

**SPECIAL AREAS TRUST ACCOUNT**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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 Investments

Schedule of Salaries and Benefits

Supplementary Net Financial Asset Information Schedule

Supplementary Accumulated Surplus Information Schedule

Schedule of Segment Revenue and Expense Disclosure by Object

Schedule of Tangible Capital Assets



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

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

## **Report on the Financial Statements**

### **Opinion**

I have audited the financial statements of the Special Areas Trust Account (the Trust) which comprise the statement of financial position as at December 31, 2019, 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 Special Areas Trust Account as at December 31, 2019, 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.

### **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]

W. Doug Wylie FCPA, FCMA, ICD.D  
Auditor General

April 22, 2020  
Edmonton, Alberta

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 38,614,891	\$ 37,800,661
Accounts receivable (Note 4)	2,678,457	3,297,702
Notes receivable (Note 5)	4,390,014	6,605,317
Due from Province of Alberta (Note 6)	1,603,077	537,549
Due from Government of Canada (Note 7)	-	1,432,805
Taxes receivable (Note 8)	1,780,760	1,224,130
	<u>49,067,199</u>	<u>50,898,164</u>
Investments (Schedule 1)	30,964,260	30,020,570
<b>Total Financial Assets</b>	<u>80,031,459</u>	<u>80,918,734</u>
<b>Liabilities</b>		
Accounts payable and accruals	2,697,135	2,978,417
Vacation accruals	1,041,233	1,125,542
Deferred revenues	425,763	475,471
Deferred government grant revenue (Note 9)	431,698	306,701
Due to Province of Alberta (Note 6)	472,556	470,370
	<u>5,068,385</u>	<u>5,356,501</u>
Long-term debt (Note 10)	764,964	2,602,182
Provision for gravel pit reclamation (Note 11)	3,296,000	3,210,000
<b>Total Liabilities</b>	<u>9,129,349</u>	<u>11,168,683</u>
<b>Net Financial Assets (Schedule 3)</b>	70,902,110	69,750,051
<b>Non-financial assets</b>		
Prepaid expenses	297,081	699,219
Tangible capital assets (Schedule 6)	235,829,524	226,588,474
Inventory (Note 12)	6,717,213	9,011,322
<b>Total Non-Financial Assets</b>	<u>242,843,818</u>	<u>236,299,015</u>
<b>Accumulated Surplus (Note 13)</b>	<u>\$ 313,745,928</u>	<u>\$ 306,049,066</u>
<b>Commitments (Note 23)</b>		

