

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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Special Areas Board


ALBERTA MUNICIPAL AFFAIRS

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

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

The Special Areas Board is composed of three elected Councilors who are neither management nor employees of the Board, plus one Chair who is an employee of the Government of Alberta, Alberta Municipal Affairs, and is also a member of the management team for the Special Areas Trust Account. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial 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

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, 2022, 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, 2022, 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 18, 2023
Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	2022	2021 (Restated Note 26)
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 63,600,037	\$ 59,920,411
Accounts receivable (Note 4)	1,888,644	2,009,600
Notes receivable (Note 5)	3,400,240	3,298,906
Due from Province of Alberta (Note 6)	489,801	1,451,290
Due from Government of Canada (Note 7)	75,578	957,194
Taxes receivable (Note 8)	636,875	539,644
	<u>70,091,175</u>	<u>68,177,045</u>
Investments (Schedule 1)	33,266,085	32,988,019
Total Financial Assets	<u>103,357,260</u>	<u>101,165,064</u>
Liabilities		
Accounts payable and accruals	3,400,190	4,485,761
Vacation accruals	1,047,372	1,050,834
Deferred revenues	1,957,627	1,903,928
Deferred government grant revenue (Note 9)	2,579,146	6,640,304
Due to Province of Alberta (Note 6)	426,948	604,958
	<u>9,411,283</u>	<u>14,685,785</u>
Provision for gravel pit reclamation (Note 10)	3,086,000	3,157,000
Total Liabilities	<u>12,497,283</u>	<u>17,842,785</u>
Net Financial Assets (Schedule 3)	90,859,977	83,322,279
Non-financial assets		
Prepaid expenses	209,865	215,201
Tangible capital assets (Schedule 6)	242,934,862	241,475,311
Inventory (Note 11)	8,785,224	8,321,778
Total Non-Financial Assets	<u>251,929,951</u>	<u>250,012,290</u>
Accumulated Surplus (Note 12)	<u>\$ 342,789,928</u>	<u>\$ 333,334,569</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		2021
	<u>BUDGET</u>	<u>ACTUAL</u>	(Restated Note 26)
	(Note 13)		<u>ACTUAL</u>
Revenues			
Net taxes for municipal purposes (Note 14)	30,608,000	36,225,878	29,982,207
Lease revenue (Note 15)	9,196,880	9,065,370	9,006,493
Government transfers for operating (Note 16)	3,875,322	6,117,071	6,900,304
Government transfers for capital (Note 16)	284,000	284,142	1,809,508
Interest	821,200	1,625,043	872,096
Gain on sale of tangible capital assets	-	3,813	-
Tax recovery land sales	12,000	3,207	4,733
Contributed asset (Note 17)	-	-	229,600
Restructuring transaction (Note 18)	-	-	3,693,557
Other revenue (Note 19)	2,170,585	2,621,117	2,350,641
Total revenues	<u>46,967,987</u>	<u>55,945,641</u>	<u>54,849,139</u>
Expenses			
Transportation services	23,117,576	21,493,246	20,094,177
Administrative services	5,194,324	5,489,695	4,890,923
Water and sanitation services	3,779,320	3,643,165	3,998,254
Agriculture and community development	2,649,107	2,710,558	2,657,811
Protective services	2,712,242	2,433,239	2,095,386
Recreational and cultural services	2,324,832	2,104,671	2,011,943
Industrial tax transfers	825,000	825,000	825,000
Amortization	7,872,293	7,790,708	7,975,209
Total expenses (Note 20)	<u>48,474,694</u>	<u>46,490,282</u>	<u>44,548,703</u>
Excess (deficiency) of revenues over expenses	\$ (1,506,707)	\$ 9,455,359	\$ 10,300,436
Accumulated surplus at beginning of year	<u>333,334,569</u>	<u>333,334,569</u>	<u>323,034,133</u>
Accumulated surplus at end of year	\$ <u>331,827,862</u>	\$ <u>342,789,928</u>	\$ <u>333,334,569</u>

