

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2024

Letter from Management

Independent Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Change in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Segment Revenue and Expense Disclosure by Object

Schedule of Tangible Capital Assets

Supplementary Accumulated Surplus Information Schedule



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 Special Areas Trust Account (the Trust), which comprise the statement of financial position as at December 31, 2024, 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, 2024, 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

Management is responsible for the other information. The financial statements of the Trust are included in the *Annual Report of 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 30, 2025
Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
Financial Assets		
Cash (Note 3)	\$ 48,080,444	\$ 57,616,985
Accounts receivable (Note 4)	1,450,661	1,957,298
Notes receivable (Note 5)	3,782,327	4,121,599
Due from other governments (Note 6)	5,046,239	1,114,726
Taxes receivable (Note 7)	664,305	689,984
	<u>59,023,976</u>	<u>65,500,592</u>
Investments (Note 8)	34,752,750	33,967,485
Total Financial Assets	<u>93,776,726</u>	<u>99,468,077</u>
Liabilities		
Accounts payable and accruals	5,029,520	3,913,927
Vacation accruals	1,081,287	1,069,454
Deferred revenues	1,845,058	1,882,806
Deferred government grant revenue (Note 9)	285,601	353,858
Asset retirement obligation (Note 10)	1,055,000	1,121,740
Due to other governments (Note 6)	443,455	497,608
	<u>9,739,921</u>	<u>8,839,393</u>
Provision for gravel pit reclamation (Note 11)	3,317,000	3,252,000
Total Liabilities	<u>13,056,921</u>	<u>12,091,393</u>
Net Financial Assets	<u>80,719,805</u>	<u>87,376,684</u>
Non-financial assets		
Prepaid expenses	777,616	268,168
Tangible capital assets (Schedule 2)	258,669,923	251,452,580
Inventory (Note 12)	8,218,156	8,116,469
Total Non-Financial Assets	<u>267,665,695</u>	<u>259,837,217</u>
Accumulated Surplus (Note 13)	<u>\$ 348,385,500</u>	<u>\$ 347,213,901</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, 2024

	2024		2023
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Revenues			
Net taxes for municipal purposes (Note 15)	33,346,500	40,163,219	33,695,815
Lease revenue (Note 16)	14,912,880	16,759,166	8,422,708
Government transfers for operating (Note 17)	2,699,438	2,693,641	2,754,738
Government transfers for capital (Note 17)	6,837,000	8,099,671	2,594,807
Interest	3,500,925	3,040,607	3,299,883
Loss on sale of tangible capital assets	-	(67,547)	(10,875)
Tax recovery land sales	6,100,000	2,956,194	(9,852)
Other revenue (Note 18)	2,254,000	2,680,750	3,076,006
Total revenues	<u>69,650,743</u>	<u>76,325,701</u>	<u>53,823,230</u>
Expenses			
Transportation services	35,149,388	36,846,249	19,648,230
Administrative services	6,133,594	6,044,860	5,959,756
Water and sanitation services	8,712,048	7,832,469	4,985,692
Agriculture and community development	3,128,783	3,042,289	2,807,213
Protective services	3,211,684	8,297,020	2,767,402
Recreational and cultural services	2,296,264	2,170,080	2,218,106
Industrial tax transfers	1,650,000	2,000,000	1,650,000
Amortization	7,872,293	8,921,135	8,399,553
Total expenses (Note 19)	<u>68,154,054</u>	<u>75,154,102</u>	<u>48,435,952</u>
Excess of revenues over expenses	\$ 1,496,689	\$ 1,171,599	\$ 5,387,278
Accumulated surplus at beginning of year	<u>347,213,901</u>	<u>347,213,901</u>	<u>341,826,623</u>
Accumulated surplus at end of year	\$ <u>348,710,590</u>	\$ <u>348,385,500</u>	\$ <u>347,213,901</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, 2024

	2024		2023
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 1,496,689	\$ 1,171,599	\$ 5,387,278
Acquisition of tangible capital assets	(15,590,500)	(12,461,055)	(8,569,173)
Internal projects capitalized in the year	(6,639,276)	(4,491,695)	(8,403,759)
Loss on sale of tangible capital assets	-	67,547	10,875
Proceeds on disposal of tangible capital assets	800,500	746,725	247,237
Amortization of asset retirement obligation	-	14,963	15,367
Amortization of tangible capital assets	7,872,293	8,906,172	8,384,186
Change in prepaid expenses	-	(509,448)	(58,303)
Change in inventory	-	(101,687)	668,755
Decrease in net financial assets	(12,060,294)	(6,656,879)	(2,317,537)
Net financial assets, beginning of year	87,376,684	87,376,684	89,694,221
Net financial assets, end of year	\$ 75,316,390	\$ 80,719,805	\$ 87,376,684