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>		<b>2018</b>
	<b><u>BUDGET</u></b> (Note 14)	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
<b>Revenues</b>			
Net taxes for municipal purposes (Note 15)	32,414,000	32,853,594	32,082,537
Lease revenue (Note 16)	9,416,030	8,919,477	8,980,163
Government transfers for operating (Note 17)	4,632,232	4,516,068	7,228,365
Government transfers for capital (Note 17)	479,271	479,271	2,021,246
Interest	1,072,213	1,244,605	1,114,185
Tax recovery land sales	55,000	7,623	120,173
(Loss) gain on sale of tangible capital assets	100,000	(206,974)	(330,582)
Other revenue (Note 18)	2,680,585	3,289,362	4,395,371
<b>Total revenues</b>	<b><u>50,849,331</u></b>	<b><u>51,103,026</u></b>	<b><u>55,611,458</u></b>
<b>Expenses</b>			
Transportation services	19,241,622	19,905,747	21,008,364
Administrative services	5,004,573	5,013,009	5,588,165
Water and sanitation services	3,090,732	2,823,978	3,024,331
Agriculture and community development	2,592,169	2,374,998	2,603,114
Recreational and cultural services	2,332,819	2,272,499	2,171,763
Protective services	1,971,373	2,090,709	2,019,787
Industrial tax transfers	580,000	580,000	580,000
Amortization	7,861,787	8,345,224	8,406,140
<b>Total expenses (Note 19)</b>	<b><u>42,675,075</u></b>	<b><u>43,406,164</u></b>	<b><u>45,401,664</u></b>
<b>Excess of revenues over expenses</b>	<b>\$ 8,174,256</b>	<b>\$ 7,696,862</b>	<b>\$ 10,209,794</b>
<b>Accumulated surplus at beginning of year</b>	<b><u>306,049,066</u></b>	<b><u>306,049,066</u></b>	<b><u>295,839,272</u></b>
<b>Accumulated surplus at end of year</b>	<b>\$ <u>314,223,322</u></b>	<b>\$ <u>313,745,928</u></b>	<b>\$ <u>306,049,066</u></b>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>		<b>2018</b>
	<b><u>BUDGET</u></b> (Note 14)	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
<b>Excess of revenue over expenses</b>	\$ 8,174,256	\$ 7,696,862	\$ 10,209,794
Acquisition of tangible capital assets	(6,544,250)	(8,296,643)	(8,739,013)
Construction of roads and road surfaces	(13,416,202)	(10,382,074)	(7,975,851)
Loss (gain) on sale of tangible capital assets	(100,000)	206,974	330,582
Proceeds on disposal of tangible capital assets	1,208,500	885,469	1,618,475
Transfers from tangible capital assets to operations	-	-	2,563,530
Amortization of tangible capital assets	7,861,787	8,345,224	8,406,140
Change in prepaid assets	-	402,138	(452,447)
Change in inventory	2,000,000	2,294,109	97,700
<b>Increase (decrease) in net financial assets</b>	<b>(815,909)</b>	<b>1,152,059</b>	<b>6,058,910</b>
<b>Net financial assets, beginning of year</b>	<b>69,750,051</b>	<b>69,750,051</b>	<b>63,691,141</b>
<b>Net financial assets, end of year</b>	<b>\$ <u>68,934,142</u></b>	<b>\$ <u>70,902,110</u></b>	<b>\$ <u>69,750,051</u></b>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>Operating activities:</b>		
Excess of revenues over expenses	\$ 7,696,862	\$ 10,209,794
Amortization of investment premiums, less discounts	160,873	179,162
Loss (gain) on sale of investments	(9,128)	102,167
Amortization of tangible capital assets	8,345,224	8,406,140
Transfers from tangible capital assets to operations	-	2,563,530
Amortization relating to self-constructed assets	(1,851,164)	(1,821,000)
Loss on sale of tangible capital assets	206,974	330,582
Increase in provision for gravel pit reclamation	86,000	60,000
	<u>14,635,641</u>	<u>20,030,375</u>
Changes in non-cash operating items:		
Prepaid assets and accounts receivable	1,021,383	(443,031)
Due from Province of Alberta	(1,065,528)	3,555,255
Due from Government of Canada	1,432,805	(523,220)
Taxes receivable	(556,630)	(752,389)
Accounts payable and accruals	(365,591)	(528,767)
Deferred revenues	(49,708)	87,067
Deferred government grant revenue	124,997	306,701
Due to Province of Alberta	2,186	(184,397)
Inventory	2,294,109	97,700
	<u>2,838,023</u>	<u>1,614,919</u>
Cash provided by operating activities	<u>17,473,664</u>	<u>21,645,294</u>
<b>Capital activities:</b>		
Proceeds of sale of tangible capital assets	885,469	1,618,475
Purchase of tangible capital assets	(16,827,553)	(14,893,864)
Cash applied to capital activities	<u>(15,942,084)</u>	<u>(13,275,389)</u>
<b>Investing activities:</b>		
Net change in notes receivable	2,215,303	1,797,717
Proceeds from redemption of investments	14,793,435	14,931,557
Purchase of investments	(15,888,869)	(16,128,042)
Cash provided by investing activities	<u>1,119,869</u>	<u>601,232</u>
<b>Financing activities:</b>		
Long term debt repaid	(1,837,219)	(2,522,549)
Cash applied to financing activities	<u>(1,837,219)</u>	<u>(2,522,549)</u>
<b>Increase in cash and cash equivalents</b>	<u>814,230</u>	<u>6,448,588</u>
Cash and cash equivalents at the beginning of year	<u>37,800,661</u>	<u>31,352,073</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 38,614,891</u>	<u>\$ 37,800,661</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, 2019**

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, 2019**

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 0.930 million acres of tax recovery land remains unsold as at December 31, 2019 (2018 - 0.934 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 (2018 - 1.569 million acres).

Road infrastructure land right of ways, located within the Special Areas and administered by the Board, were transferred to the Province of Alberta from the Government of Canada for no monetary consideration. The Board has also acquired additional right of way for road widening purposes for insignificant amounts. As at December 31, 2019, the road infrastructure right of ways consist of approximately 0.012 million acres of land (2018 - 0.012 million acres) and are not recorded in the Statement of Financial Position.

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the allowance for doubtful taxes and accounts receivable, gravel inventory, gravel pit reclamation, and both current and prior years tangible capital asset historical costs and related amortization. A significant component of these tangible capital asset costs are self constructed and their cost is measured by the use of equipment rates which are approximations of actual costs incurred. Actual results could differ from management's best estimates as additional information becomes available.

(f) Contaminated Site Liability

Contaminated sites are a result of contamination being introduced into soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post remediation including operation, maintenance and monitoring.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 (g) Financial Instruments

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

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

The fair value of investments are disclosed on Schedule 1.

(h) Requisition over/under levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

(i) Investments

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

(j) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise of the cost of employer contributions for current service of employees during the year.

(k) Government Transfers

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 (l) Non-financial Assets

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

Prepaid expenses

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

Inventory

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

Leases

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

Tangible Capital Assets

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

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 (l) Non-financial Assets

(cont'd) Tangible capital assets are recorded at cost, net of asset disposals, write-downs and amortization.

