

SPECIAL AREAS TRUST ACCOUNT

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of Management. Management is responsible for the preparation and presentation of the accompanying financial statements including responsibility for significant accounting judgments and estimates. These financial statements are prepared by management in accordance with Canadian 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 comprises the statement of financial position as at December 31, 2025, 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, 2025, 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 20, 2026
Edmonton, Alberta

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
		(Restated - Note 26)
Financial Assets		
Cash (Note 3)	\$ 62,448,066	\$ 48,080,444
Accounts receivable (Note 4)	2,665,717	1,450,661
Notes receivable (Note 5)	4,503,999	3,782,327
Due from other governments (Note 6)	5,964,769	5,046,239
Taxes receivable (Note 7)	780,889	664,305
	76,363,440	59,023,976
Investments (Note 8)	36,165,669	34,752,750
Total Financial Assets	112,529,109	93,776,726
Liabilities		
Accounts payable and accruals	5,212,012	5,029,520
Vacation accruals	1,163,322	1,081,287
Deferred revenues	2,039,727	1,845,058
Deferred government grant revenue (Note 9)	-	285,601
Asset retirement obligation (Note 10)	1,051,899	1,055,000
Due to other governments (Note 6)	494,849	443,455
	9,961,809	9,739,921
Provision for gravel pit reclamation (Note 11)	3,421,000	3,317,000
Total Liabilities	13,382,809	13,056,921
Net Financial Assets	99,146,300	80,719,805
Non-financial assets		
Prepaid expenses	1,161,636	777,616
Tangible capital assets (Schedule 2)	276,205,640	260,941,992
Inventory (Note 12)	8,192,639	8,218,156
Total Non-Financial Assets	285,559,915	269,937,764
Accumulated Surplus (Note 13)	\$ 384,706,215	\$ 350,657,569

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

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025		2024
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u> (Restated - Note 26)
Revenues			
Net taxes for municipal purposes (Note 15)	42,162,000	53,015,543	40,163,219
Lease revenue (Note 16)	10,757,880	10,236,332	16,759,166
Government transfers for operating (Note 17)	2,983,070	1,986,324	2,693,641
Government transfers for capital (Note 17)	3,053,000	3,614,439	8,099,671
Interest	3,586,150	2,451,964	3,040,607
Loss on sale of tangible capital assets	-	(251,306)	(67,547)
Tax recovery land sales	6,100,000	10,682,250	2,956,194
Other revenue (Note 18)	2,294,000	2,151,436	2,680,750
Total revenues	<u>70,936,100</u>	<u>83,886,982</u>	<u>76,325,701</u>
Expenses			
Transportation services	23,354,402	17,871,824	36,846,249
Administrative services	6,242,303	6,380,514	6,044,860
Water and sanitation services	5,892,815	4,289,555	7,832,469
Agriculture and community development	2,885,241	2,585,032	3,042,289
Protective services	5,109,347	4,225,988	8,297,020
Recreational and cultural services	2,425,168	2,909,182	2,170,080
Industrial tax transfers	2,000,000	2,000,000	2,000,000
Amortization	7,872,293	9,576,241	8,921,135
Total expenses (Note 19)	<u>55,781,569</u>	<u>49,838,336</u>	<u>75,154,102</u>
Excess of revenues over expenses	\$ 15,154,531	\$ 34,048,646	\$ 1,171,599
Accumulated surplus at beginning of year	<u>350,657,569</u>	<u>350,657,569</u>	<u>349,485,970</u>
Accumulated surplus at end of year	<u>\$ 365,812,100</u>	<u>\$ 384,706,215</u>	<u>\$ 350,657,569</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, 2025