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022		2021
	<u>BUDGET</u>	<u>ACTUAL</u>	(Restated Note 26)
	(Note 13)		<u>ACTUAL</u>
Excess of revenue over expenses	\$ (1,506,707)	\$ 9,455,359	\$ 10,300,436
Acquisition of tangible capital assets	(7,321,200)	(4,658,387)	(3,637,236)
Construction of roads and road surfaces	(4,896,000)	(4,977,104)	(5,166,856)
Gain on sale of tangible capital assets	-	(3,813)	-
Proceeds on disposal of tangible capital assets	702,700	389,045	-
Transfers from tangible capital assets to operations	-	-	(3,728,239)
Amortization of tangible capital assets	7,872,293	7,790,708	7,975,209
Change in prepaid assets	-	5,336	5,582
Change in inventory	-	(463,446)	(1,223,374)
Increase (decrease) in net financial assets	(5,148,914)	7,537,698	4,525,522
Net financial assets, beginning of year	83,322,279	83,322,279	78,796,757
Net financial assets, end of year	\$ <u>78,173,365</u>	\$ <u>90,859,977</u>	\$ <u>83,322,279</u>

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, 2022

	2022	2021 (Restated Note 26)
Operating activities:		
Excess of revenues over expenses	\$ 9,455,359	\$ 10,300,436
Amortization of investment premiums, less discounts	135,622	236,085
Loss (gain) on sale of investments	175,798	(96,527)
Amortization of tangible capital assets	7,790,708	7,975,209
Transfers to tangible capital assets from restructuring	-	(3,728,239)
Amortization relating to self-constructed assets	(1,629,798)	(1,647,233)
Contributed assets	-	(229,600)
Loss on sale of tangible capital assets	(3,813)	-
(Decrease) increase in provision for gravel pit reclamation	(71,000)	40,000
	<u>15,852,876</u>	<u>12,850,131</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	126,292	315,907
Due from Province of Alberta	961,489	1,055,320
Due from Government of Canada	881,616	(957,194)
Taxes receivable	(97,231)	(29,651)
Accounts payable and accruals	(1,089,033)	2,461,876
Deferred revenues	53,699	(622,763)
Deferred government grant revenue	(4,061,158)	3,924,576
Due to Province of Alberta	(178,010)	206,720
Inventory	(463,446)	(1,223,374)
	<u>(3,865,782)</u>	<u>5,131,417</u>
Cash provided by operating activities	<u>11,987,094</u>	<u>17,981,548</u>
Capital activities:		
Proceeds of sale of tangible capital assets	389,045	-
Purchase of tangible capital assets	(8,005,693)	(6,927,259)
Cash applied to capital activities	<u>(7,616,648)</u>	<u>(6,927,259)</u>
Investing activities:		
Net change in notes receivable	(101,334)	737,450
Proceeds from redemption of investments	12,631,691	9,011,007
Purchase of investments	(13,221,177)	(10,001,745)
Cash applied to investing activities	<u>(690,820)</u>	<u>(253,288)</u>
Financing activities:		
Long term debt repaid	-	(159,608)
Cash applied to financing activities	<u>-</u>	<u>(159,608)</u>
Increase in cash and cash equivalents	<u>3,679,626</u>	<u>10,641,393</u>
Cash and cash equivalents at the beginning of year	59,920,411	49,279,018
Cash and cash equivalents at the end of year	<u><u>\$ 63,600,037</u></u>	<u><u>\$ 59,920,411</u></u>

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

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022

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, 2022 (2021 - 0.928 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 1.569 million acres (2021 - 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, 2022, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2021 - 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, 2022

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, 2022

Note 2 (l) 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, 2022

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 \$62,620,489 (2021 - \$59,109,592) in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta until May 12, 2022. On May 13, 2022, this account transitioned out of the CCITF to a CIBC interest bearing Trust account.

Included in cash and cash equivalents are restricted amounts of \$1,392,821 (2021 - \$1,800,405) that are held exclusively for approved projects (Note 9).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$543,665 (2021 - \$361,514), are comprised of the following:

	<u>2022</u>	<u>2021</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 227,917	\$ 221,264
Accrued interest	<u>10,123</u>	<u>15,353</u>
	238,040	236,617
 Leases	 519,549	 558,563
Accrued interest	349,121	105,523
Parks permit receivable	253,858	253,858
Sheerness deadfish irrigation	44,438	74,937
Local improvement recoveries	28,481	41,651
Oil well drilling	1,641	1,641
Miscellaneous	<u>146,744</u>	<u>202,277</u>
	<u>\$ 1,581,872</u>	<u>\$ 1,475,067</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 306,772	\$ 534,533
	<u>\$ 306,772</u>	<u>\$ 534,533</u>
	 <u>\$ 1,888,644</u>	 <u>\$ 2,009,600</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, 2022

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2022</u>	<u>2021</u>
Current:		
Special Areas & Oyen Development Corporation	\$ 72,593	\$ 79,841
Big Country Waste Management Commission	359,958	147,119
Association of Consort & District Seniors Centre	12,323	12,008
Other	21,302	22,534
	<u>\$ 466,176</u>	<u>\$ 261,502</u>
Non-current:		
Special Areas & Oyen Development Corporation	\$ 2,031,652	\$ 2,352,100
Big Country Waste Management Commission	532,465	-
Association of Consort & District Seniors Centre	348,306	360,629
Neutral Hills Child Care Society	-	250,000
Other	21,641	74,675
	<u>\$ 2,934,064</u>	<u>\$ 3,037,404</u>
	<u><u>\$ 3,400,240</u></u>	<u><u>\$ 3,298,906</u></u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 loan bearing 2.2261% interest was paid out in 2022.