The cost of tangible capital assets shown on the statement of financial position is amortized to estimated salvage value in a manner that reflects the consumption of their future economic benefits at the following rates (rates and values expressed as a percentage of original cost):

	<u>Annual Amortization</u>			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Engineered structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equip.	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	0.00
- Software	25.00	25.00	25.00	0.00
Road infrastructure	0.25 to 10.00	0.25 to 10.00	0.25 to 10.00	30.00 to 90.00

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

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Note 3 Cash and cash equivalents

Cash and Cash Equivalents include deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high-quality, short-term securities with a maximum term to maturity of three years. As at December 31, 2019, the Board's portfolio of securities held by the Fund have a time weighted return of of 1.88% per annum (2018 - 1.65%) per annum. Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 4 Accounts Receivable

Accounts receivable, net of applicable allowances for doubtful accounts of \$137,450 (2018 - \$710,270), are comprised of the following:

	<u>2019</u>	<u>2018</u>
Current:		
From sale of tax recovery land and related mineral surface leases	\$ 259,708	\$ 306,560
Accrued interest	28,086	36,559
	<u>287,794</u>	<u>343,119</u>
Leases	278,859	327,644
Parks permit receivable	253,858	253,858
Oil well drilling	205,046	451,217
Accrued interest on investments	85,022	81,638
Local improvement recoveries	68,867	67,691
Sheerness deadfish irrigation	37,046	36,560
Miscellaneous	282,991	163,707
	<u>\$ 1,499,483</u>	<u>\$ 1,725,434</u>
Non-current:		
From sale of tax recovery land and related mineral surface leases	\$ 1,093,555	\$ 1,447,126
Local improvement recoveries	84,447	124,834
Other	972	308
	<u>\$ 1,178,974</u>	<u>\$ 1,572,268</u>
	<u><u>\$ 2,678,457</u></u>	<u><u>\$ 3,297,702</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, 2019**

Note 5 Notes Receivable

Notes receivable are comprised of the following:

	<u>2019</u>	<u>2018</u>
Current:		
Acadia Foundation	\$ 581,241	\$ 1,740,813
Acadia Foundation - accrued interest	1,072	3,631
	<u>582,313</u>	<u>1,744,444</u>
Special Areas & Oyen Development Corporation	96,346	2,339,721
Big Country Waste Management Commission	212,053	207,622
Neutral Hills Child Care Society	102,941	86,895
Association of Consort & District Seniors Centre	15,661	111,000
Other	15,158	9,729
	<u>\$ 1,024,472</u>	<u>\$ 4,499,411</u>
Non-current:		
Acadia Foundation	\$ 169,556	\$ 750,797
Special Areas & Oyen Development Corporation	2,138,475	-
Big Country Waste Management Commission	437,776	649,829
Neutral Hills Child Care Society	147,059	163,105
Association of Consort & District Seniors Centre	384,339	500,000
Other	88,337	42,175
	<u>\$ 3,365,542</u>	<u>\$ 2,105,906</u>
	<u>\$ 4,390,014</u>	<u>\$ 6,605,317</u>

The Acadia Foundation loan is a result of the Board entering into a memorandum of understanding with the other municipal members of the Acadia Foundation to borrow on behalf of the Acadia Foundation from the Alberta Capital Finance Authority. These funds were advanced to the Acadia Foundation for the construction and renovation of the seniors lodges in Oyen, Consort and Hanna. Repayment is based on the issuance of unsecured interest bearing promissory notes of either 10 or 25 year terms with respective interest rates ranging from 3.14% to 3.514% (2018 - 3.14% to 5.00%). Semi-annual payments totaling \$1,809,226 (2018 - \$3,889,564) were made in June and December. Interest revenue recognized as a result of this loan in 2019 was \$65,855 (2018 - \$179,473).

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 5 Notes Receivable

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

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

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

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

Principal repayments are estimated as follows:

2020	1,024,472
2021	498,889
2022	336,852
2023	118,626
2024	121,678
Thereafter	2,289,497
	<u>\$ 4,390,014</u>



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 Due from (to) Province of Alberta

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

	<u>2019</u>	<u>2018</u>
Due from Province of Alberta:		
Municipal Affairs	\$ 639,682	\$ 472,299
Service Alberta	885,469	-
Transportation	69,301	47,963
Environment and Parks	8,625	17,287
	<u>1,603,077</u>	<u>537,549</u>
Due to Province of Alberta:		
Environment and Parks	(338,938)	(410,685)
Municipal Affairs	(73,001)	-
Other	(60,617)	(59,685)
	<u>(472,556)</u>	<u>(470,370)</u>
Due from Province of Alberta, net	<u>\$ 1,130,521</u>	<u>\$ 67,179</u>

Note 7 Due from Government of Canada

	<u>2019</u>	<u>2018</u>
Department of Defence	\$ -	\$ 1,410,763
Infrastructure - Small Communities Fund	-	22,042
	<u>\$ -</u>	<u>\$ 1,432,805</u>

Note 8 Taxes Receivable

	<u>2019</u>	<u>2018</u>
Current taxes	\$ 1,612,313	\$ 1,073,679
Under levy	114,536	100,467
Tax arrears	53,911	88,949
	<u>1,780,760</u>	<u>1,263,095</u>
Less allowance for doubtful accounts:	-	(38,965)
	<u>\$ 1,780,760</u>	<u>\$ 1,224,130</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 9 Deferred Government Grant Revenue

	<u>2019</u>	<u>2018</u>
Municipal Affairs	\$ 431,698	\$ 306,701
	<u>\$ 431,698</u>	<u>\$ 306,701</u>

Note 10 Long-Term Debt

	<u>2019</u>	<u>2018</u>
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$493,631, including fixed interest at 3.34%, repaid during the year	\$ -	\$ 963,042
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$298,660, including fixed interest at 3.51%, due June 2020	293,503	865,393
Alberta Capital Finance Authority loan, repayable in semi-annual installments of \$162,114, including fixed interest at 3.14%, due June 2021	<u>471,461</u>	<u>773,747</u>
	764,964	2,602,182
Less: current portion	<u>605,356</u>	<u>1,837,218</u>
	<u>\$ 159,608</u>	<u>\$ 764,964</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10 Long-Term Debt

(cont'd) Principal repayments on long-term debt in each of the next two years are estimated as follows:

2020	605,356
2021	<u>159,608</u>
	<u>\$ 764,964</u>

Interest on long-term debt for 2019 amounted to \$68,882 (2018 - \$148,296).