	2025		2024
	<u>BUDGET</u> (Note 14)	<u>ACTUAL</u>	<u>ACTUAL</u>
Excess of revenue over expenses	\$ 15,154,531	\$ 34,048,646	\$ 1,171,599
Acquisition of tangible capital assets	(16,428,000)	(15,902,000)	(12,461,055)
Internal projects capitalized in the year	(8,147,336)	(10,232,867)	(4,491,695)
Loss on sale of tangible capital assets	-	251,306	67,547
Proceeds on disposal of tangible capital assets	1,066,500	1,043,672	746,725
Amortization of asset retirement obligation	-	14,191	14,963
Amortization of tangible capital assets	7,872,293	9,562,050	8,906,172
Change in prepaid expenses	-	(384,020)	(509,448)
Change in inventory	-	25,517	(101,687)
Increase (Decrease) in net financial assets	(482,012)	18,426,495	(6,656,879)
Net financial assets, beginning of year	80,719,805	80,719,805	87,376,684
Net financial assets, end of year	\$ 80,237,793	\$ 99,146,300	\$ 80,719,805

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, 2025

	2025	2024
Operating activities:		
Excess of revenues over expenses	\$ 34,048,646	\$ 1,171,599
Amortization of investment premiums, less discounts	(159,827)	(156,530)
Loss on sale of investments	(13,886)	193,868
Amortization of tangible capital assets	9,562,050	8,906,172
Amortization of asset retirement obligation	14,191	14,963
Loss on sale of tangible capital assets	251,306	67,547
Increase in provision for gravel pit reclamation	104,000	65,000
	<u>43,806,480</u>	<u>10,262,619</u>
Changes in non-cash operating items:		
Prepaid expenses and accounts receivable	(1,599,076)	(2,811)
Due to other governments	(918,530)	(3,931,513)
Taxes receivable	(116,584)	25,679
Accounts payable and accruals	264,527	1,127,426
Deferred revenues	194,669	(37,748)
Deferred government grant revenue	(285,601)	(68,257)
Asset retirement obligation	(3,101)	(66,740)
Due from other governments	51,394	(54,153)
Inventory	25,517	(101,687)
	<u>(2,386,785)</u>	<u>(3,109,804)</u>
Cash provided by operating activities	<u>41,419,695</u>	<u>7,152,815</u>
Capital activities:		
Proceeds of sale of tangible capital assets	1,043,672	746,725
Purchase of tangible capital assets	(26,134,867)	(16,952,750)
Cash applied to capital activities	<u>(25,091,195)</u>	<u>(16,206,025)</u>
Investing activities:		
Net change in notes receivable	(721,672)	339,272
Proceeds from redemption of investments	14,286,452	16,029,953
Purchase of investments	(15,525,658)	(16,852,556)
Cash applied to investing activities	<u>(1,960,878)</u>	<u>(483,331)</u>
Increase (decrease) in cash	<u>14,367,622</u>	<u>(9,536,541)</u>
Cash at the beginning of year	<u>48,080,444</u>	<u>57,616,985</u>
Cash at the end of year	<u>\$ 62,448,066</u>	<u>\$ 48,080,444</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, 2025

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, 2025

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 0.901 million acres of tax recovery land remains unsold as at December 31, 2025 (2024 - 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 (2024 - 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, 2025 there was no liability for remediation of contaminated sites (2024 - nil).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025

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, 2025

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.

(n) Non-financial Assets

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, 2025

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, dams and electronic data processing items.

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, 2025

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
	Year 1	Year 2	Year 3 and Thereafter	Salvage Value
	%	%	%	%
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

There are no restricted amounts included in cash (2024 - \$285,601) that are held exclusively for approved projects (Note 9).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$51,526 (2024 - \$21,785), are comprised of the following:

	<u>2025</u>	<u>2024</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 142,250	\$ 91,057
Accrued interest	41,242	4,134
	<u>183,492</u>	<u>95,191</u>
Leases	514,124	411,783
Accrued interest	319,748	298,956
Miscellaneous	247,906	422,302
	<u>\$ 1,265,270</u>	<u>\$ 1,228,232</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 1,400,447	\$ 222,429
	<u>\$ 2,665,717</u>	<u>\$ 1,450,661</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 and 7.25% on tax recovery land sales that commenced in 2023. 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, 2025

