



# 2025 RATEPAYER MEETINGS

Darren Jones, Director  
Finance & Administration

# 2024 Financial Statements

## Audit Report

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- The Auditor General of Alberta and his staff have audited the Special Areas Board's financial statements for the year ending December 31, 2024.
- We have included their report in the first section of the full package of financial statements. These are available online at [www.specialareas.ab.ca](http://www.specialareas.ab.ca).
- I would note it is their opinion that these statements present fairly the financial position of the Special Areas Board's Trust Account.

# 2024 Financial Statements

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## 2024 CASH POSITION

**\$ 48,080,444**

*- Cash is down \$9,537,000*

## 2024 TAXES RECEIVABLE

**\$ 664,305**

*- \$3.5M allowance for doubtfuls*

## 2024 NOTES RECEIVABLE

**\$ 3,782,327**

*These are for loans, mainly to SA & Oyen Development Corp. and the Big Country Waste Commission.*

## 2024 INVESTMENTS

**\$34,752,750**

*- More details available upon request*

## 2023 CASH POSITION

**\$57,616,985**

## 2023 TAXES RECEIVABLE

**\$ 689,984**

*- \$2.0M w/ for doubtfuls*

## 2023 NOTES RECEIVABLE

**\$ 4,121,599**

## 2023 INVESTMENTS

**\$33,967,485**

# 2024 Financial Statements

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## 2024 ACCOUNTS PAYABLE

**\$ 9,739,921**

*- payables comparable to prior year,  
with exception of gravel crushing work  
which continued into Spring 2025*

## 2024 LONG TERM DEBT

**no long term debt**

## 2024 NET FINANCIAL ASSETS

**\$81,497,421**

*- Down \$6.1M from 2023*

## 2023 ACCOUNTS PAYABLE

**\$ 8,839,393**

*- increased Trade A/P back to normal.*

## 2023 LONG TERM DEBT

**no long term debt**

## 2023 NET FINANCIAL ASSETS

**\$87,644,852**

*- Down \$2.3M from 2022*

# 2024 Financial Statements

## 2024 NON-FINANCIAL ASSETS

**\$266,888,079**

- Up \$7.3M and this represents Special Areas net investment in assets being greater than amortization. Additional detail on Schedule 2.
- In 2024, Special Areas invested \$5.4M in construction by Special Areas forces (including \$3.9M at the Sheerness Industrial Park & Reservoir), \$10.8 million in machinery and equipment, less \$8.9M for amortization.

## 2023 NON-FINANCIAL ASSETS

**\$259,569,049**

## 2024 ACCUMULATED SURPLUS

**\$348,385,520**

*- Up \$1.2 million from 2023*

- Change consists of:
  - Actual operational deficit was significantly less than budgeted amount (Note 14)
  - Operations surplus on a cash basis total of \$24.6M (Note 13). Down \$9.0M.
  - Equity in TCA increase of \$7.2M
  - Tax Recovery Reserve increase of \$2.9M, balance of \$57.9 million.

## 2023 ACCUMULATED SURPLUS

**\$347,213,901**

*- Up \$5.4 million from 2022*

# 2024 Financial Statements

## Statement of Financial Position

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- The Special Areas Board is in a strong financial position. The Board has sufficient financial resources to fund future operational and capital requirements.
- The Board also has a significant financial reserve as a result of the Tax Recovery Land Sale process and investments in Tangible Capital Assets (TCA).
- The Board's operational surplus is available for funding of future expenditures.
- \$24.6M accumulated operational surplus.
  - Part of this surplus is a result of TRLS II funds being transferred to this surplus account (approx. \$12.2 million).

# 2024 Financial Statements

## Statement of Operations

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- Format of financial statements is different than those used for budget preparation and comparison.
- Revenues and expenses discussion refers to the same format (ACCRUAL ACCOUNTING) as the financial statements are prepared by.
- The budget is prepared on a MODIFIED CASH BASIS.
- The key difference between these two methods is with the accrual basis self constructed roads (SAB crew work) are capitalized and then amortized over several years. The modified cash basis expenses these when the work is performed.
- Schedule 1 and Note 13 of the Audited Financial Statements help us interpret the cash basis from the accrual method.