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, 2024

	2024	2023
Operating activities:		
Excess of revenues over expenses	\$ 1,171,599	\$ 5,387,278
Amortization of investment premiums, less discounts	(156,530)	(35,766)
Loss on sale of investments	193,868	245,847
Amortization of tangible capital assets	8,906,172	8,384,186
Amortization of asset retirement obligation	14,963	15,367
Loss on sale of tangible capital assets	67,547	10,875
Increase in provision for gravel pit reclamation	65,000	166,000
	<u>10,262,619</u>	<u>14,173,787</u>
Changes in non-cash operating items:		
Prepaid expenses and accounts receivable	(2,811)	(126,957)
Due to other governments	(3,931,513)	(549,347)
Taxes receivable	25,679	(53,109)
Accounts payable and accruals	1,127,426	535,819
Deferred revenues	(37,748)	(74,821)
Deferred government grant revenue	(68,257)	(2,225,288)
Asset retirement obligation	(66,740)	(44,016)
Due from other governments	(54,153)	70,660
Inventory	(101,687)	668,755
	<u>(3,109,804)</u>	<u>(1,798,304)</u>
Cash provided by operating activities	<u>7,152,815</u>	<u>12,375,483</u>
Capital activities:		
Proceeds of sale of tangible capital assets	746,725	247,237
Purchase of tangible capital assets	(16,952,750)	(16,972,932)
Cash applied to capital activities	<u>(16,206,025)</u>	<u>(16,725,695)</u>
Investing activities:		
Net change in notes receivable	339,272	(721,359)
Proceeds from redemption of investments	16,029,953	10,553,497
Purchase of investments	(16,852,556)	(11,464,978)
Cash applied to investing activities	<u>(483,331)</u>	<u>(1,632,840)</u>
Decrease in cash	<u>(9,536,541)</u>	<u>(5,983,052)</u>
Cash at the beginning of year	<u>57,616,985</u>	<u>63,600,037</u>
Cash at the end of year	<u><u>\$ 48,080,444</u></u>	<u><u>\$ 57,616,985</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, 2024

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, 2024

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, 2024 (2023 - 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 (2023 - 1.569 million acres).

(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, asset retirement obligation, 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 when the following criteria have been met:

- an environmental standard exists;
- there is evidence that contamination exceeds an environmental standard;
- the Board is directly responsible or accepts responsibility for the contamination;
- it is expected that future economic benefits will be given up, and;
- a reasonable estimate of the amount can be made.

As at December 31, 2024 there was no liability for remediation of contaminated sites (2023 - nil).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 (g) Financial Instruments

(cont'd) Cash, accounts receivable, notes receivable, taxes receivable, amounts due to/from other governments, 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 Note 8.

Initial measurement

The Board initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the Board is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the Board in the transaction.

Subsequent measurement

The Board subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Fair value changes are recognized in income in the period incurred.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 (g) Financial Instruments

(cont'd) Impairment

For financial assets measured at cost or amortized cost, the Board determines whether there are indications of possible impairment. When there are, and the Board determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 (k) Government transfers

(cont'd) 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.

(l) Deferred revenue

Deferred revenue represent government transfers and amounts which have been collected but for which the related services have yet to be performed or agreement stipulations have not been met. These amounts will be recognized as revenues when revenue recognition criteria have been met.

(m) Asset retirement obligation

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and subsequently re-measured taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on third-party quotes and professional judgement.

The asset retirement obligation estimate is measured at the current expected cost to settle due to uncertainty about when hazardous materials would be removed. The present value technique is not used. The estimated recoveries are nil.