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	2025	2024
Current:		
a. Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 154,605	\$ 76,332
Big Country Waste Management Commission (6 year - 2.68% interest)	447,741	260,753
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	13,319	12,978
Other	4,790	4,575
	\$ 620,455	\$ 354,638
Non-current:		
a. Special Areas & Oyen Development Corporation (25 year - 2.5430% interest)	\$ 1,802,608	\$ 1,880,881
b. Special Areas & Oyen Development Corporation (terms below)	1,000,000	-
Big Country Waste Management Commission (6 year - 2.68% interest)	755,961	1,203,702
Association of Consort & District Seniors Centre (25 year - 2.6220% interest)	309,363	322,681
Other	15,612	20,425
	\$ 3,883,544	\$ 3,427,689
	\$ 4,503,999	\$ 3,782,327

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.

- (a.) The amount owed is a result of advancing funds to repurpose and upgrade the industrial railyard in Oyen.
- (b.) The amount owed is a result of advancing funds to purchase and build a three story twelve (12) room apartment complex in Oyen. As of December 31, 2025 no repayment terms had been set.

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.

Principal repayments are estimated as follows:

2026	\$	620,455
2027		558,663
2028		397,752
2029		104,211
2030		101,315
Thereafter		2,721,603
	\$	4,503,999

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 6 Due from (to) Other Governments

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

	<u>2025</u>	<u>2024</u>
Due from other Governments		
Provincial Government	5,564,661	2,397,453
Federal Government	400,108	2,648,786
	<u>\$ 5,964,769</u>	<u>\$ 5,046,239</u>
Due to other Government		
Provincial Government	<u>(494,849)</u>	<u>(443,455)</u>
Due from other Governments, net	<u><u>\$ 5,469,920</u></u>	<u><u>\$ 4,602,784</u></u>

Note 7 Taxes Receivable

	<u>2025</u>	<u>2024</u>
Current taxes	\$ 3,865,261	\$ 2,739,862
(Over)/Under levy	(32,691)	91,599
Tax arrears	3,076,951	1,333,406
	<u>6,909,521</u>	<u>4,164,867</u>
Less allowance for doubtful accounts:	<u>(6,128,632)</u>	<u>(3,500,562)</u>
	<u><u>\$ 780,889</u></u>	<u><u>\$ 664,305</u></u>

Note 8 Investments

	<u>2025</u>	<u>2024</u>
Canada Housing Trust	\$ 12,365,414	\$ 20,168,469
Federal Government Bonds	12,304,832	7,164,552
Provincial Government Bonds	7,979,981	4,376,679
Banks	3,037,241	3,043,047
Money Market Pool	478,198	-
Equity in part 9 companies	<u>3</u>	<u>3</u>
	<u><u>\$ 36,165,669</u></u>	<u><u>\$ 34,752,750</u></u>

Short-term notes and deposits have effective interest rates of 0.70% to 1.898% (2024 – 0.70% to 4.45%) and mature in less than one year. Government and government guaranteed bonds have effective interest rates of 0.70% to 4.008% (2024 – 0.66% to 3.73%) with maturity dates from June 2, 2026 to December 2, 2030. Fair market value at December 31, 2025 was \$36,671,135 (2024 - \$34,989,312).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 9 Deferred Government Grant Revenue

	2025	2024
Municipal Affairs	\$ -	\$ 285,601

Note 10 Asset Retirement Obligation (ARO)

	2025	2024
Asset retirement obligation, beginning of year	\$ 1,055,000	\$ 1,121,740
Liability incurred	-	-
Liability settled	-	(66,740)
Revision of estimates	(3,101)	-
Asset retirement obligation, end of year	\$ 1,051,899	\$ 1,055,000

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 2025 it was estimated that 870,079 cubic meters (2024 - 857,147 cubic meters) of gravel pits were exposed for a total liability of \$3,421,000 (2024 - \$3,317,000).