The total cash payments for interest in 2019 were \$71,591 (2018 - \$152,238).

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 2019 it was estimated that 898,127 cubic meters (2018 - 881,831 cubic meters) of gravel pits were exposed for a total liability of \$3,296,000 (2018 - \$3,210,000).

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

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

## Note 12 Inventory

	<u>2019</u>			<u>2018</u>
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	\$ 1,604,792	\$ 138,544	\$ 1,466,248	\$ 1,614,774
Gravel	4,570,849	-	4,570,849	6,816,162
Culverts	249,365	-	249,365	117,748
Fuel	252,856	-	252,856	172,739
Fencing	62,124	-	62,124	143,320
Chemicals and other	115,771	-	115,771	146,579
Inventory	<u>\$ 6,855,757</u>	<u>\$ 138,544</u>	<u>\$ 6,717,213</u>	<u>\$ 9,011,322</u>

## Note 13 Accumulated Surplus

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

	<u>2019</u>	<u>2018</u>
Equity in tangible capital assets	\$ 235,829,524	\$ 226,588,474
Equity in inventory	6,717,213	9,011,322
Unrestricted operational surplus	16,194,279	15,451,081
Internally Restricted Accumulated Surplus		
Tax Recovery Land Sales	<u>55,004,912</u>	<u>54,998,189</u>
Total Accumulated Surplus (Schedule 4)	<u>\$313,745,928</u>	<u>\$306,049,066</u>

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

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 14 Budget

The 2019 municipal budget was adopted by the Board in December 2018 and approved by the Minister of Municipal Affairs in January 2019. The budget was prepared on a cash basis. A reconciliation to that basis is as follows:

	<u>2019</u>		<u>2018</u>
	Budgeted	Actual	Actual
Excess of revenues over expenses	\$ 8,174,256	\$ 7,696,862	\$ 10,209,794
Acquisition of tangible capital assets	(6,544,250)	(8,296,643)	(8,739,013)
Construction of road and road surfaces	(13,416,202)	(10,382,074)	(7,975,851)
Loss (gain) on sale of tangible capital assets	(100,000)	206,974	330,582
Proceeds on disposal of tangible capital assets	1,208,500	885,469	1,618,475
Amortization of tangible capital assets	7,861,787	8,345,224	8,406,140
	<u>(2,815,909)</u>	<u>(1,544,188)</u>	<u>3,850,127</u>
Tax Recovery Land Sales - transferred to internally restricted reserves (Schedule 4)	-	(6,723)	(108,092)
	<u>-</u>	<u>(6,723)</u>	<u>(108,092)</u>
Surplus (deficit), as per budget	<u>\$ (2,815,909)</u>	<u>\$ (1,550,911)</u>	<u>\$ 3,742,035</u>

Note 15 Taxation

	<u>2019</u>		<u>2018</u>
	Budgeted	Actual	Actual
Power and pipeline	\$ 34,870,872	\$ 36,458,274	\$ 33,992,050
Real property	12,018,069	11,824,492	12,848,294
Grazing and cultivation	718,333	724,499	719,122
Penalties and costs on taxes	200,000	210,232	459,260
	<u>47,807,274</u>	<u>49,217,497</u>	<u>48,018,726</u>
Less amounts expended by transfers:			
Alberta School Foundation Fund	11,449,677	11,702,639	11,449,677
Seniors Foundation	2,843,597	2,921,949	2,908,360
Bad Debt	1,000,000	1,466,683	1,462,510
Designated Industrial Properties	100,000	272,632	115,642
	<u>\$ 15,393,274</u>	<u>\$ 16,363,903</u>	<u>\$ 15,936,189</u>
Net taxes for municipal purposes	<u>\$ 32,414,000</u>	<u>\$ 32,853,594</u>	<u>\$ 32,082,537</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

## Note 16 Lease Revenue

	2019		2018
	Budgeted	Actual	Actual
Mineral surface leases	\$ 3,250,000	\$ 3,210,954	\$ 3,251,511
Grazing leases	2,111,000	2,063,528	2,098,139
Equipment rentals	2,239,900	1,947,919	1,911,646
Community pastures	736,150	737,871	695,526
Cultivation leases	416,000	419,930	398,610
Miscellaneous leases	125,000	125,222	123,537
Easements	211,000	110,981	212,790
Rights of entry	100,000	93,045	94,904
Other	226,980	210,027	193,500
	<u>\$ 9,416,030</u>	<u>\$ 8,919,477</u>	<u>\$ 8,980,163</u>