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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 2 (n) Non-financial Assets

(cont'd) 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, 2024

Note 2 (n) 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

Included in cash are restricted amounts of \$285,601 (2023 - \$353,858 that are held exclusively for approved projects (Note 9).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$21,785 (2023 - \$976,002), are comprised of the following:

	<u>2024</u>	<u>2023</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 95,191	\$ 170,537
Big Country Waste Management	-	761,311
Accrued interest	298,956	370,691
Leases	411,783	290,863
Miscellaneous	422,302	245,963
	<u>\$ 1,228,232</u>	<u>\$ 1,839,365</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 222,429	\$ 117,933
	<u>\$ 222,429</u>	<u>\$ 117,933</u>
	<u><u>\$ 1,450,661</u></u>	<u><u>\$ 1,957,298</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, 2024

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2024</u>	<u>2023</u>
Current:		
Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 76,332	\$ 74,439
Big Country Waste Management Commission (6 year - 2.68% interest)	260,753	275,546
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	12,978	12,646
Other	4,575	21,641
	<u>\$ 354,638</u>	<u>\$ 384,272</u>
Non-current:		
Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 1,880,881	\$ 1,957,214
Big Country Waste Management Commission (6 year - 2.68% interest)	1,203,702	1,444,454
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	322,681	335,659
Other	20,425	-
	<u>\$ 3,427,689</u>	<u>\$ 3,737,327</u>
	<u><u>\$ 3,782,327</u></u>	<u><u>\$ 4,121,599</u></u>

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.

The Big Country Waste Management Commission note is a result of the Board entering into a memorandum of understanding to advance funds to construct a new landfill cell at Youngstown.

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.

Principal repayments are estimated as follows:

2025	\$ 354,638
2026	544,099
2027	558,661
2028	397,751
2029	104,260
Thereafter	1,822,918
	<u>\$ 3,782,327</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 6 Due from (to) Other Governments

The net amount due from (to) other Governments are comprised of the following:

	<u>2024</u>	<u>2023</u>
Due from other Governments		
Provincial Government	2,397,453	817,290
Federal Government	2,648,786	297,436
	<u>\$ 5,046,239</u>	<u>\$ 1,114,726</u>
Due to other Government		
Provincial Government	<u>(443,455)</u>	<u>(497,608)</u>
Due from other Governments, net	<u><u>\$ 4,602,784</u></u>	<u><u>\$ 617,118</u></u>

Note 7 Taxes Receivable

	<u>2024</u>	<u>2023</u>
Current taxes	\$ 2,739,862	\$ 2,293,066
(Over)/Under levy	91,599	102,700
Tax arrears	1,333,406	297,048
	<u>4,164,867</u>	<u>2,692,814</u>
Less allowance for doubtful accounts:	<u>(3,500,562)</u>	<u>(2,002,830)</u>
	<u><u>\$ 664,305</u></u>	<u><u>\$ 689,984</u></u>

Note 8 Investments

	<u>2024</u>	<u>2023</u>
Canada Housing Trust	\$ 20,168,469	\$ 20,833,662
Federal Government Bonds	7,164,552	3,768,519
Provincial Government Bonds	4,376,679	6,345,221
Banks	3,043,047	3,020,080
Equity in part 9 companies	<u>3</u>	<u>3</u>
	<u><u>\$ 34,752,750</u></u>	<u><u>\$ 33,967,485</u></u>

Short-term notes and deposits have effective interest rates of 0.70% to 4.45% (2023 – 0.70% to 4.45%) and mature in less than one year. Government and government guaranteed bonds have effective interest rates of 0.66% to 3.73% (2023 – 0.66% to 3.73%) with maturity dates from September 1, 2025 to September 1, 2029. Fair market value at December 31, 2024 was \$34,989,312 (2023 - \$33,773,624).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 9 Deferred Government Grant Revenue

	<u>2024</u>	<u>2023</u>
Municipal Affairs	\$ 285,601	\$ 348,657
Mental Health and Addiction	<u>-</u>	<u>5,201</u>
	<u><u>\$ 285,601</u></u>	<u><u>\$ 353,858</u></u>

Note 10 Asset Retirement Obligation (ARO)

	<u>2024</u>	<u>2023</u>
Asset retirement obligation, beginning of year	\$ 1,121,740	\$ 1,165,756
Liability incurred	-	-
Liability settled	(66,740)	(44,016)
Revision of estimates	<u>-</u>	<u>-</u>
Asset retirement obligation, end of year	<u><u>\$ 1,055,000</u></u>	<u><u>\$ 1,121,740</u></u>

Tangible capital assets with associated retirement obligations include buildings (asbestos) and equipment (various harmful substances). The majority of the Board's asset retirement obligations relate to asbestos in buildings. The Board estimated the nature and extent of hazardous materials in its buildings based on the potential square feet and the average costs per square foot to remove and dispose of the hazardous materials. Regulations require the Board to handle and dispose of the asbestos in a prescribed manner when it is disturbed, such as when the building undergoes renovations or is demolished.