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, 2025

Note 12 Inventory

	2025			2024
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 3,033,770	\$ 208,163	\$ 2,825,607	\$ 2,537,616
Gravel	4,501,341	-	4,501,341	4,799,343
Culverts	328,255	-	328,255	298,788
Fuel	264,468	-	264,468	342,007
Fencing	112,844	-	112,844	99,339
Chemicals and other	160,124	-	160,124	141,063
Inventory	\$ 8,400,802	\$ 208,163	\$ 8,192,639	\$ 8,218,156

Note 13 Accumulated Surplus

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

	2025	2024
		(Restated Note - 26)
Equity in tangible capital assets	\$275,153,741	\$259,886,992
Equity in inventory	8,192,639	8,218,156
Unrestricted operational surplus	20,850,440	24,672,910
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	80,509,395	57,879,511
Total Accumulated Surplus	\$384,706,215	\$350,657,569

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 \$1,051,899 (2023 - \$1,055,000).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 14 Budget

The 2025 municipal budget was adopted by the Board in December 2024 and approved by the Minister of Municipal Affairs in February 2025. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	2025		2024
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 15,154,531	\$ 34,048,646	\$ 1,171,599
Acquisition of tangible capital assets	(16,428,000)	(15,901,999)	(12,461,055)
Construction of road and road surfaces	(8,147,336)	(10,232,867)	(4,491,695)
Loss on sale of tangible capital assets	-	251,306	67,547
Proceeds on disposal of tangible capital assets	1,066,500	1,043,674	746,725
Amortization	7,872,293	9,576,241	8,921,135
	(482,012)	18,785,001	(6,045,744)
Tax Recovery Land Sales - transferred to internally restricted reserves	(8,600,000)	(22,629,884)	(2,869,290)
(Deficit), as per cash preparation budget	<u>\$ (9,082,012)</u>	<u>\$ (3,844,883)</u>	<u>\$ (8,915,034)</u>

Note 15 Taxation

	2025		2024
	Budgeted	Actual	Actual
Power and pipeline	\$ 40,994,000	\$ 54,947,930	\$ 41,218,692
Real property	13,406,000	13,675,835	13,406,280
Grazing and cultivation	743,000	741,601	742,868
Recoveries on bad debt	-	271,035	415,803
Penalties and costs on taxes	200,000	898,843	421,512
	55,343,000	70,535,244	56,205,155
Less bad debt and amounts expended by transfers:			
Alberta School Foundation Fund	10,573,000	11,509,525	10,573,040
Seniors Foundation	1,750,000	1,762,533	1,750,425
Designated Industrial Properties	258,000	304,248	242,116
Subtotal	\$ 12,581,000	\$ 13,576,306	\$ 12,565,581
Net taxes less transfers	42,762,000	56,958,938	43,639,574
Less bad debts	600,000	3,943,395	3,476,355
Net taxes for municipal purposes	<u>\$ 42,162,000</u>	<u>\$ 53,015,543</u>	<u>\$ 40,163,219</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 16 Lease Revenue

	2025		2024
	Budgeted	Actual	Actual
Grazing leases	\$ 3,903,000	\$ 3,810,052	\$ 3,400,472
Mineral surface leases	2,850,000	2,620,195	2,823,925
Equipment rentals	2,118,000	2,112,040	9,015,143
Community pastures	867,400	831,149	367,098
Cultivation leases	485,000	484,578	489,299
Miscellaneous leases	125,000	126,443	130,030
Easements	110,000	120,332	160,802
Rights of entry	95,000	43,036	90,016
Other	204,480	88,507	282,381
	\$ 10,757,880	\$ 10,236,332	\$ 16,759,166