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 (2) unsecured interest bearing notes of a 5 year term at 2.1347% interest and a 4 year term at 2.68% 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 outstanding balance of \$250,000 was written off in 2022 by the Board.

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.

Principal repayments are estimated as follows:

2023	466,176
2024	371,439
2025	359,063
2026	91,591
2027	93,931
Thereafter	2,018,040
	<u>\$ 3,400,240</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 6 Due from (to) Province of Alberta

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

	<u>2022</u>	<u>2021</u>
Due from Province of Alberta:		
Municipal Affairs	\$ 207,423	\$ 1,169,275
Agriculture and Irrigation	168,438	217,295
Transportation and Economic Corridors	102,684	49,445
Environment and Protected Areas	11,256	15,275
	<u>489,801</u>	<u>1,451,290</u>
Due to Province of Alberta:		
Environment and Protected Areas	(338,996)	(337,054)
Municipal Affairs	(28,513)	-
Other	(59,439)	(267,904)
	<u>(426,948)</u>	<u>(604,958)</u>
Due from Province of Alberta, net	<u><u>\$ 62,853</u></u>	<u><u>\$ 846,332</u></u>

Note 7 Due from Government of Canada

	<u>2022</u>	<u>2021</u>
Canada Infrastructure Bank	\$ 75,578	\$ 217,295
Federal Gas Tax Funds	-	739,899
	<u><u>\$ 75,578</u></u>	<u><u>\$ 957,194</u></u>

Note 8 Taxes Receivable

	<u>2022</u>	<u>2021</u>
Current taxes	\$ 10,175,587	\$ 3,415,318
Less bad debt write-offs:	(9,682,779)	(2,982,733)
	492,808	432,585
(Over)/Under levy	5,743	-
Tax arrears	3,219,467	107,059
	3,718,018	539,644
Less allowance for doubtful accounts:	(3,081,143)	-
	<u><u>\$ 636,875</u></u>	<u><u>\$ 539,644</u></u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 9 Deferred Government Grant Revenue

	<u>2022</u>	<u>2021</u>
Transportation and Economic Corridors	\$ 2,050,000	\$ 4,100,000
Municipal Affairs	479,615	2,445,260
Mental Health and Addiction	14,713	56,077
Forestry, Parks and Tourism	<u>34,818</u>	<u>38,967</u>
	<u>\$ 2,579,146</u>	<u>\$ 6,640,304</u>

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 2022 it was estimated that 840,405 cubic meters (2021 - 878,345 cubic meters) of gravel pits were exposed for a total liability of \$3,086,000 (2021 - \$3,157,000).

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, 2022

Note 11 Inventory

	2022			2021
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 2,337,474	\$ 210,324	\$ 2,127,150	\$ 1,556,505
Gravel	5,690,509	-	5,690,509	6,024,051
Culverts	406,101	-	406,101	248,773
Fuel	317,749	-	317,749	281,108
Fencing	155,059	-	155,059	87,735
Chemicals and other	88,656	-	88,656	123,606
Inventory	<u>\$ 8,995,548</u>	<u>\$ 210,324</u>	<u>\$ 8,785,224</u>	<u>\$ 8,321,778</u>

Note 12 Accumulated Surplus

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

	2022	2021 (Restated Note 26)
Equity in tangible capital assets	\$ 242,934,862	\$ 241,475,311
Equity in inventory	\$ 8,785,224	\$ 8,321,778
Unrestricted operational surplus	\$ 36,051,169	\$ 28,522,496
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>\$ 55,018,673</u>	<u>\$ 55,014,984</u>
Total Accumulated Surplus (Schedule 4)	<u>\$342,789,928</u>	<u>\$333,334,569</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, 2022