Note 11 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 2024 it was estimated that 857,147 cubic meters (2023 - 840,405 cubic meters) of gravel pits were exposed for a total liability of \$3,317,000 (2023 - \$3,252,000).

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.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 12 Inventory

	2024			2023
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 2,745,779	\$ 208,163	\$ 2,537,616	\$ 2,573,961
Gravel	4,799,343	-	4,799,343	4,684,678
Culverts	298,788	-	298,788	328,488
Fuel	342,007	-	342,007	323,433
Fencing	99,339	-	99,339	105,781
Chemicals and other	141,063	-	141,063	100,128
Inventory	<u>\$ 8,426,319</u>	<u>\$ 208,163</u>	<u>\$ 8,218,156</u>	<u>\$ 8,116,469</u>

Note 13 Accumulated Surplus

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

	2024	2023
Equity in tangible capital assets	\$ 257,614,923	\$ 250,330,840
Equity in inventory	8,218,156	8,116,469
Unrestricted operational surplus	24,672,910	33,756,371
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>57,879,511</u>	<u>55,010,221</u>
Total Accumulated Surplus	<u>\$348,385,500</u>	<u>\$347,213,901</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. The Board's opening net assets investing in tangible capital assets have been reduced by the Board's asset retirement obligation of \$1,055,000 (2023 - \$1,121,740).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 14 Budget

The 2024 municipal budget was adopted by the Board in December 2023 and approved by the Minister of Municipal Affairs in March 2024. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2024		2023
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 1,496,689	\$ 1,171,599	\$ 5,387,278
Acquisition of tangible capital assets	(15,590,500)	(12,461,055)	(8,569,172)
Construction of road and road surfaces	(6,639,276)	(4,491,695)	(8,403,759)
Loss on sale of tangible capital assets	-	67,547	10,875
Proceeds on disposal of tangible capital assets	800,500	746,725	247,237
Amortization of tangible capital assets	7,872,293	8,921,135	8,399,553
	(12,060,294)	(6,045,744)	(2,927,988)
Tax Recovery Land Sales - transferred to internally restricted reserves	(6,000,000)	(2,869,290)	8,452
(Deficit), as per cash preparation budget	<u>\$ (18,060,294)</u>	<u>\$ (8,915,034)</u>	<u>\$ (2,919,536)</u>

Note 15 Taxation

	2024		2023
	Budgeted	Actual	Actual
Power and pipeline	\$ 34,192,500	\$ 41,218,692	\$ 32,686,169
Real property	12,163,000	13,406,280	12,163,031
Grazing and cultivation	738,000	742,868	737,671
Recoveries on bad debt	-	415,803	813,725
Penalties and costs on taxes	200,000	421,512	477,270
	47,293,500	56,205,155	46,877,866
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,320,000	10,573,040	10,124,926
Bad Debt	650,000	3,476,355	1,103,415
Seniors Foundation	1,751,000	1,750,425	1,751,017
Designated Industrial Properties	226,000	242,116	202,693
	<u>\$ 13,947,000</u>	<u>\$ 16,041,936</u>	<u>\$ 13,182,051</u>
Net taxes for municipal purposes	<u>\$ 33,346,500</u>	<u>\$ 40,163,219</u>	<u>\$ 33,695,815</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 16 Lease Revenue

	2024		2023
	Budgeted	Actual	Actual
Equipment rentals	\$ 7,068,000	\$ 9,015,143	\$ 2,089,081
Grazing leases	3,434,000	3,400,472	1,730,826
Mineral surface leases	3,000,000	2,823,925	2,995,482
Cultivation leases	474,000	489,299	487,585
Community pastures	357,400	367,098	560,481
Easements	150,000	160,802	105,510
Miscellaneous leases	125,000	130,030	140,118
Rights of entry	95,000	90,016	91,696
Other	209,480	282,381	221,929
	<u>\$ 14,912,880</u>	<u>\$ 16,759,166</u>	<u>\$ 8,422,708</u>