Note 17 Government Transfers

	2025		2024
	Budgeted	Actual	Actual
Transfers for operating:			
Federal Government	\$ 346,894	\$ 357,402	\$ 363,090
Provincial Government	1,722,951	1,628,922	2,330,551
Transfers for capital:			
Provincial Government	3,316,225	3,146,322	3,590,871
Federal Government	650,000	468,117	4,508,800
	\$ 6,036,070	\$ 5,600,763	\$ 10,793,312

Note 18 Other Revenue

	2025		2024
	Budgeted	Actual	Actual
Park permits and concession revenues	\$ 632,500	\$ 681,067	\$ 641,633
Water sales	480,000	468,703	494,392
License, assignment and application fees	287,000	220,477	388,200
Fire cost recoveries	130,000	176,181	225,118
Cultivation conversion	32,000	17,188	53,879
Bylaw enforcement cost recoveries	70,000	32,673	42,613
Gravel sales	120,000	51,768	150,699
Cost recoveries	25,500	38,799	-
Other	517,000	464,580	684,216
	\$ 2,294,000	\$ 2,151,436	\$ 2,680,750

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 19 Total Expenses

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

	<u>2025</u>		<u>2024</u>
	Budgeted	Actual	Actual
Contract and general services	\$ 10,979,814	\$ 10,981,246	\$ 31,066,697
Manpower	19,969,829	19,135,572	18,532,490
Materials, goods, and utilities	16,363,143	14,666,567	15,806,118
Amortization of tangible capital assets	7,872,293	9,576,241	8,921,135
Grants	5,581,385	2,604,404	2,206,511
Industrial tax transfers	2,000,000	2,000,000	2,000,000
Goods and services from Alberta Government departments			
Public Safety and Emergency Services	577,441	588,456	582,721
Treasury Board & Finance	340,000	415,701	372,705
Municipal Affairs	35,000	73,275	18,308
Transportation and Economic Corridors	10,000	-	-
Provision for doubtful accounts	200,000	29,741	139,112
Less:			
Internal projects capitalized in the year	<u>(8,147,336)</u>	<u>(10,232,867)</u>	<u>(4,491,695)</u>
	<u>\$ 55,781,569</u>	<u>\$ 49,838,336</u>	<u>\$ 75,154,102</u>

Included in manpower, materials, goods and utilities and contract and general services, are \$81,604 of expenses (2024 - \$3,439,267), 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:

	<u>2025</u>	<u>2024</u>
Total debt limit	\$126,700,866	\$102,339,045
Total debt	<u>-</u>	<u>-</u>
Amount of debt limit unused	<u>\$126,700,866</u>	<u>\$102,339,045</u>
Debt servicing limit	\$ 21,116,811	\$ 17,056,508
Debt servicing	<u>-</u>	<u>-</u>
Amount of debt servicing limit unused	<u>\$ 21,116,811</u>	<u>\$ 17,056,508</u>

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 and Benefit Disclosure	2025	2024
Chair of the Special Areas Board	201,080	200,994
Board Members (3)	25,481	30,682
Advisory Council Members (11)	26,330	26,493
Director of Finance and Administration	186,873	167,811
Director of Property Administration	183,244	164,911
Director of Regional Initiatives	148,289	-
Director of Municipal Services	44,792	155,996
	816,089	746,887

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 2025 to the PSPP were \$732,029. (2024 - \$703,619) and to the MEPP were \$127,879 (2024 - \$122,127).

At December 31, 2024, the PSPP reported a surplus of \$6,473,956,000 (2023 surplus - \$4,542,500,000) and the MEPP reported a surplus of \$1,865,997,000 (2023 surplus - \$1,316,313,000).

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, 2025

Note 24 Future Accounting Changes

Effective for fiscal years starting on or after April 1, 2026, the Board will adopt the following new conceptual framework and accounting standard approved by the Public Sector Accounting Board:

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 2024 figures have been reclassified to conform to 2025 presentation.

Note 26 Prior Period Adjustment

During the year, it was determined that there was a prior period adjustment required in regards to the calculation of the accumulated amortization of the roads. The roads were being amortized at a faster rate than the useful life that we set at the time. This overstated the accumulated amortization for the prior year and affected the following areas.

