564	1,515,122	1,518,392			
Canada Housing Trust	2.900%	1.495%	June 15, 2024	3,283,000	3,558,831	3,436,657	3,480,996			
Canada Housing Trust	1.800%	1.400%	December 15, 2024	1,350,000	1,418,604	1,370,662	-			
Canada Housing Trust	2.550%	0.903%	March 15, 2025	2,530,000	2,741,342	2,714,382	-			
Canada Housing Trust	0.950%	0.700%	June 15, 2025	1,509,000	1,535,390	1,527,952	-			
Canadian Imperial Bank of Commerce	2.900%	2.901%	September 14, 2021	500,000	509,048	499,968	500,013			
Government of Canada	3.500%	1.027%	June 1, 2020	-	-	-	486,938			
Government of Canada	3.140%	0.737%	June 1, 2021	-	-	-	207,058			
Government of Canada	1.250%	0.396%	March 1, 2025	500,000	518,947	517,585	-			
Province of Manitoba	2.550%	2.567%	June 2, 2023	2,000,000	2,104,325	1,999,269	1,998,985			
Province of Ontario	3.150%	2.573%	June 2, 2022	730,000	759,891	736,310	740,599			
Province of Ontario	2.850%	2.230%	June 2, 2023	515,000	545,622	522,466	525,426			
Province of Ontario	1.750%	0.765%	September 8, 2025	1,425,000	1,493,532	1,489,432	-			
Province of Quebec	3.090%	1.763%	September 1, 2023	1,890,000	2,021,169	1,950,525	1,972,570			
Province of Quebec	3.000%	0.733%	September 1, 2025	455,000	498,677	496,983	-			
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	640,423	600,217	600,271			
TD Bank	1.994%	2.586%	March 23, 2022	900,000	917,858	893,640	888,627			
				31,422,000	33,069,019	32,136,836	30,964,107			
Special Areas & Oyen Development Corp			(1 share)	1	1	1	1			
Hanna and District Medical Corporation			(2 shares)	2	2	2	2			
Alberta Capital Finance Authority			-	-	-	-	150			
				\$ 31,422,003	\$ 33,069,022	\$ 32,136,839	\$ 30,964,260			

Notes:

- It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.

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

**Schedule 2**

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020				2019	
	Number of Individuals ( a )	Salary ( b )	Other Cash Benefits ( c )	Other Non-cash Benefits ( d )	Number of Individuals	Total
Chair of the Special Areas Board	1	\$ 143,985	\$ -	\$ 26,947	1	\$ 170,932
Special Areas Board members	3	23,402	-	1,114	3	24,516
Director of Finance and Administration	1	133,318	-	26,155	1	159,473
Director of Municipal Services	1	131,867	-	25,912	1	157,779
Director of Properties Administration	1	115,725	-	25,528	1	141,253
Roads & Equipment Superintendent	1	107,153	-	22,724	0.75	129,877
Managers ( c )	3.99	420,256	-	89,260	3.67	509,516
Other full time staff ( f )	103.89	7,940,077	-	1,704,550	101.83	9,644,627
Part time and casual wage staff		4,177,795	-	427,059		4,604,854
Other Boards and committees		12,430	-	569		12,999
Advisory Councilors	13	19,737	-	6,612	13	26,349
(Decrease) in overtime accrual		(2,456)	-	-		(2,456)
Increase (decrease) in vacation accrual		50,535	-	-		50,535
		\$ 13,273,824	\$ -	\$ 2,356,430		\$ 15,630,254

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councilors.
- (b) Salary includes pensionable base pay and honoraria.
- (c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2020.
- (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, professional membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and short-term disability plan.
- (e) Average salary is \$105,064 and average benefits (column c & d) are \$22,315 totaling \$127,379 (2019 - \$130,551).
- (f) Average salary is \$76,428 and average benefits are \$16,407 totaling \$92,835 (2019 - \$93,190).