# 2024 Financial Statements

## Revenue Summary

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### 2024 ACTUAL REVENUE

**\$ 76,325,701** Accrual basis

**\$ 77,139,937** Cash basis

### 2023 ACTUAL REVENUE

**\$ 53,823,230** Accrual basis

**\$ 54,081,342** Cash basis

### 2024 BUDGETED REVENUE

**\$ 69,650,743** Accrual basis

**\$ 70,451,243** Cash basis

### 2023 BUDGETED REVENUE

**\$ 56,159,503** Accrual basis

**\$ 57,079,503** Cash basis

Total 2024 actual revenue is up from 2023 actual revenue as well as 2024 budgeted revenue.

The largest changes came from an increase in Net Tax revenue and one-time revenues from cost-shared projects.



# 2024 Financial Statements

## Revenue Summary

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### 2024 ACTUAL NET TAXES

**\$ 40,163,219**

- Municipal millrate no change at 5.71, split was up from 3.26 to 4.26
- Bad debt levy on industrial accts in the year remained at 0.25
- Residential stayed at 3.00.
- Overall tax revenue is up \$7.2M due to increased assessment from renewables and planned millrate increase to industry.

### 2024 BUDGETED NET TAXES

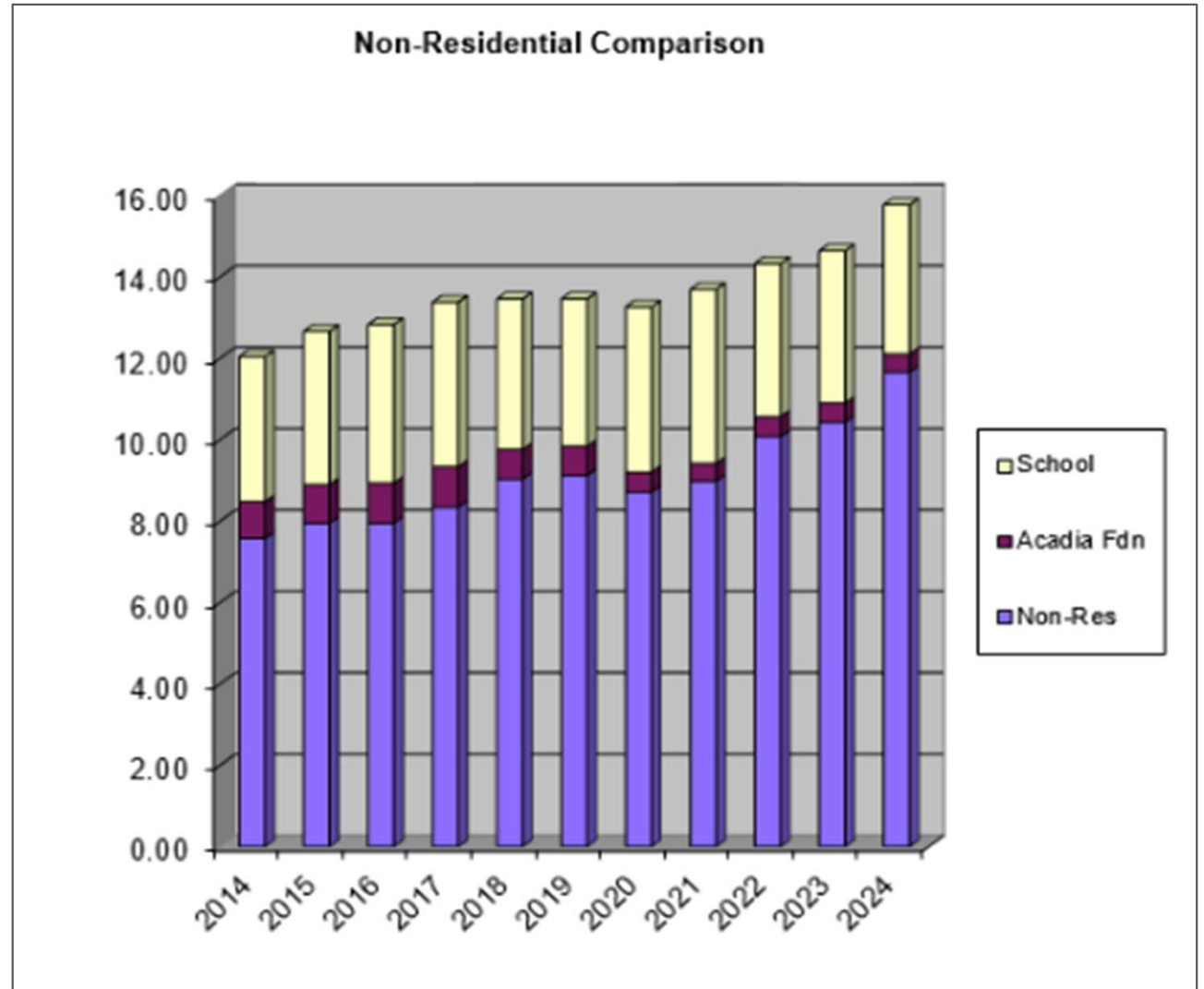
**\$ 33,346,500**

- Increased assessment due to renewable energy projects coming online; final year of Oil and Gas tax holiday.
- Bad debt millrates stayed the same, increase medical levy to fund medical initiatives.
- The Board maintained the overall millrate for non-residential taxes, despite adjustments within the split, school, and bad debt levy.

# 2024 Financial Statements

## Non-Residential Millrates

- Overall strategy has been to increase millrates gradually when necessary.
- Special Areas has been moving into the millrate room that has been created in the past by lower provincial school and seniors' levies