## Note 17 Government Transfers

	2019		2018
	Budgeted	Actual	Actual
Transfers for operating:			
Municipal Affairs	\$ 1,751,235	\$ 1,694,178	\$ 3,824,143
Transportation	1,551,720	1,551,720	1,551,720
Agriculture and Forestry	499,495	499,495	499,495
Government of Canada	335,851	472,794	964,097
Human Services	176,931	180,420	183,871
Infrastructure	207,000	113,686	83,549
Culture and Tourism	110,000	3,775	121,490
	<u>\$ 4,632,232</u>	<u>\$ 4,516,068</u>	<u>\$ 7,228,365</u>
Transfers for capital:			
Municipal Affairs	<u>\$ 479,271</u>	<u>\$ 479,271</u>	<u>\$ 2,021,246</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

## Note 18 Other Revenue

	2019		2018
	Budgeted	Actual	Actual
Oil well drilling tax revenue	\$ 750,000	\$ 1,425,467	\$ 2,245,453
Park permits and concession revenues	641,000	570,531	699,755
Water sales	310,000	275,236	283,678
Licence, assignment and application fees	316,000	229,292	438,010
Cultivation conversion	16,000	134,227	75
Fire cost recoveries	100,000	106,646	107,969
Cost recoveries	41,085	64,687	27,154
Gravel sales	160,000	57,158	94,143
Bylaw enforcement cost recoveries	35,000	53,760	121,746
Other	311,500	372,358	377,388
	<u>\$ 2,680,585</u>	<u>\$ 3,289,362</u>	<u>\$ 4,395,371</u>

## Note 19 Total Expenses

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

	2019		2018
	Budgeted	Actual	Actual
Manpower (Schedule 2)	\$ 18,475,707	\$ 17,764,307	\$ 18,078,368
Materials, goods, and utilities	13,666,309	13,980,951	16,153,338
Contract and general services	12,737,594	10,785,267	7,499,093
Amortization of tangible capital assets	7,861,787	8,345,224	8,406,140
Grants	2,243,289	1,704,447	1,672,481
Industrial tax transfers	580,000	580,000	580,000
Interest on long-term debt	71,591	68,882	148,296
Goods and services from Alberta Government departments			
Alberta Treasury Board & Finance	315,000	311,406	320,967
Alberta Environment	100,000	38,335	136,142
Alberta Municipal Affairs	20,000	12,995	129,657
Provision for doubtful accounts	20,000	196,424	253,033
Less:			
Internal road projects capitalized in the year	(13,416,202)	(10,382,074)	(7,975,851)
	<u>\$ 42,675,075</u>	<u>\$ 43,406,164</u>	<u>\$ 45,401,664</u>

**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 19 Total Expenses

(cont'd) Included in manpower, materials, goods and utilities and contract and general services, are \$3,544,144 of expenses (2018 - \$6,207,158), that were incurred in the normal course of road construction and road surfacing work performed on secondary highways that are the property of the Department of Transportation.

Note 20 Debt Limits

Section 276(2) of *the Municipal Government Act* requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Board be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 75,935,633	\$ 80,385,318
Total debt	<u>764,964</u>	<u>2,602,182</u>
Amount of debt limit unused	<u>\$ 75,170,669</u>	<u>\$ 77,783,136</u>
Debt servicing limit	\$ 12,655,939	\$ 13,397,553
Debt servicing	<u>622,887</u>	<u>1,908,809</u>
Amount of debt servicing limit unused	<u>\$ 12,033,052</u>	<u>\$ 11,488,744</u>

The debt limit is calculated at 1.5 times revenue of the Board (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitation requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the Board. Rather, the financial statements must be interpreted as a whole.

Note 21 Related Party Transactions

Expenditures for goods and services are conducted in the normal course of operations with the Province of Alberta and are charged to the Board as disclosed in Note 19.

Grants provided by the Province of Alberta are disclosed in Note 17 and the amounts outstanding at the end of the year are disclosed in Note 6.



**SPECIAL AREAS TRUST ACCOUNT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 22 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2018 to the PSPP were \$844,212 (2018 - \$861,246) and to the MEPP were \$170,263 (2018 - \$181,534).

At December 31, 2018, the PSPP reported a surplus of \$519,218,000 (2017 surplus - \$1,275,843,000) and the MEPP reported a surplus of \$670,700,000 (2017 surplus - \$866,006,000).

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

Note 23 Commitments

The Board has entered into three long-term operating leases for equipment as well as contracts to purchase two fire trucks and two scrapers in 2020. The Board has also committed funds in 2020 to the Town of Hanna and Prairie Rose School Division. The estimated future payments are as follows:

		Equipment Leases	Capital Purchases	Transfer
2020	\$	67,577	\$ 3,192,282	\$ 66,000
2021		67,577	-	-
2022		67,577	-	-
	\$	202,732	\$ 3,192,282	\$ 66,000

Note 24 Comparative Figures

Certain 2018 figures have been reclassified to conform to 2019 presentation.

Note 25 Subsequent Events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the financial and operational impact of these developments will have on the Trust.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Board.