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE**  
**AS AT DECEMBER 31, 2020**

	<b><u>Schedule 3</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Change in Financial Assets</b>		
Cash and cash equivalents	\$ 10,664,127	\$ 814,230
Accounts receivable	(358,532)	(619,245)
Notes receivable	(353,658)	(2,215,303)
Due from Province of Alberta	903,533	1,065,528
Due from Government of Canada	-	(1,432,805)
Taxes receivable	(1,270,767)	556,630
	<u>9,584,703</u>	<u>(1,830,965)</u>
Investments	<u>1,172,579</u>	<u>943,690</u>
<b>Increase (decrease) in Financial Assets</b>	<u>10,757,282</u>	<u>(887,275)</u>
<b>Change in Liabilities</b>		
Accounts payable and accruals	714,184	281,282
Vacation accrual	(50,535)	84,309
Deferred revenues	(444,454)	49,708
Deferred government grant revenue	(2,284,030)	(124,997)
Due to Province of Alberta	74,318	(2,186)
	<u>(1,990,517)</u>	<u>288,116</u>
Long-term debt	605,356	1,837,218
Provision for gravel pit reclamation	179,000	(86,000)
<b>(Decrease) increase in Liabilities</b>	<u>(1,206,161)</u>	<u>2,039,334</u>
<b>Net increase in net financial assets</b>	9,551,121	1,152,059
Net financial assets at the beginning of year	<u>70,902,110</u>	<u>69,750,051</u>
<b>Net financial assets at end of year</b>	<u><u>\$ 80,453,231</u></u>	<u><u>\$ 70,902,110</u></u>

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b><u>2020</u></b>		<b><u>Schedule 4</u></b>
	<b><u>BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
	(Note 13)		
<b>Equity in tangible capital assets at beginning of year</b>	\$	<u>235,829,524</u>	\$ <u>226,588,474</u>
Addition of capital assets:			
Road infrastructure	11,047,849	6,300,565	10,382,074
Transportation services	5,772,750	4,139,592	5,819,445
Agriculture and community			
pasture services	342,200	139,915	561,150
Administrative services	181,500	90,807	540,005
Water and sanitation services	2,802,500	29,043	194,614
Recreation and cultural services	160,500	147,381	297,905
Protective services	881,000	358,333	883,524
	<u>21,188,299</u>	<u>11,205,636</u>	<u>18,678,717</u>
Annual amortization of capital assets		(8,031,356)	(8,345,224)
Disposal of capital assets		(2,085,615)	(1,092,443)
<b>Equity in tangible capital assets at end of year (Note 12)</b>	\$	<u><b>236,918,189</b></u>	\$ <u><b>235,829,524</b></u>
<b>Equity in inventory at beginning of year</b>	\$	<u>6,717,213</u>	\$ <u>9,011,322</u>
Add purchases and other inventory costs		4,203,964	3,082,745
Deduct requisitions		(3,822,773)	(5,376,854)
<b>Equity in inventory at end of year (Note 11, 12)</b>	\$	<u><b>7,098,404</b></u>	\$ <u><b>6,717,213</b></u>
<b>Accumulated operational surplus at beginning of year</b>	\$	<u>16,194,279</u>	\$ <u>15,451,081</u>
Excess of revenues over expenses		10,944,679	7,696,862
Equity change in inventory		(381,191)	2,294,109
Equity change in capital assets		(1,088,665)	(9,241,050)
		<u>25,669,102</u>	<u>16,201,002</u>
Transfers to internally restricted reserves (Note 13)		(4,731)	(6,723)
<b>Accumulated operational surplus at end of year (Note 12)</b>	\$	<u><b>25,664,371</b></u>	\$ <u><b>16,194,279</b></u>
<b>Internally restricted accumulated surplus at beginning of year</b>	\$	<u>55,004,912</u>	\$ <u>54,998,189</u>
Tax Recovery Land Sales - Transfers from operations		<u>4,731</u>	<u>6,723</u>
<b>Internally restricted accumulated surplus at end of year (Note 12)</b>	\$	<u><b>55,009,643</b></u>	\$ <u><b>55,004,912</b></u>
	\$	<u><b>324,690,607</b></u>	\$ <u><b>313,745,928</b></u>