# 2024 Financial Statements

## Revenue Summary

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### 2024 ACTUAL LEASES

**\$ 16,759,166**

### 2024 BUDGETED LEASES

**\$ 14,912,880**

2024 Budget included \$9.0M for paving project.

### 2024 ACTUAL PROV. GRANTS

**\$ 2,693,641**

**\$ 8,099,671 Capital**

### 2024 BUDGETED PROV. GRANTS

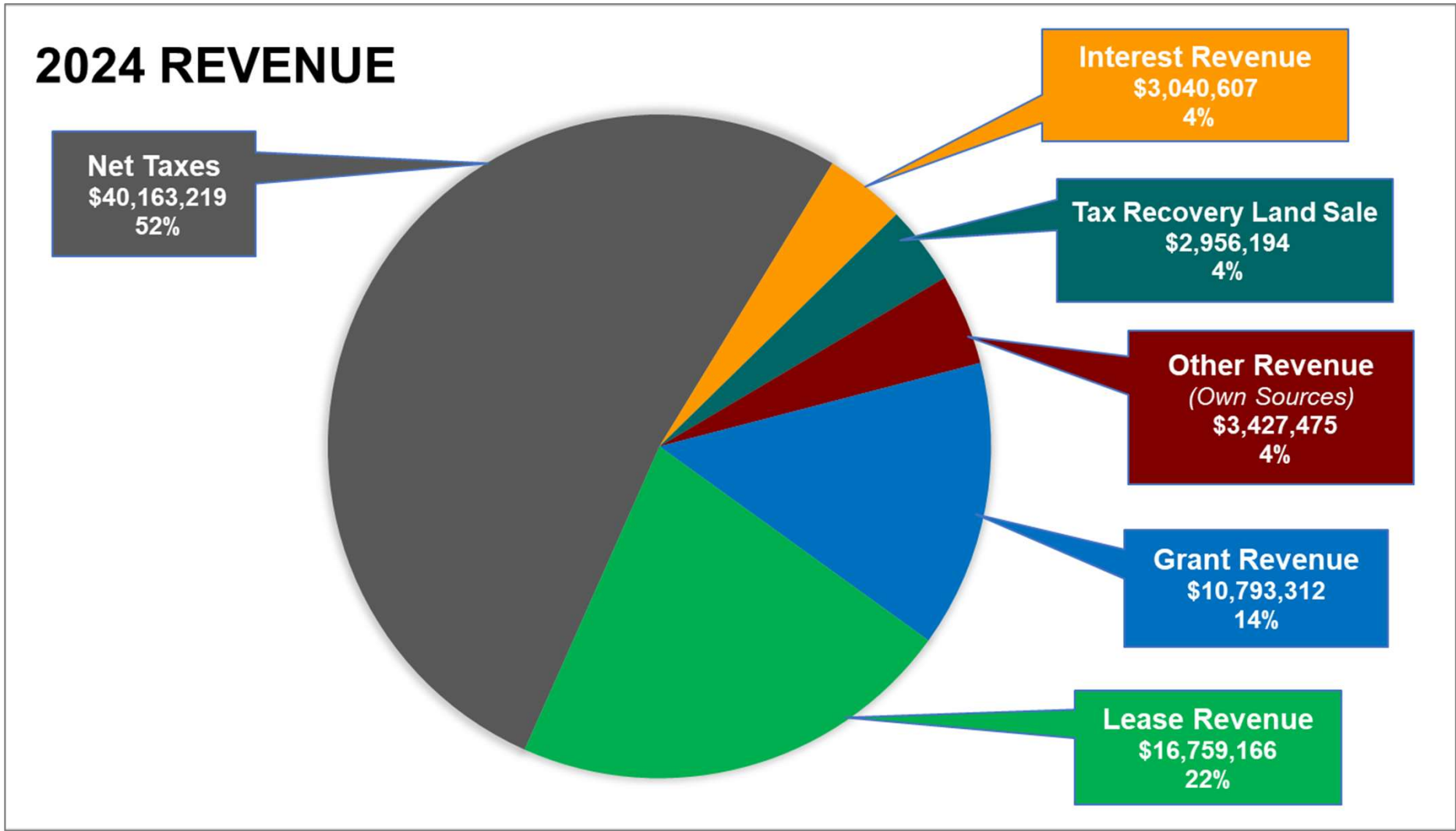
**\$ 2,699,438**

**\$ 6,837,000 Capital**

- Amounts for capital are above budget as a result of work being completed on the Sheerness Industrial Park & Reservoir. This work was funded through Prairies Economic Development Canada.
- 2024 was the final year of MSI funding. This funding moves to the Local Government Fiscal Framework (LGFF) in 2025; similar levels of funding is expected.

# 2024 Financial Statements

## Revenue Summary



# 2024 Financial Statements

## Expenses Summary

### 2024 ACTUAL EXPENSES

**\$ 75,154,102** *Accrual basis*  
\$ 8,921,135 *Amortization*  
\$ 12,461,055 *Assets acquired*  
**\$ 86,055,007** *Total cash basis*

### 2023 ACTUAL EXPENSES

\$ 48,435,952 *Accrual basis*  
\$ 8,399,553 *Amortization*  
\$ 8,569,173 *Assets acquired*  
\$ 57,013,879 *Total cash basis*

- Overall expenses were up compared to 2023, primarily in transportation services and protective services.
  - The increase in protective services was a result of a one-time planned contribution by SAB towards the 14-bed dementia/assisted living facility being constructed in Oyen in partnership with Acadia Foundation & Province.
- 2024 continued to be a normal operating year with a full road program planned. Supply side issues began to stabilize, however some inflationary pressures remained.