Note 17 Government Transfers

	2024		2023
	Budgeted	Actual	Actual
Transfers for operating:			
Federal Government	\$ 311,000	\$ 363,090	\$ 311,925
Provincial Government	2,388,918	2,330,551	2,442,813
Transfers for capital:			
Provincial Government	3,669,853	3,590,871	2,201,236
Federal Government	3,166,667	4,508,800	393,571
	<u>\$ 9,536,438</u>	<u>\$ 10,793,312</u>	<u>\$ 5,349,545</u>

Note 18 Other Revenue

	2024		2023
	Budgeted	Actual	Actual
Park permits and concession revenues	\$ 700,000	\$ 641,633	\$ 657,108
Water sales	470,000	494,392	489,925
License, assignment and application fees	287,000	388,200	267,874
Fire cost recoveries	125,000	225,118	135,217
Cultivation conversion	32,000	53,879	57,831
Bylaw enforcement cost recoveries	70,000	42,613	115,271
Gravel sales	120,000	150,699	48,112
Cost recoveries	175,500	-	941,311
Other	274,500	684,216	363,357
	<u>\$ 2,254,000</u>	<u>\$ 2,680,750</u>	<u>\$ 3,076,006</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 19 Total Expenses

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

	2024		2023
	Budgeted	Actual	Actual
Contract and general services	\$ 25,095,453	\$ 31,066,697	\$ 9,509,245
Manpower	20,008,479	18,532,490	17,971,218
Materials, goods, and utilities	16,490,521	15,806,118	16,227,294
Amortization of tangible capital assets	7,872,293	8,921,135	8,399,553
Grants	2,663,560	2,206,511	1,801,716
Industrial tax transfers	1,650,000	2,000,000	1,650,000
Goods and services from Alberta Government departments			
Public Safety and Emergency Services	448,024	582,721	405,524
Treasury Board & Finance	335,000	372,705	361,346
Municipal Affairs	20,000	18,308	15,703
Transportation and Economic Corridors	10,000	-	-
Provision for doubtful accounts	200,000	139,112	498,112
Less:			
Internal projects capitalized in the year	(6,639,276)	(4,491,695)	(8,403,759)
	<u>\$ 68,154,054</u>	<u>\$ 75,154,102</u>	<u>\$ 48,435,952</u>

Included in manpower, materials, goods and utilities and contract and general services, are \$3,439,267 of expenses (2023 - \$1,436,956), 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 255/2000 for the Board be disclosed as follows:

	2024	2023
Total debt limit	\$102,339,045	\$ 76,842,635
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$ 102,339,045</u>	<u>\$ 76,842,635</u>
Debt servicing limit	\$ 17,056,508	\$ 12,807,106
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 17,056,508</u>	<u>\$ 12,807,106</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 20 Debt Limits

(cont'd) 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 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 17 and the amounts outstanding at the end of the year are disclosed in Note 6.

Note 22	Salary & Benefit Disclosure	<u>2024</u>	<u>2023</u>
	Chair of the Special Areas Board	200,994	188,201
	Board Members (3)	30,682	14,682
	Advisory Council Members (11)	26,493	34,803
	Director of Finance and Administration	167,811	163,316
	Director of Municipal Services	155,996	159,416
	Director of Properties Administration	164,911	154,345
		<u>746,887</u>	<u>714,763</u>

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 2024 to the PSPP were \$703,169 (2023 - \$671,741) and to the MEPP were \$122,127 (2023 - \$126,477).

At December 31, 2023, the PSPP reported a surplus of \$4,542,500,000 (2022 surplus - \$4,258,721,000) and the MEPP reported a surplus of \$1,316,313,000 (2022 surplus - \$924,735,000).

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

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 24 Future Accounting Changes

The Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after January 1, 2025:

The Conceptual Framework for Financial Reporting in the Public Sector

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

PS 1202 Financial Statement Presentation

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework. Management is currently assessing the impact of the conceptual framework and the standard on the financial statements

Note 25 Comparative Figures

Certain 2023 figures have been reclassified to conform to 2024 presentation.

Note 26 Financial Instruments

The Board's financial instruments consist of cash and restricted cash, taxes and grants receivable, accounts receivable and accrued receivables, investments, and accounts payable and accrued liabilities.