	As previously reported	TCA amortization adjustment	As restated
Statement of Financial Position			
Tangible capital assets (Schedule 2)	258,669,923	2,272,069	260,941,992
Total Non-Financial Assets	267,665,695	2,272,069	269,937,764
Accumulated Surplus (Note 13)	348,385,500	2,272,069	350,657,569
Statement of Operations			
Accumulated surplus at beginning of year	347,213,901	2,272,069	349,485,970
Accumulated surplus at end of year	348,385,500	2,272,069	350,657,569

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Note 27 Financial Instruments

The Board's financial instruments consist of cash and restricted cash, taxes and grants receivable, accounts receivable and accrued receivables, notes receivable, investments, due to/from other governments, 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.

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 (Schedule 1). 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, 2025 if interest rates had a 1% increase or decrease, with all other variables held constant, the change in the fair value would be \$1,006,836 (2024 - \$926,945).

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 28 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, 2025

	2025						Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Revenue:							
Taxation	\$ 53,015,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,015,543
Leases	7,293,143	-	2,112,040	-	831,149	-	\$ 10,236,332
Provincial Grants	-	25,000	2,916,049	1,028,991	804,014	1,190	\$ 4,775,244
Interest	2,451,964	-	-	-	-	-	\$ 2,451,964
Federal Grants	357,402	-	-	-	468,117	-	\$ 825,519
Contributed Asset	-	-	-	-	-	-	\$ -
Tax Recovery Land Sales	10,682,250	-	-	-	-	-	\$ 10,682,250
Gain (Loss) on sale of tangible capital assets	(12,937)	-	(240,166)	673	-	1,124	\$ (251,306)
Other	689,118	208,854	64,894	507,503	-	681,067	\$ 2,151,436
Revenues per statement of operations	<u>\$ 74,476,483</u>	<u>\$ 233,854</u>	<u>\$ 4,852,817</u>	<u>\$ 1,537,167</u>	<u>\$ 2,103,280</u>	<u>\$ 683,381</u>	<u>\$ 83,886,982</u>
Expenses:							
Manpower	\$ 3,826,537	\$ 498,576	\$ 12,141,106	\$ 821,747	\$ 1,286,271	\$ 561,335	\$ 19,135,572
Materials, goods, and utilities	267,568	170,887	13,228,358	323,745	324,478	351,531	14,666,567
Contract and general services	1,647,928	2,968,069	2,695,634	2,886,201	549,275	234,139	10,981,246
Grants	193,039	-	-	257,862	391,326	1,762,177	2,604,404
Goods and services from GOA	415,701	588,456	39,593	-	33,682	-	1,077,432
Provision for doubtful accounts	29,741	-	-	-	-	-	29,741
Internal projects capitalized in the year	-	-	(10,232,867)	-	-	-	(10,232,867)
Industrial tax transfers	2,000,000	-	-	-	-	-	2,000,000
Amortization of tangible capital assets	481,439	550,712	7,687,031	488,110	230,401	138,548	9,576,241
Expenses per statement of operations	<u>\$ 8,861,953</u>	<u>\$ 4,776,700</u>	<u>\$ 25,558,855</u>	<u>\$ 4,777,665</u>	<u>\$ 2,815,433</u>	<u>\$ 3,047,730</u>	<u>\$ 49,838,336</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, 2025