Note 13 Budget

The 2022 municipal budget was adopted by the Board in December 2021 and approved by the Minister of Municipal Affairs in February 2022. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2022		2021
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ (1,506,707)	\$ 9,455,359	\$ 10,300,436
Acquisition of tangible capital assets	(7,321,200)	(4,658,388)	(3,637,236)
Construction of road and road surfaces	(4,896,000)	(4,977,104)	(5,166,856)
Loss (gain) on sale of tangible capital assets	-	(3,813)	-
Proceeds on disposal of tangible capital assets	702,700	389,045	-
Amortization of tangible capital assets	7,872,293	7,790,708	7,975,209
	(5,148,914)	7,995,807	9,471,553
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(3,689)	(5,341)
Surplus (deficit), as per budget	<u>\$ (5,148,914)</u>	<u>\$ 7,992,118</u>	<u>\$ 9,466,212</u>

Note 14 Taxation

	2022		2021
	Budgeted	Actual	Actual
Power and pipeline	\$ 32,490,000	\$ 33,582,894	\$ 31,867,300
Real property	11,629,000	12,048,160	11,421,016
Recoveries on bad debt	-	6,396,023	1,998,331
Grazing and cultivation	709,000	728,864	708,695
Penalties and costs on taxes	200,000	91,985	81,031
	45,028,000	52,847,926	46,076,373
Less amounts expended by transfers:			
Alberta School Foundation Fund	12,073,000	11,320,487	11,260,631
Seniors Foundation	1,640,000	1,759,399	1,642,887
Bad Debt	470,000	3,286,756	2,982,733
Designated Industrial Properties	237,000	255,406	207,915
	<u>\$ 14,420,000</u>	<u>\$ 16,622,048</u>	<u>\$ 16,094,166</u>
Net taxes for municipal purposes	<u>\$ 30,608,000</u>	<u>\$ 36,225,878</u>	<u>\$ 29,982,207</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 15 Lease Revenue

	2022		2021
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,100,000	\$ 3,057,965	\$ 3,062,506
Equipment rentals	2,068,000	2,076,930	2,099,800
Grazing leases	2,096,000	2,036,797	1,959,395
Community pastures	897,400	822,907	916,148
Cultivation leases	474,000	483,026	454,470
Easements	125,000	147,165	35,011
Miscellaneous leases	132,000	142,369	124,310
Rights of entry	95,000	92,124	90,975
Other	209,480	206,087	263,878
	<u>\$ 9,196,880</u>	<u>\$ 9,065,370</u>	<u>\$ 9,006,493</u>

Note 16 Government Transfers

	2022		2021
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 1,942,774	\$ 3,002,578	\$ 3,263,427
Government of Canada	300,000	1,423,107	192,295
Agriculture and Irrigation	662,814	703,232	1,074,057
Transportation and Economic Corridors	634,749	634,748	1,563,420
Seniors, Community and Social Services	182,985	217,692	202,493
Infrastructure	132,000	95,066	541,479
Forestry, Parks and Tourism	20,000	26,681	7,100
Environment and Protected Areas	-	13,967	56,033
	<u>\$ 3,875,322</u>	<u>\$ 6,117,071</u>	<u>\$ 6,900,304</u>
Transfers for capital:			
Municipal Affairs	\$ 284,000	\$ 284,142	\$ 1,809,508

Note 17 Contributed Asset

In 2021, the Board received an estimated 33,951 cubic metres of gravel from Alberta Transportation. This gravel is valued at \$229,600 or \$6.05/m³.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 18 Restructuring transaction

On January 1, 2021, the Board completed a restructuring transaction with the Village of Cereal. The restructuring transaction was completed as a result of a Province of Alberta Order in Council dissolving the Village of Cereal and the former area of the village becoming part of Special Areas.

Under the restructuring transaction, the Board received all liabilities, and all assets, rights, duties, functions and obligations of the Village.

The following table summarizes the carrying amounts of the assets and liabilities received by the Board, in aggregate, as a result of the restructuring transaction.

	<u>2021</u>
Assets received	
Cash and cash equivalents	\$ 105,404
Accounts receivable	29,309
Due from the Province of Alberta	742,814
Due from the Government of Canada	300,000
Taxes receivable	17,343
Investments	1,285
Prepaid expenses	13,333
Tangible capital assets	3,728,239
Total assets	<u>4,937,727</u>
Liabilities received	
Accounts payable and accruals	(74,274)
Due to the Province of Alberta	(7,089)
Deferred revenue	(1,025,737)
Long-term debt	(137,070)
Total liabilities	<u>(1,244,170)</u>
Net assets received	3,693,557
Restructuring grant	<u>822,000</u>
Net effect of restructuring	<u><u>\$ 4,515,557</u></u>