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF INVESTMENTS**  
**AS AT DECEMBER 31, 2019**

**Schedule 1**

	2019						2018
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
<b>Bonds:</b>							
Bank of Montreal	2.890%	2.890%	June 20, 2023	\$ 800,000	\$ 818,126	\$ 800,016	\$ 800,009
Canada Housing Trust	3.750%	1.865%	March 15, 2020	-	-	-	2,120,966
Canada Housing Trust	1.200%	1.114%	June 15, 2020	-	-	-	650,798
Canada Housing Trust	1.450%	2.150%	June 15, 2020	-	-	-	2,449,758
Canada Housing Trust	1.250%	1.153%	December 15, 2020	510,000	507,539	509,035	1,248,802
Canada Housing Trust	3.350%	2.090%	December 15, 2020	910,000	923,486	924,900	2,154,163
Canada Housing Trust	1.250%	1.025%	June 15, 2021	3,555,000	3,528,313	3,548,018	1,849,901
Canada Housing Trust	3.800%	1.371%	June 15, 2021	3,535,000	3,636,760	3,649,690	756,708
Canada Housing Trust	1.500%	1.522%	December 15, 2021	1,198,000	1,191,681	1,197,095	1,196,639
Canada Housing Trust	2.650%	1.386%	March 15, 2022	795,000	809,382	817,417	827,316
Canada Housing Trust	1.750%	2.314%	June 15, 2022	1,563,000	1,560,233	1,557,659	3,048,365
Canada Housing Trust	2.400%	2.373%	December 15, 2022	2,782,000	2,825,131	2,790,196	2,792,833
Canada Housing Trust	2.350%	2.731%	September 15, 2023	1,210,000	1,228,295	1,218,585	452,673
Canada Housing Trust	3.150%	2.561%	September 15, 2023	1,010,000	1,053,895	1,031,621	1,037,077
Canada Housing Trust	2.550%	2.406%	December 15, 2023	1,505,000	1,539,584	1,518,392	1,006,673
Canada Housing Trust	2.900%	1.495%	June 15, 2024	3,283,000	3,413,674	3,480,996	-
Canadian Imperial Bank of Commerce	2.900%	2.901%	September 14, 2021	500,000	506,721	500,013	500,010
CPP Investment Board	1.400%	1.440%	June 4, 2020	-	-	-	1,499,176
Government of Canada	3.500%	1.027%	June 1, 2020	482,000	485,411	486,938	498,699
Government of Canada	3.140%	0.737%	June 1, 2021	200,000	204,221	207,058	211,990
Province of Manitoba	2.550%	2.567%	June 2, 2023	2,000,000	2,039,747	1,998,985	1,998,666
Province of Ontario	4.400%	1.630%	June 2, 2019	-	-	-	525,968
Province of Ontario	3.150%	2.573%	June 2, 2022	730,000	751,866	740,599	744,775
Province of Ontario	2.850%	2.230%	June 2, 2023	515,000	530,524	525,426	-
Province of Quebec	3.090%	1.763%	September 1, 2023	1,890,000	1,960,450	1,972,570	-
Royal Bank of Canada	2.990%	2.155%	December 6, 2024	-	-	-	764,776
Royal Bank of Canada	2.880%	2.880%	December 23, 2029	600,000	600,355	600,271	-
TD Bank	1.994%	2.586%	March 23, 2022	900,000	897,666	888,627	883,677
				<u>30,473,000</u>	<u>31,013,060</u>	<u>30,964,107</u>	<u>30,020,418</u>
Special Areas & Oyen Development Corp			(1 Share)	1	1	1	-
Hanna and District Medical Corporation			(2 Shares)	2	2	2	2
Alberta Capital Finance Authority			(15 Shares)	150	150	150	150
				<u>\$ 30,473,153</u>	<u>\$ 31,013,213</u>	<u>\$ 30,964,260</u>	<u>\$ 30,020,570</u>

**Notes:**

- The Board, as part of its operations, carries these financial instruments. It is management's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments.
- The Board does not hold equities in an active market nor engage in derivative contracts or foreign currency transactions.

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SALARIES AND BENEFITS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019					2018	
	Number of Individuals ( a )	Salary ( b )	Other Cash Benefits ( c )	Other Non-cash Benefits ( d )	Total	Number of Individuals	Total
Chair of the Special Areas Board	1	\$ 143,985	\$ -	\$ 32,516	\$ 176,501	1	\$ 175,762
Special Areas Board members	3	21,016	-	1,089	22,105	3	24,455
Director of Finance and Administration	1	133,318	-	31,257	164,575	1	164,519
Director of Municipal Services	1	131,867	-	28,102	159,969	1	162,774
Director of Properties Administration	1	115,724	-	32,806	148,530	1	145,590
Roads & Equipment Superintendent	0.75	82,837	9,930	23,315	116,082	1	134,023
Managers ( e )	3.67	382,165	427	96,097	478,689	4	527,775
Other full time staff ( f )	101.83	7,809,791	-	1,679,854	9,489,645	103.00	9,826,489
Part time and casual wage staff		6,538,970	-	487,000	7,025,970		6,884,044
Other Boards and committees		18,590	-	723	19,313		28,864
Advisory Councillors	13	40,988	-	7,701	48,689	13	32,013
Decrease in overtime accrual		(1,452)	-	-	(1,452)		(5,107)
Decrease in vacation accrual		(84,309)	-	-	(84,309)		(22,833)
		<u>\$ 15,333,490</u>	<u>\$ 10,357</u>	<u>\$ 2,420,460</u>	<u>\$ 17,764,307</u>		<u>\$ 18,078,368</u>

- (a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.
- (b) Salary includes pensionable base pay and honoraria.
- (c) Other cash benefits includes lump sum payments and vacation payouts. There were no bonuses paid in 2019.
- (d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, professional membership fees, group life insurance, accidental death and dismemberment insurance, tuition and long and short-term disability plan.
- (e) Average salary is \$104,343 and average benefits (column c & d) are \$26,208 totaling \$130,551 (2018 - \$131,943).
- (f) Average salary is \$76,694 and average benefits are \$16,496 totaling \$93,190 (2018 - \$95,403).