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2025	2024 (Restated Note - 26)
Cost									
Balance, beginning of the year	\$55,145,725	\$47,685,264	\$29,597,536	\$ 9,743,573	\$1,409,108	\$255,077,911	\$4,555,991	\$403,215,108	\$389,296,360
Add:									
Additions during the year	9,310,416	3,949,566	4,440,623	542,055	-	7,734,669	157,538	26,134,867	16,952,750
Less:									
Disposals during the year	(3,031,040)	-	(1,126,066)	(348,707)	-	-	(235,580)	(4,741,393)	(3,034,002)
Balance, end of the year	\$61,425,101	\$51,634,830	\$32,912,093	\$ 9,936,921	\$1,409,108	\$262,812,580	\$4,477,949	\$424,608,582	\$403,215,108
Accumulated Amortization									
Balance, beginning of the year	\$22,290,223	\$18,648,473	\$22,175,862	\$ 5,508,189	\$ 226,454	\$ 69,059,869	\$4,364,046	\$142,273,116	\$135,571,711
Add:									
Amortization	3,004,774	986,705	1,977,042	467,451	-	2,960,684	165,394	9,562,050	8,874,251
ARO Depreciation	-	14,191	-	-	-	-	-	14,191	14,963
Depletion	-	-	-	-	-	-	-	-	31,921
Less:									
Accumulated Amortization on Disposals	(1,910,653)	-	(1,011,938)	(299,327)	-	-	(224,497)	(3,446,415)	(2,219,730)
Balance, end of the year	\$23,384,344	\$19,649,369	\$23,140,966	\$ 5,676,313	\$ 226,454	\$ 72,020,553	\$4,304,943	\$148,402,942	\$142,273,116
Net book value, 2025	\$38,040,757	\$31,985,461	\$ 9,771,127	\$ 4,260,608	\$1,182,654	\$190,792,027	\$ 173,006	\$276,205,640	
Net book value, 2024	\$32,855,502	\$29,036,791	\$ 7,421,674	\$ 4,235,384	\$1,182,654	\$186,018,042	\$ 191,945		\$260,941,992

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 (2024 - \$96,025); no related amortization was recorded.

SPECIAL AREAS TRUST ACCOUNT
SUMMARY OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2025

Schedule 3

	2025		2024
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
	(Note 14)		(Restated - Note 26)
Equity in tangible capital assets at beginning of year	\$	259,886,992	\$ 252,602,909
Addition of capital assets:			
Road infrastructure	8,147,336	10,232,867	4,491,695
Transportation services	13,024,000	12,925,888	9,776,145
Agriculture and community pasture services	659,500	916,734	1,161,037
Administrative services	550,000	173,817	129,781
Water and sanitation services	1,024,500	798,034	264,531
Recreation and cultural services	285,000	60,241	522,084
Protective services	885,000	1,027,286	607,477
	24,575,336	26,134,867	16,952,750
Annual amortization of capital assets		(9,562,050)	(8,906,172)
Disposal of capital assets		(1,294,978)	(814,272)
		275,164,831	259,835,215
Asset retirement obligation - accretion		3,101	66,740
Asset retirement obligation - depreciation		(14,191)	(14,963)
Equity in tangible capital assets at end of year (Note 13)	\$	275,153,741	\$ 259,886,992
Equity in inventory at beginning of year	\$	8,218,156	\$ 8,116,469
Add purchases and other inventory costs		5,854,611	6,128,975
Deduct requisitions		(5,880,128)	(6,027,288)
Equity in inventory at end of year (Note 12, 13)	\$	8,192,639	\$ 8,218,156
Accumulated operational surplus at beginning of year	\$	24,672,910	\$ 33,756,371
Excess of revenues over expenses		34,048,646	1,171,599
Equity change in inventory		25,517	(101,687)
Equity change in capital assets		(15,266,749)	(7,284,083)
		43,480,324	27,542,200
Transfers to internally restricted reserves		(22,629,884)	(2,869,290)
Accumulated operational surplus at end of year (Note 13)	\$	20,850,440	\$ 24,672,910
Internally restricted accumulated surplus at beginning of year	\$	57,879,511	\$ 55,010,221
Tax Recovery Land Sales - Transfers from operations		22,629,884	2,869,290
Internally restricted accumulated surplus at end of year (Note 13)	\$	80,509,395	\$ 57,879,511
	\$	384,706,215	\$ 350,657,569