  - SAB was able to fill most seasonal positions and permanent positions, but we continue to see some recruitment challenges. Weather conditions did impact some projects, and the season was extended. The wage budget was utilized.

# 2024 Financial Statements

## Expenses Summary

### 2024 ACTUAL TRANSPORTATION

**\$ 36,846,249** Accrual basis  
**\$ 51,114,089** *Cash expenditures  
including capital*

### 2024 BUDGETED TRANSPORTATION

**\$ 34,154,879** Accrual basis  
**\$ 53,012,664** *Cash expenditures  
including capital*

- Overall actual expenditures were comparable to the budget with changes to:
  - Paving on Highway 855 was completed in 2024 after being deferred in 2023. Project was extended into Stettler County by the Province; there was no cost to SAB to extend project. SAB managed this project on behalf of the Province.
  - Increased costs were incurred in the areas of parts and fuel to budget.
  - Some equipment/capital purchases were deferred due to availability issues (\$1.1M).

# 2024 Financial Statements

## Expenses Summary

### 2024 ACTUAL ADMINISTRATION

**\$ 6,044,860**

**\$ 6,174,641 cash basis**

### 2024 BUDGETED ADMINISTRATION

**\$ 6,133,594**

**\$ 6,633,594 cash basis**

- The Province continued with their program to reimburse Special Areas for bad school levy debt.
- Some savings were realized due to lower summer staffing levels than originally planned, along with some purchasing savings.
- Additional costs were incurred due to increases in insurance related to community halls and facilities. The Board covered 50% of insurance for community groups due to the significant increase.