The net effect of the restructuring transaction is included in the statement of operations as \$3,693,557 in contributed assets and \$278,829 in Government transfers for operating plus \$543,171 as deferred revenue on the statement of financial position.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 19 Other Revenue

	2022		2021
	Budgeted	Actual	Actual
Park permits and concession revenues	\$ 695,000	\$ 651,359	\$ 693,936
Water sales	430,000	471,714	438,208
Cost recoveries	57,085	425,388	125,372
License, assignment and application fees	297,000	378,361	317,579
Fire cost recoveries	100,000	143,817	111,362
Bylaw enforcement cost recoveries	110,000	97,167	68,104
Chemical sales	100,000	81,205	120,788
Cultivation conversion	32,000	74,292	34,674
Gravel sales	120,000	42,031	71,302
Oil well drilling tax revenue	-	-	55,369
Other	229,500	255,783	313,947
	<u>\$ 2,170,585</u>	<u>\$ 2,621,117</u>	<u>\$ 2,350,641</u>

Note 20 Total Expenses

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

	2022		2021
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 18,251,171	\$ 17,670,454	\$ 17,359,342
Materials, goods, and utilities	14,559,223	14,934,869	13,075,802
Amortization of tangible capital assets	7,872,293	7,790,708	7,975,209
Contract and general services	8,082,387	7,312,260	7,883,142
Grants	2,890,193	1,822,793	1,861,728
Industrial tax transfers	825,000	825,000	825,000
Interest on long-term debt	-	-	2,286
Goods and services from Alberta Government departments			
Public Safety and Emergency Services	334,427	334,654	222,951
Treasury Board & Finance	326,000	334,192	322,808
Municipal Affairs	20,000	9,859	13,173
Transportation and Economic Corridors	10,000	-	1
Provision for doubtful accounts	200,000	432,597	174,117
Less:			
Internal road projects capitalized in the year	<u>(4,896,000)</u>	<u>(4,977,104)</u>	<u>(5,166,856)</u>
	<u>\$ 48,474,694</u>	<u>\$ 46,490,282</u>	<u>\$ 44,548,703</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note 20 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$3,066,956 of expenses (2021 - \$3,427,343), 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 21 Debt Limits

Section 276(2) of *the Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/2000 for the Board be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	\$ 83,492,249	\$ 73,674,711
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 83,492,249</u>	<u>\$ 73,674,711</u>
Debt servicing limit	\$ 13,915,375	\$ 12,279,119
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 13,915,375</u>	<u>\$ 12,279,119</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/2000) 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 22 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 20.

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, 2022

Note 23 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 2022 to the PSPP were \$735,286 (2021 - \$800,522) and to the MEPP were \$146,011 (2021 - \$134,743).

At December 31, 2021, the PSPP reported a surplus of \$4,588,479,000 (2020 surplus - \$2,223,582,000) and the MEPP reported a surplus of \$1,348,160,000 (2020 surplus - \$809,850,000).

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

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, 2022

Note 25 Comparative Figures

Certain 2021 figures have been reclassified to conform to 2022 presentation.

Note 26 Prior Period Adjustment

During the year, it was determined that the Mineral Surface Lease revenue should be recorded over the period of the lease instead of when received. As a result, the comparative figures have been restated. The effect of this prior period adjustment is an increase of deferred revenue of \$1,663,918, and opening accumulated surplus decrease of \$1,656,474 and a decrease of revenue of \$7,444.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2022