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at the statement of financial position date.

The Board does not hold equities in an active market, nor engage in derivative contracts or foreign currency transactions. The Board is not exposed to remeasurement gains and losses and, consequently, a statement of remeasurement gains and losses is not presented.

Credit risk

The Board is exposed to credit risk, which is the risk that a customer will fail to settle a liability resulting in a financial loss to the Board. Accounts receivable are due from a diverse set of customers, and as such the Board is not exposed to significant credit risk. The Board reduces this risk through evaluations of receivable accounts throughout the year. There has been no change to management's assessment of credit risk from the prior year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 26 Financial Instruments

(cont'd) Market risk

Market risk is comprised of currency risk, interest rate risk and other price risk. The Board is exposed to interest rate risk as a result of deposits in the CIBC bank account being subject to a variable rate of interest (Note 8). All fixed income investments are in the Level 2 fair value hierarchy category and it is the Board's opinion that their exposure to interest rate risk arising from these financial instruments is not significant. There has been no change to management's assessment of interest rate risk from the prior year. The Board is not exposed to currency risk and other price risk.

The Board assesses its portfolio sensitivity to a percentage increase or decrease in the interest rate. As at December 31, 2024 if interest rates had a 1% increase or decrease, with all other variables held constant, the change in the fair value would be \$926,945 (2023 - \$839,412).

Liquidity risk

The Board is exposed to liquidity risk, which is the risk that the Board may be unable to generate or obtain sufficient cash to meet its commitments as they come due. The Board mitigates this risk through its management of cash and debt. As the Board maintains a positive balance of net financial assets, it is not exposed to significant liquidity risk. There has been no change in management's assessment of liquidity risk from the prior year.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Board.

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024						
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	Total
Revenue:							
Taxation	\$ 40,163,219	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,163,219
Leases	7,376,924	-	9,003,614	-	378,628	-	16,759,166
Provincial Grants	63,056	-	2,550,959	1,060,981	2,246,426	-	5,921,422
Interest	3,040,607	-	-	-	-	-	3,040,607
Federal Grants	363,090	-	-	-	4,508,800	-	4,871,890
Contributed Asset	-	-	-	-	-	-	-
Tax Recovery Land Sales	2,956,194	-	-	-	-	-	2,956,194
Gain (Loss) on sale of tangible capital	(1,325)	-	(83,726)	1,983	15,521	-	(67,547)
Other	1,048,626	267,731	228,368	494,392	-	641,633	2,680,750
Revenues per statement of operations	<u>\$ 55,010,391</u>	<u>\$ 267,731</u>	<u>\$ 11,699,215</u>	<u>\$ 1,557,356</u>	<u>\$ 7,149,375</u>	<u>\$ 641,633</u>	<u>\$ 76,325,701</u>
Expenses:							
Manpower	\$ 3,496,659	\$ 425,531	\$ 12,042,904	\$ 752,713	\$ 1,306,829	\$ 507,854	\$ 18,532,490
Materials, goods, and utilities	264,954	125,121	14,485,253	285,663	302,554	342,573	15,806,118
Contract and general services	1,585,114	7,168,927	14,809,788	6,527,176	706,535	269,157	31,066,697
Grants	185,103	-	-	266,916	709,276	1,045,216	2,206,511
Interest on long-term debt	-	-	-	-	-	-	-
Goods and services from GOA	373,919	577,441	-	-	17,094	5,280	973,734
Provision for doubtful accounts	139,112	-	-	-	-	-	139,112
Internal projects capitalized in the year	-	-	(1,539,424)	-	(2,952,271)	-	(4,491,695)
Industrial tax transfers	2,000,000	-	-	-	-	-	2,000,000
Amortization of tangible capital assets	515,507	452,302	7,227,253	416,464	169,038	140,571	8,921,135
Expenses per statement of operations	<u>\$ 8,560,368</u>	<u>\$ 8,749,322</u>	<u>\$ 47,025,774</u>	<u>\$ 8,248,932</u>	<u>\$ 259,055</u>	<u>\$ 2,310,651</u>	<u>\$ 75,154,102</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, 2024