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY NET FINANCIAL ASSET INFORMATION SCHEDULE**  
**AS AT DECEMBER 31, 2019**

	<u>2019</u>	<u>Schedule 3</u> <u>2018</u>
<b>Change in Financial Assets</b>		
Cash and cash equivalents	\$ 814,230	\$ 6,448,588
Accounts receivable	(619,245)	(9,416)
Notes receivable	(2,215,303)	(1,797,717)
Due from Province of Alberta	1,065,528	(3,555,255)
Due from Government of Canada	(1,432,805)	523,220
Taxes receivable	556,630	752,389
	<u>(1,830,965)</u>	<u>2,361,809</u>
Investments	<u>943,690</u>	<u>915,156</u>
<b>(Decrease) increase in Financial Assets</b>	<u>(887,275)</u>	<u>3,276,965</u>
<b>Change in Liabilities</b>		
Accounts payable and accruals	281,282	505,934
Vacation accrual	84,309	22,833
Deferred revenues	49,708	(87,067)
Deferred government grant revenue	(124,997)	(306,701)
Due to Province of Alberta	(2,186)	184,397
	<u>288,116</u>	<u>319,396</u>
Long-term debt	1,837,218	2,522,549
Provision for gravel pit reclamation	(86,000)	(60,000)
<b>Decrease in Liabilities</b>	<u>2,039,334</u>	<u>2,781,945</u>
<b>Net increase in net financial assets</b>	1,152,059	6,058,910
Net financial assets at the beginning of year	<u>69,750,051</u>	<u>63,691,141</u>
<b>Net financial assets at end of year</b>	<u>\$ <u>70,902,110</u></u>	<u>\$ <u>69,750,051</u></u>

**SPECIAL AREAS TRUST ACCOUNT**  
**SUPPLEMENTARY ACCUMULATED SURPLUS INFORMATION SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 4**

	<b>2019</b>		<b>2018</b>
	<b><u>BUDGET</u></b>	<b><u>ACTUAL</u></b>	<b><u>ACTUAL</u></b>
	(Note 14)		
<b>Equity in tangible capital assets at beginning of year</b>	\$	226,588,474	\$ 222,792,337
Addition of capital assets:			
Road infrastructure	13,416,202	10,382,074	7,975,851
Transportation services	4,141,300	5,819,445	5,432,440
Agriculture and community pasture services	397,200	561,150	1,819,962
Administrative services	648,750	540,005	294,127
Water and sanitation services	140,000	194,614	180,338
Recreation and cultural services	418,000	297,905	156,211
Protective services	799,000	883,524	855,935
	19,960,452	18,678,717	16,714,864
Annual amortization of capital assets		(8,345,224)	(8,406,140)
Disposal of capital assets		(1,092,443)	(1,949,057)
		235,829,524	229,152,004
Transfers to operations		-	(2,563,530)
<b>Equity in tangible capital assets at end of year (Note 13)</b>	\$	<b>235,829,524</b>	<b>\$ 226,588,474</b>
<b>Equity in inventory at beginning of year</b>	\$	9,011,322	\$ 9,109,022
Add purchases and other inventory costs		3,082,745	5,271,937
Deduct requisitions		(5,376,854)	(5,369,637)
<b>Equity in inventory at end of year (Note 12, 13)</b>	\$	<b>6,717,213</b>	<b>\$ 9,011,322</b>
<b>Accumulated operational surplus at beginning of year</b>	\$	15,451,081	\$ 9,047,816
Excess of revenues over expenses		7,696,862	10,209,794
Equity change in inventory		2,294,109	97,700
Equity change in capital assets		(9,241,050)	(3,796,137)
		16,201,002	15,559,173
Transfers to internally restricted reserves (Note 14)		(6,723)	(108,092)
<b>Accumulated operational surplus at end of year (Note 13)</b>	\$	<b>16,194,279</b>	<b>\$ 15,451,081</b>
<b>Internally restricted accumulated surplus at beginning of year</b>	\$	54,998,189	\$ 54,890,097
Tax Recovery Land Sales - Transfers from operations		6,723	108,092
<b>Internally restricted accumulated surplus at end of year (Note 13)</b>	\$	<b>55,004,912</b>	<b>\$ 54,998,189</b>
	\$	<b>313,745,928</b>	<b>\$ 306,049,066</b>