Schedule 1

		2022				2021	
	Stated	Effective	Maturity Date	Par	Fair Value	Book Value	Book Value
	Interest Rate	Interest Rate		Value			
Bonds:							
Bank of Montreal	2.890%	2.890%	June 20, 2023	\$ -	\$ -	\$ -	\$ 800,020
Bank of Montreal	4.309%	4.450%	June 1, 2027	800,000	779,975	795,561	-
Canada Housing Trust	0.500%	3.730%	September 1, 2025	1,031,000	945,174	947,144	-
Canada Housing Trust	1.100%	1.898%	December 15, 2026	1,570,000	1,417,043	1,523,929	-
Canada Housing Trust	1.750%	2.314%	June 15, 2022	-	-	-	764,762
Canada Housing Trust	2.400%	2.373%	December 15, 2022	-	-	-	942,911
Canada Housing Trust	2.350%	0.510%	June 15, 2023	-	-	-	2,434,926
Canada Housing Trust	1.800%	1.400%	December 15, 2024	2,430,000	2,324,568	2,398,114	-
Canada Housing Trust	2.350%	3.288%	June 15, 2027	1,750,000	1,652,065	1,687,855	-
Canada Housing Trust	2.550%	2.406%	December 15, 2023	775,000	760,323	772,895	-
Canada Housing Trust	3.600%	3.197%	December 15, 2027	1,400,000	1,392,747	1,425,628	-
Canada Housing Trust	2.350%	2.731%	September 15, 2023	-	-	-	1,213,970
Canada Housing Trust	3.150%	2.561%	September 15, 2023	-	-	-	1,020,130
Canada Housing Trust	2.550%	2.406%	December 15, 2023	-	-	-	1,511,763
Canada Housing Trust	2.900%	1.495%	June 15, 2024	3,283,000	3,218,830	3,348,229	3,393,253
Canada Housing Trust	1.800%	1.400%	December 15, 2024	-	-	-	1,365,533
Canada Housing Trust	1.250%	1.078%	June 15, 2026	1,820,000	1,668,759	1,831,262	1,834,415
Canada Housing Trust	2.550%	0.903%	March 15, 2025	2,530,000	2,449,161	2,627,619	2,670,990
Canada Housing Trust	0.950%	0.700%	June 15, 2025	3,309,000	3,074,630	3,210,685	1,523,741
Canada Housing Trust	1.900%	1.627%	September 15, 2026	1,057,000	987,839	1,067,289	1,616,575
Canada Housing Trust	1.950%	1.163%	December 15, 2025	1,580,000	1,494,169	1,618,518	1,631,173
Canadian Imperial Bank of Commerce	1.100%	1.561%	January 19, 2026	710,000	632,344	700,251	697,189
Government of Canada	1.250%	0.396%	March 1, 2025	500,000	472,640	509,197	513,382
Province of Manitoba	2.450%	3.192%	June 2, 2025	1,120,000	1,078,345	1,100,828	-
Province of Manitoba	2.550%	2.567%	June 2, 2023	-	-	-	1,999,580
Province of Ontario	3.150%	2.573%	June 2, 2022	-	-	-	155,403
Province of Ontario	2.600%	3.405%	June 2, 2027	535,000	508,618	517,493	-
Province of Ontario	2.850%	2.230%	June 2, 2023	-	-	-	519,428
Province of Ontario	2.600%	0.661%	June 2, 2025	360,000	347,920	376,746	383,534
Province of Ontario	1.750%	0.765%	September 8, 2025	1,425,000	1,342,632	1,462,249	1,475,835
Province of Ontario	2.400%	1.236%	June 2, 2026	560,000	532,777	581,778	587,928
Province of Quebec	3.000%	1.763%	September 1, 2023	1,890,000	1,870,333	1,905,406	1,928,068
Province of Quebec	2.750%	2.275%	September 1, 2025	1,355,000	1,311,782	1,339,628	-
Province of Quebec	3.000%	0.733%	September 1, 2025	-	-	-	488,084
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	568,451	600,111	600,164
TD Bank	1.128%	1.404%	December 9, 2025	925,000	828,932	917,667	915,259
				33,315,000	31,660,057	33,266,082	32,988,016
Special Areas & Oyen Development Corp			(1 share)	1	1	1	1
Hanna and District Medical Corporation			(2 shares)	2	2	2	2
				<u>\$ 33,315,003</u>	<u>\$ 31,660,060</u>	<u>\$ 33,266,085</u>	<u>\$ 32,988,019</u>

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.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022					2021	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chair of the Special Areas Board	1	\$ 157,448	\$ -	\$ 29,939	\$ 187,387	1	\$ 171,263
Special Areas Board members	3	28,282	-	2,043	30,325	3	24,284
Director of Finance and Administration	1	142,288	-	29,009	171,297	1	160,746
Director of Municipal Services	1	139,543	-	29,011	168,554	1	158,731
Director of Properties Administration	1	126,545	-	27,159	153,704	1	142,173
Roads & Equipment Superintendent	1	113,252	-	25,555	138,807	1	130,577
Managers (e)	3.92	431,204	2,981	97,996	532,181	3.69	477,352
Other full time staff (f)	101.62	8,284,235	-	1,717,165	10,001,400	101.08	9,536,470
Part time and casual wage staff		5,557,174	-	672,609	6,229,783		6,544,986
Other Boards and committees		24,020	-	904	24,924		10,317
Advisory Councilors	13	22,094	-	523	22,617	13	41,489
Increase in overtime accrual		12,937	-	-	12,937		1,887
(Decrease) in vacation accrual		(3,462)	-	-	(3,462)		(40,933)
		<u>\$ 15,035,560</u>	<u>\$ 2,981</u>	<u>\$ 2,631,913</u>	<u>\$ 17,670,454</u>		<u>\$ 17,359,342</u>

- (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 two vacation payouts in 2022.
- (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 \$110,761 and average benefits (column c & d) are \$24,897 totaling \$135,658 (2021 - \$129,364).
- (f) Average salary is \$81,522 and average benefits are \$16,986 totaling \$98,508 (2021 - \$94,346).