# 2024 Financial Statements

## Expenses Summary

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### 2024 ACTUAL WATER SERVICES

**\$ 7,832,469**

**\$ 8,097,000 cash basis**

### 2024 BUDGETED WATER SERVICES

**\$ 8,712,048**

**\$ 9,072,048 cash basis**

- Service costs include work on Phase 2 of the Regional Irrigation project; costs were offset by funding through GOA / CIB.
- The budget had the anticipated work occurring over 2 years @ \$3.5 million per year; instead, this work will occur over 3 years (vs. 2 years initially budgeted).
- Work on moving water systems above ground is proceeding.



# 2024 Financial Statements

## Expenses Summary

### 2024 ACTUAL AG/ECON DEV'T /PASTURES

**\$ 3,042,289**

**\$ 4,203,326 cash basis**

### 2024 BUDGETED AG/ECON DEV'T /PASTURES

**\$ 3,128,783**

**\$ 5,057,783 cash basis**

- Activities returning to normal operations
- Sheerness Industrial Park work is proceeded with grant funding; expenditures were lower than budgeted (accrual basis) due to municipal forces being used to complete the work.

### 2024 ACTUAL PROTECTIVE SERV.

**\$ 8,297,020**

**\$ 8,904,497 cash basis**

### 2024 BUDGETED PROTECTIVE SERV.

**\$ 3,211,684**

**\$ 4,006,684 cash basis**

- 2024 included \$5M in funding being advanced for the 14-bed dementia / assisted living facility project in Oyen and funds toward the planned Oyen medical clinic build (*2025 proposed construction*).

# 2024 Financial Statements

## Expenses Summary

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### 2024 ACTUAL RECREATION

**\$ 2,170,080**

**\$ 2,692,164 cash basis**

- Savings in 2024 were realized through deferring capital purchase (water truck). Special Areas parks had a full contingency of staff hired.
- Recreation funding levels were maintained similar to prior years

### 2024 BUDGETED RECREATION

**\$ 2,296,264**

**\$ 3,078,764 cash basis**

### 2024 ACTUAL INDUST. TAX TRANS

**\$ 2,000,000**

- Funding to urban partners (towns & villages) was increased in part due to increased industrial assessment.
- This funding is designed to assist urban municipalities located in the Special Areas. Discussions continue to ensure this program effectively supports regional viability.