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2024	2023
Cost									
Balance, beginning of the	\$50,572,384	\$42,841,884	\$27,411,055	\$ 9,026,653	\$1,409,108	\$253,538,487	\$4,496,789	\$389,296,360	\$373,356,856
Add:									
Additions during the year	6,713,543	4,843,380	2,805,686	914,802	-	1,539,424	135,915	16,952,750	16,972,932
Less:									
Disposals during the year	(2,140,201)	-	(619,205)	(197,883)	-	-	(76,713)	(3,034,002)	(1,033,428)
Balance, end of the year	\$55,145,726	\$47,685,264	\$29,597,536	\$ 9,743,572	\$1,409,108	\$255,077,911	\$4,555,991	\$403,215,108	\$389,296,360
Accumulated Amortization									
Balance, beginning of the	\$21,023,596	\$17,660,831	\$21,169,662	\$ 5,204,632	\$ 194,533	\$ 68,333,176	\$4,257,350	\$137,843,780	\$130,219,543
Add:									
Amortization	2,711,377	972,679	1,557,344	452,005	-	2,998,762	182,084	8,874,251	8,384,186
ARO Depreciation	-	14,963	-	-	-	-	-	14,963	15,367
Depletion	-	-	-	-	31,921	-	-	31,921	-
Less:									
Accumulated Amortization on Disposals	(1,444,751)	-	(551,143)	(148,448)	-	-	(75,388)	(2,219,730)	(775,316)
Balance, end of the year	\$22,290,222	\$18,648,473	\$22,175,863	\$ 5,508,189	\$ 226,454	\$ 71,331,938	\$4,364,046	\$144,545,185	\$137,843,780
Net book value, 2024	\$32,855,504	\$29,036,791	\$ 7,421,673	\$ 4,235,383	\$1,182,654	\$183,745,973	\$ 191,945	\$258,669,923	
Net book value, 2023	\$29,548,788	\$25,181,053	\$ 6,241,393	\$ 3,822,021	\$1,214,575	\$185,205,311	\$ 239,439		\$251,452,580

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 (2022 - \$96,025); no related amortization was recorded.

SPECIAL AREAS TRUST ACCOUNT
SUMMARY OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 3

	2024		2023
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 14)		
Equity in tangible capital assets at beginning of year	\$	250,330,840	\$ 241,971,557
Addition of capital assets:			
Road infrastructure	6,639,276	4,491,695	8,403,759
Transportation services	11,224,000	9,776,145	6,798,847
Agriculture and community pasture services	1,929,000	1,161,037	392,733
Administrative services	500,000	129,781	402,566
Water and sanitation services	360,000	264,531	245,635
Recreation and cultural services	782,500	522,084	235,669
Protective services	795,000	607,477	493,723
	<u>22,229,776</u>	<u>16,952,750</u>	<u>16,972,932</u>
Annual amortization of capital assets		(8,906,172)	(8,384,186)
Disposal of capital assets		(814,272)	(258,112)
		<u>257,563,146</u>	<u>250,302,191</u>
Asset retirement obligation - accretion		66,740	44,016
Asset retirement obligation - depreciation		(14,963)	(15,367)
Equity in tangible capital assets at end of year (Note 13)	\$	<u>257,614,923</u>	\$ <u>250,330,840</u>
Equity in inventory at beginning of year	\$	8,116,469	\$ 8,785,224
Add purchases and other inventory costs		6,128,975	5,117,971
Deduct requisitions		(6,027,288)	(5,786,726)
Equity in inventory at end of year (Note 12, 13)	\$	<u>8,218,156</u>	\$ <u>8,116,469</u>
Accumulated operational surplus at beginning of year	\$	33,756,371	\$ 36,051,169
Excess of revenues over expenses		1,171,599	5,387,278
Equity change in inventory		(101,687)	668,755
Equity change in capital assets		(7,284,083)	(8,359,283)
		<u>27,542,200</u>	<u>33,747,919</u>
Transfers to internally restricted reserves		(2,869,290)	8,452
Accumulated operational surplus at end of year (Note 13)	\$	<u>24,672,910</u>	\$ <u>33,756,371</u>
Internally restricted accumulated surplus at beginning of year	\$	55,010,221	\$ 55,018,673
Tax Recovery Land Sales - Transfers from operations		2,869,290	(8,452)
Internally restricted accumulated surplus at end of year (Note 13)	\$	<u>57,879,511</u>	\$ <u>55,010,221</u>
	\$	<u>348,385,500</u>	\$ <u>347,213,901</u>