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE
AS AT DECEMBER 31, 2022

	<u>Schedule 3</u>	
	<u>2022</u>	<u>2021</u>
Change in Financial Assets		
Cash and cash equivalents	\$ 3,679,626	\$ 10,641,393
Accounts receivable	(120,956)	(310,325)
Notes receivable	101,334	(737,450)
Due from Province of Alberta	(961,489)	(1,055,320)
Due from Government of Canada	(881,616)	957,194
Taxes receivable	97,231	29,651
	<u>1,914,130</u>	<u>9,525,143</u>
Investments	<u>278,066</u>	<u>851,180</u>
Increase in Financial Assets	<u>2,192,196</u>	<u>10,376,323</u>
Change in Liabilities		
Accounts payable and accruals	1,085,571	(2,502,810)
Vacation accrual	3,462	40,934
Deferred revenues	(53,699)	622,763
Deferred government grant revenue	4,061,158	(3,924,576)
Due to Province of Alberta	178,010	(206,720)
	<u>5,274,502</u>	<u>(5,970,409)</u>
Long-term debt	-	159,608
Provision for gravel pit reclamation	71,000	(40,000)
Decrease (increase) in Liabilities	<u>5,345,502</u>	<u>(5,850,801)</u>
Net increase in net financial assets	7,537,698	4,525,522
Net financial assets at the beginning of year	<u>83,322,279</u>	<u>78,796,757</u>
Net financial assets at end of year	<u><u>\$ 90,859,977</u></u>	<u><u>\$ 83,322,279</u></u>

SPECIAL AREAS TRUST ACCOUNT
SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>		<u>Schedule 4</u>
	<u>BUDGET</u> (Note 13)	<u>ACTUAL</u>	<u>2021</u> <u>ACTUAL</u>
Equity in tangible capital assets at beginning of year	\$	241,475,311	\$ 236,918,189
Addition of capital assets:			
Road infrastructure	4,896,000	4,977,104	5,166,856
Transportation services	5,160,300	3,368,302	2,204,692
Agriculture and community pasture services	465,400	153,978	124,139
Administrative services	463,000	419,853	275,685
Water and sanitation services	212,500	255,232	159,263
Recreation and cultural services	375,000	83,653	108,941
Protective services	645,000	377,369	764,516
	<u>12,217,200</u>	<u>9,635,491</u>	<u>8,804,092</u>
Annual amortization of capital assets		(7,790,708)	(7,975,209)
Disposal of capital assets		(385,232)	-
		<u>242,934,862</u>	<u>237,747,072</u>
Transfers from operations		-	3,728,239
Equity in tangible capital assets at end of year (Note 12)	\$	<u>242,934,862</u>	\$ <u>241,475,311</u>
Equity in inventory at beginning of year	\$	8,321,778	\$ 7,098,404
Add purchases and other inventory costs		5,766,487	6,683,827
Deduct requisitions		(5,303,041)	(5,460,453)
Equity in inventory at end of year (Note 11, 12)	\$	<u>8,785,224</u>	\$ <u>8,321,778</u>
Accumulated operational surplus at beginning of year	\$	28,522,496	\$ 24,007,897
Excess of revenues over expenses		9,455,359	10,300,436
Equity change in inventory		(463,446)	(1,223,374)
Equity change in capital assets		(1,459,551)	(4,557,122)
		<u>36,054,858</u>	<u>28,527,837</u>
Transfers to internally restricted reserves (Note 13)		(3,689)	(5,341)
Accumulated operational surplus at end of year (Note 12)	\$	<u>36,051,169</u>	\$ <u>28,522,496</u>
Internally restricted accumulated surplus at beginning of year	\$	55,014,984	\$ 55,009,643
Tax Recovery Land Sales - Transfers from operations		<u>3,689</u>	<u>5,341</u>
Internally restricted accumulated surplus at end of year (Note 12)	\$	<u>55,018,673</u>	\$ <u>55,014,984</u>
	\$	<u>342,789,928</u>	\$ <u>333,334,569</u>