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020					
	Administrative Services	Protective Services	Transportation Services	Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services
Revenue:						Total
Taxation	\$ 27,678,268	\$ -	\$ -	\$ -	\$ -	\$ 27,678,268
Leases	5,301,530	-	2,053,068	-	835,466	8,190,064
Provincial Grants	428,668	401,900	4,467,013	633,878	404,263	6,361,654
Interest	1,101,304	-	-	-	-	1,101,304
Federal Grants	25,000	-	239,332	-	-	264,332
Tax Recovery Land Sales	6,179	-	-	-	-	6,179
Loss on sale of tangible capital assets	-	-	(231,312)	-	-	(231,312)
Contributed Assets	-	-	97,133	-	-	97,133
Other	1,171,807	181,921	54,697	348,417	106,671	2,505,250
Revenues per statement of operations	\$ 35,712,756	\$ 583,821	\$ 6,679,931	\$ 982,295	\$ 1,346,400	\$ 45,972,872
Expenses:						
Manpower (Schedule 2)	\$ 2,901,940	\$ 407,347	\$ 9,982,736	\$ 800,647	\$ 1,117,864	\$ 15,630,254
Materials, goods, and utilities	171,579	69,417	8,204,704	121,482	363,156	9,179,838
Contract and general services	1,037,553	930,571	1,928,886	1,704,584	423,748	6,186,595
Grants	2,415	-	2,000	226,138	290,193	1,335,974
Interest on long-term debt	16,650	-	-	-	-	16,650
Goods and services from GOA	310,393	64	50	-	10,496	321,003
Provision for doubtful accounts	47,088	-	-	-	-	47,088
Internal road projects capitalized in the year	-	-	(6,300,565)	-	-	(6,300,565)
Industrial tax transfers	580,000	-	-	-	-	580,000
Amortization of tangible capital assets	365,813	522,179	6,537,879	353,947	136,290	8,031,356
Expenses per statement of operations	\$ 5,433,431	\$ 1,929,578	\$ 20,355,690	\$ 3,206,798	\$ 2,341,747	\$ 35,028,193

**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, 2020**

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2020	2019
Cost									
Balance, beginning of the year	\$44,366,368	\$33,515,880	\$23,863,302	\$6,735,294	\$1,313,520	\$228,690,203	\$4,868,965	\$343,353,532	\$326,965,399
Add:									
Additions during the year	4,016,443	308,882	394,638	93,616	5,000	6,300,565	86,492	11,205,636	18,678,717
Less:									
Disposals during the year	(4,328,782)	(58,805)	(615,588)	(176,011)	-	-	(31,990)	(5,211,176)	(2,290,584)
Transfers to operations	-	-	-	-	-	-	-	-	-
Balance, end of the year	\$44,054,029	\$33,765,957	\$23,642,352	\$6,652,899	\$1,318,520	\$234,990,768	\$4,923,467	\$349,347,992	\$343,353,532
Accumulated Amortization									
Balance, beginning of the year	\$14,917,160	\$10,673,163	\$17,479,489	\$3,915,282	\$ 187,788	\$ 55,742,149	\$4,608,977	\$ 107,524,008	\$ 100,376,925
Add:									
Amortization	2,110,858	822,504	1,229,116	330,295	-	3,361,655	170,183	8,024,611	8,340,281
Depletion	-	-	-	-	6,745	-	-	6,745	4,943
Less:									
Accumulated Amortization on Disposals	(2,384,797)	(49,985)	(541,359)	(117,430)	-	-	(31,990)	(3,125,561)	(1,198,141)
Balance, end of the year	\$14,643,221	\$11,445,682	\$18,167,246	\$4,128,147	\$ 194,533	\$ 59,103,804	\$4,747,170	\$112,429,803	\$107,524,008
<b>Net book value, 2020</b>	<b>\$29,410,808</b>	<b>\$22,320,275</b>	<b>\$ 5,475,106</b>	<b>\$2,524,752</b>	<b>\$1,123,987</b>	<b>\$175,886,964</b>	<b>\$ 176,297</b>	<b>\$236,918,189</b>	
Net book value, 2019	\$29,449,208	\$22,842,717	\$ 6,383,813	\$2,820,012	\$1,125,732	\$172,948,054	\$ 259,988		\$235,829,524

## Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures assets. The ending balance includes \$977,857 in assets that were not in service at year-end (2019 - \$96,025); no related amortization was recorded.