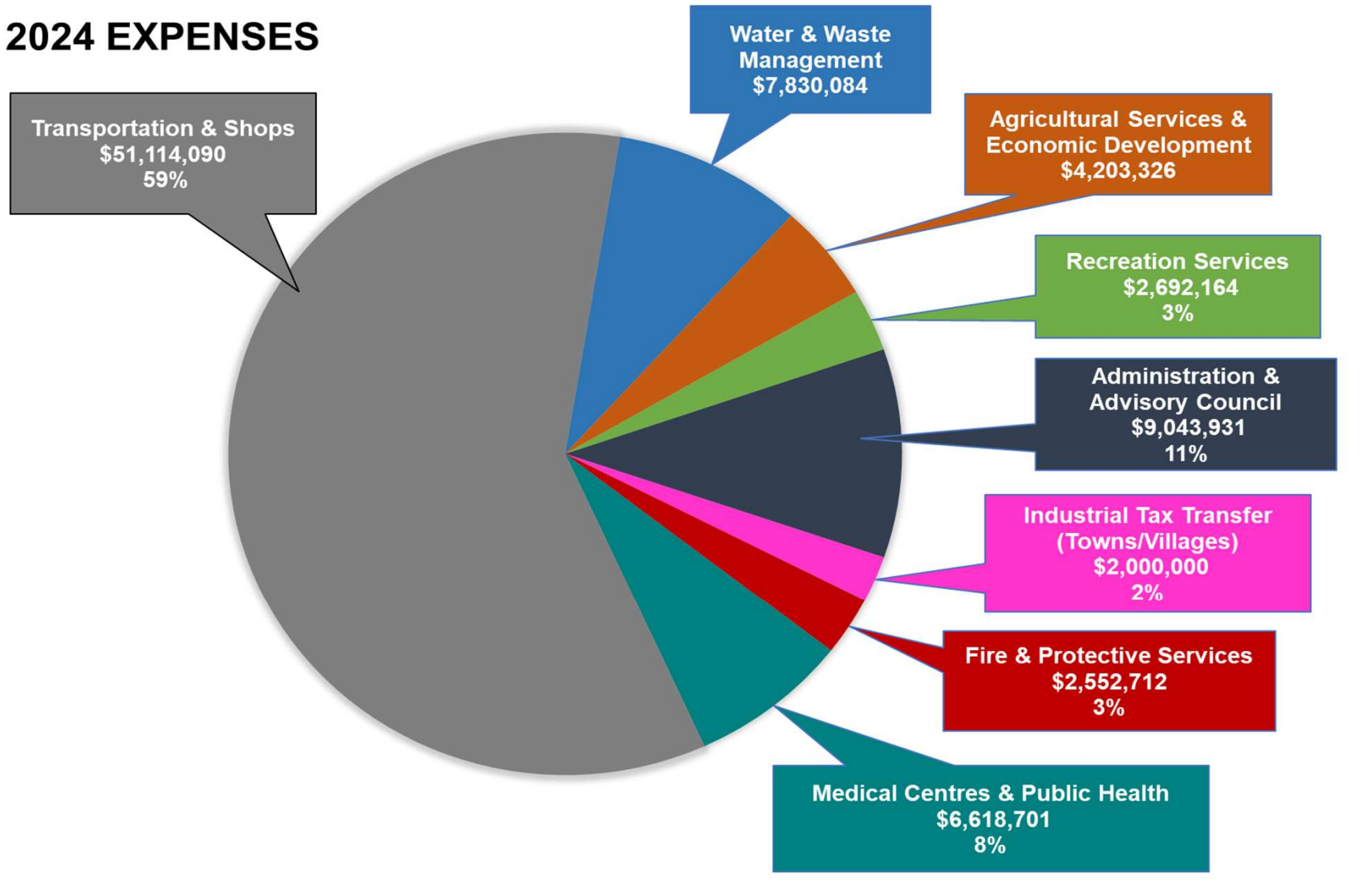
### 2024 BUDGETED TRANSFER

**\$ 1,650,000**

# 2024 Financial Statements

## Expenses Summary

### 2024 EXPENSES



# 2024 Finances

## Impact on 2025 Budget

### 2024 (DEFICIT)

\$(18,060,294) deficit budgeted

**\$ ( 8,915,034) actual cash deficit**

- Accumulated Unrestricted Operational Surplus (see Note 13):
  - 2016 Actual \$13,504,876
  - 2017 Actual \$ 9,047,816
  - 2018 Actual \$15,451,081
  - 2019 Actual \$16,194,279
  - 2020 Actual \$25,664,371
  - 2021 Actual \$30,178,970
  - 2022 Actual \$35,103,313 cash basis
  - 2023 Actual \$33,756,371 cash basis
  - 2024 Actual \$24,672,910 cash basis

### 2025 BUDGET

\$ (9,082,012) budget deficit

*Intention is to bring in a budget for 2025 that would invest in health care facilities/services and draw down the surplus.*

*Board will utilize surplus over time to consider what future operations and expenses will be planned and implemented.*

### **Significant considerations:**

- Hiring a full contingency of seasonal staff
- Total Assessment now over \$5 billion
- Oil & Gas Industry tax holiday no longer in effect; oil well drilling tax not active
- Continuation of plan for fleet replacement (supply chain issues somewhat resolved)
- GBC & recrowning work continuing
- Wrap up current partnership / economic development projects (Regional Irrigation, Sheerness Industrial Park)
- Partnering with local medical boards to invest in critical healthcare services and capital projects

# Issues

## Future Financial Trends

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- Budget concerns are still focused on the impact of recruiting challenges on capacity and increased uncertainty in procurement.
- Special Areas continues our proactive approach to managing bad debts, including working with the AER.
- Increasing assessment from renewable energy projects is expected to positively impact municipal tax revenue levels for the short-term; the long-term impacts of depreciation are not yet known.



The background of the slide is a collage of numerous colorful sticky notes in shades of pink, yellow, blue, and green. Each sticky note has a large, bold black question mark printed on it. The notes are scattered and overlapping, creating a dense, textured appearance.

# Questions

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