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022						
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	Total
Revenue:							
Taxation	\$ 36,225,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,225,878
Leases	6,165,533	-	2,074,410	-	825,427	-	9,065,370
Provincial Grants	349,158	284,142	2,920,080	680,846	743,880	-	4,978,106
Interest	1,625,043	-	-	-	-	-	1,625,043
Federal Grants	1,190,629	-	-	-	232,478	-	1,423,107
Contributed Asset	-	-	-	-	-	-	-
Tax Recovery Land Sales	3,207	-	-	-	-	-	3,207
Gain (Loss) on sale of tangible capital	750	(849)	(3,248)	-	(1,289)	8,449	3,813
Restructuring Transaction	-	-	-	-	-	-	-
Other	679,482	272,154	70,985	849,933	97,205	651,358	2,621,117
Revenues per statement of operations	<u>\$ 46,239,680</u>	<u>\$ 555,447</u>	<u>\$ 5,062,227</u>	<u>\$ 1,530,779</u>	<u>\$ 1,897,701</u>	<u>\$ 659,807</u>	<u>\$ 55,945,641</u>
Expenses:							
Manpower (Schedule 2)	\$ 3,133,008	\$ 378,536	\$ 11,453,701	\$ 831,882	\$ 1,317,337	\$ 555,990	\$ 17,670,454
Materials, goods, and utilities	253,093	1,028,839	12,593,501	264,902	431,951	362,583	14,934,869
Contract and general services	1,226,980	691,087	2,420,148	2,277,507	469,957	226,581	7,312,260
Grants	107,377	-	3,000	268,876	484,023	959,517	1,822,793
Interest on long-term debt	-	-	-	-	-	-	-
Goods and services from GOA	336,638	334,777	-	-	7,290	-	678,705
Provision for doubtful accounts	432,597	-	-	-	-	-	432,597
Internal road projects capitalized in the year	-	-	(4,977,104)	-	-	-	(4,977,104)
Industrial tax transfers	825,000	-	-	-	-	-	825,000
Amortization of tangible capital assets	574,753	391,844	6,219,264	377,436	119,389	108,022	7,790,708
Expenses per statement of operations	<u>\$ 6,889,446</u>	<u>\$ 2,825,083</u>	<u>\$ 27,712,510</u>	<u>\$ 4,020,603</u>	<u>\$ 2,829,947</u>	<u>\$ 2,212,693</u>	<u>\$ 46,490,282</u>

Note:

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

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF TANGIBLE CAPITAL ASSETS
AS AT DECEMBER 31, 2022

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2022	2021
Cost									
Balance, beginning of the year	\$45,870,285	\$40,638,506	\$24,099,318	\$7,092,031	\$1,409,108	\$240,157,624	\$4,366,984	\$363,633,856	\$349,347,992
Add:									
Additions during the year	1,773,320	677,854	931,652	1,117,249	-	4,977,104	158,312	9,635,491	8,804,092
Transfers from	-	-	-	-	-	-	-	-	6,330,860
Less:									
Disposals during the year	(763,718)	(25,845)	(205,789)	(82,455)	-	-	(23,442)	(1,101,249)	(849,088)
Balance, end of the year	\$46,879,887	\$41,290,515	\$24,825,181	\$8,126,825	\$1,409,108	\$245,134,728	\$4,501,854	\$372,168,098	\$363,633,856
Accumulated Amortization									
Balance, beginning of the year	\$16,888,832	\$14,767,064	\$19,241,100	\$4,622,656	\$ 194,533	\$ 62,310,910	\$4,133,450	\$122,158,545	\$112,429,803
Add:									
Amortization	2,287,338	958,662	972,257	399,257	-	2,964,943	208,251	7,790,708	7,975,209
Transfers from	-	-	-	-	-	-	-	-	2,602,621
Less:									
Accumulated Amortization on Disposals	(410,377)	(20,030)	(185,210)	(76,958)	-	-	(23,442)	(716,017)	(849,088)
Balance, end of the year	\$18,765,793	\$15,705,696	\$20,028,147	\$4,944,955	\$ 194,533	\$ 65,275,853	\$4,318,259	\$129,233,236	\$122,158,545
Net book value, 2022	\$28,114,094	\$25,584,819	\$ 4,797,034	\$3,181,870	\$1,214,575	\$179,858,875	\$ 183,595	\$242,934,862	
Net book value, 2021	\$28,981,453	\$25,871,442	\$ 4,858,218	\$2,469,375	\$1,214,575	\$177,846,714	\$ 233,534		\$241,475,311

Note:

- Engineered structures comprise of dams, waterline infrastructure, wastewater infrastructure, buildings and engineered structures assets. The ending balance includes \$96,025 in assets that were not in service at year-end (2021 - \$794,574); no related amortization was recorded.