**SPECIAL AREAS TRUST ACCOUNT**  
**SCHEDULE OF SEGMENT REVENUE AND EXPENSE DISCLOSURE BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	2019						Total
	Administrative Services	Protective Services	Transportation Services	Water & Sanitation Services	Agriculture & Community Development	Recreation & Cultural Services	
Revenue:							
Taxation	\$ 32,853,594	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,853,594
Leases	6,233,687	-	1,940,067	-	745,723	-	8,919,477
Provincial Grants	-	485,874	2,906,170	623,742	503,269	3,490	4,522,545
Interest	1,244,605	-	-	-	-	-	1,244,605
Federal Grants	-	-	472,794	-	-	-	472,794
Tax Recovery Land Sales	7,623	-	-	-	-	-	7,623
Loss on sale of tangible capital assets	-	-	(206,974)	-	-	-	(206,974)
Other	2,118,682	175,991	66,158	278,293	79,707	570,531	3,289,362
Revenues per statement of operations	<u>\$ 42,458,191</u>	<u>\$ 661,865</u>	<u>\$ 5,178,215</u>	<u>\$ 902,035</u>	<u>\$ 1,328,699</u>	<u>\$ 574,021</u>	<u>\$ 51,103,026</u>
Expenses:							
Manpower (Schedule 2)	\$ 2,921,292	\$ 479,947	\$ 11,728,819	\$ 774,024	\$ 1,262,221	\$ 598,004	\$ 17,764,307
Materials, goods, and utilities	211,322	114,397	12,817,003	142,907	364,413	330,909	13,980,951
Contract and general services	1,216,211	1,496,317	5,739,999	1,642,533	480,463	209,744	10,785,267
Grants	85,911	-	2,000	226,179	256,515	1,133,842	1,704,447
Interest on long-term debt	68,882	-	-	-	-	-	68,882
Goods and services from GOA	312,967	48	-	38,335	11,386	-	362,736
Provision for doubtful accounts	196,424	-	-	-	-	-	196,424
Internal road projects capitalized in the year	-	-	(10,382,074)	-	-	-	(10,382,074)
Industrial tax transfers	580,000	-	-	-	-	-	580,000
Amortization of tangible capital assets	404,290	458,863	6,834,750	400,785	129,860	116,676	8,345,224
Expenses per statement of operations	<u>\$ 5,997,299</u>	<u>\$ 2,549,572</u>	<u>\$ 26,740,497</u>	<u>\$ 3,224,763</u>	<u>\$ 2,504,858</u>	<u>\$ 2,389,175</u>	<u>\$ 43,406,164</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, 2019**

	Mobile equipment	Engineered structures	Automotive equipment	Machinery and equipment	Land	Road infrastructure	EDP equipment	2019	2018
<b>Cost</b>									
Balance, beginning of the year	\$40,385,491	\$32,563,471	\$23,068,145	\$6,570,914	\$1,313,520	\$218,308,129	\$4,755,729	\$326,965,399	\$317,181,828
Add:									
Additions during the year	5,571,747	952,409	1,271,486	187,123	-	10,382,074	313,878	18,678,717	16,714,864
Less:									
Disposals during the year	(1,590,870)	-	(476,329)	(22,743)	-	-	(200,642)	(2,290,584)	(4,367,763)
Transfers to operations	-	-	-	-	-	-	-	-	(2,563,530)
Balance, end of the year	<u>\$44,366,368</u>	<u>\$33,515,880</u>	<u>\$23,863,302</u>	<u>\$6,735,294</u>	<u>\$1,313,520</u>	<u>\$228,690,203</u>	<u>\$4,868,965</u>	<u>\$343,353,532</u>	<u>\$326,965,399</u>
<b>Accumulated Amortization</b>									
Balance, beginning of the year	\$13,309,350	\$ 9,854,069	\$16,361,243	\$3,587,432	\$ 182,845	\$ 52,478,930	\$4,603,056	\$100,376,925	\$ 94,389,491
Add:									
Amortization	2,164,615	819,094	1,537,713	349,077	-	3,263,219	206,563	8,340,281	8,365,100
Depletion	-	-	-	-	4,943	-	-	4,943	41,040
Less:									
Accumulated Amortization on	(556,805)	-	(419,467)	(21,227)	-	-	(200,642)	(1,198,141)	(2,418,706)
Balance, end of the year	<u>\$14,917,160</u>	<u>\$10,673,163</u>	<u>\$17,479,489</u>	<u>\$3,915,282</u>	<u>\$ 187,788</u>	<u>\$ 55,742,149</u>	<u>\$4,608,977</u>	<u>\$107,524,008</u>	<u>\$100,376,925</u>
<b>Net book value, 2019</b>	<u><b>\$29,449,208</b></u>	<u><b>\$22,842,717</b></u>	<u><b>\$ 6,383,813</b></u>	<u><b>\$2,820,012</b></u>	<u><b>\$1,125,732</b></u>	<u><b>\$172,948,054</b></u>	<u><b>\$ 259,988</b></u>	<u><b>\$235,829,524</b></u>	
Net book value, 2018	<u>\$27,076,141</u>	<u>\$22,709,402</u>	<u>\$ 6,706,902</u>	<u>\$2,983,482</u>	<u>\$1,130,675</u>	<u>\$165,829,199</u>	<u>\$ 152,673</u>		<u>\$226,588,474</u>

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 under construction at year-end (2018 - \$96,025); no related amortization was recorded.