

Financial Statements

CITY OF CHESTERMERE

Year ended December 31, 2024

CITY OF CHESTERMERE

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the City of Chestermere is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the City's financial position as at December 31, 2024 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

City Council meets annually with management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and to satisfy itself that each party is properly discharging its responsibilities. The City Council is also responsible for the engagement or re-appointment of the external auditors. The City Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Gregory, Harriman & Associates LLP, Chartered Professional Accountants, independent external auditors appointed by the City. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the City's consolidated financial statements.



Shannon Dean,
Mayor



INDEPENDENT AUDITOR'S REPORT

To the Members of Council:

Opinion

We have audited the consolidated financial statements of City of Chestermere (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2024, and the results of its operations, changes in its net financial assets (debt) and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City of Chestermere as at December 31, 2024, the results of its operations, change in its net financial assets (debt) and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 Municipality'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 management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 omission, 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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.

We 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 we identify during our audit.

Gregory, Harriman & Associates LLP

Strathmore, Alberta
April 22, 2025

Gregory, Harriman & Associates LLP
Chartered Professional Accountants

CITY OF CHESTERMERE

Statement of Financial Position

December 31, 2024, with comparative figures for 2023

	2024	2023
Financial Assets		
Cash (note 2)	11,830,899	4,988,099
Taxes and grants in place of taxes receivables (note 3)	2,000,138	1,552,036
Trade accounts receivable (note 4)	16,073,302	12,227,370
Property tax under-levy	18,828	56,899
Goods and Services Tax receivable	275,246	101,853
Land held for resale (note 17)	9,737,143	9,737,143
Agreements receivable (note 5 and 26)	1,336,795	1,471,299
Investments (note 6)	79,778,963	70,355,402
Investments in government business enterprise (notes 7 and 25)	61,727,715	60,473,181
	182,779,029	160,963,282
Liabilities		
Accounts payable and accrued liabilities (note 8)	11,194,778	7,136,312
Due to 1538974 Alberta Ltd. (notes 9 and 26)	40,507,268	25,426,945
Deposit liabilities	5,839,142	4,109,215
Deferred revenue (note 10)	38,831,557	38,585,493
Obligations under capital leases	73,702	271,416
Long-term debt (note 11)	1,626,568	2,214,290
	98,073,015	77,743,671
Net financial assets	84,706,014	83,219,611
Non-Financial Assets		
Tangible capital assets (Schedule 2)	131,090,835	111,499,210
Prepaid development credits (note 13)	16,701,090	12,526,693
Inventory held for use	96,266	93,117
Prepaid expenses	340,938	280,922
Other assets	509,805	365,600
	148,738,934	124,765,542
Commitments (note 23)		
Contingencies (note 24)		
Subsequent events (notes 7, 17, and 29)		
Accumulated surplus (note 15) (Schedule 1)	233,444,948	207,985,153

See accompanying notes to financial statements.



Shannon Dean, Mayor



Kent Edney, Chief Administrative Officer

CITY OF CHESTERMERE

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative figures for 2023

	Budget (Unaudited)	2024	2023
Revenue:			
Net municipal property taxes (note 18)	21,500,021	21,609,833	19,257,800
Sale of goods and user charges (note 26)	9,001,534	9,623,046	9,306,198
Penalties and costs on taxes	320,000	381,741	295,266
Licenses and permits	4,516,150	5,753,733	4,571,134
Investment income	814,000	3,090,212	1,557,700
Government transfers for operating (note 19)	1,515,803	1,644,832	1,736,444
	37,667,508	42,103,397	36,724,542
Expenses (note 20) (Schedule 3):			
Legislative	653,387	400,034	655,538
Administration	9,745,702	9,223,688	8,178,824
Protective services	13,437,806	14,060,221	12,243,298
Roads, streets, walks and lighting	10,812,901	9,550,183	9,130,573
Environmental services	1,434,791	1,491,867	1,316,843
Family and community support	1,725,767	1,799,103	1,223,955
Planning and development	5,410,989	5,093,327	4,323,040
Parks and recreation	3,496,467	3,517,671	3,299,812
Culture	1,144,217	1,301,072	1,227,081
Strategic planning	44,000	-	151,628
Loss (gain) on disposal of tangible capital assets	-	(3,199)	2,093
Impairment of capitalized project costs	-	-	374,071
	47,906,027	46,433,967	42,126,756
Operating annual surplus (deficit)	(10,238,519)	(4,330,570)	(5,402,214)
Other:			
Government transfers for capital (note 19)	12,249,365	8,875,800	3,615,631
Developer levies	-	8,079,285	2,991,099
Contributed tangible capital assets	-	11,580,746	7,695,368
Subsidiary operations (note 25)	-	1,071,405	(1,341,763)
Annual surplus (deficit)	2,010,846	25,276,666	7,558,121
Accumulated surplus, beginning of year (note 15)	207,985,153	207,985,153	200,057,513
Other comprehensive income (loss) - subsidiary operations (note 25)	-	183,129	369,519
Accumulated surplus, end of year (note 15)	209,995,999	233,444,948	207,985,153

See accompanying notes to the financial statements.

CITY OF CHESTERMERE

Statement of Remeasurement Gains and Losses

Year ended December 31, 2024, with comparative figures for 2023

	2024	2023
Accumulated remeasurement gains (losses) at the beginning of the year	(762,142)	(1,131,661)
Other comprehensive income of:		
Government business enterprise	183,129	369,519
Accumulated remeasurement gains (losses) at end of year	(579,013)	(762,142)

See accompanying notes to the financial statements.

CITY OF CHESTERMERE

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative figures for 2023

	Budget (Unaudited)	2024	2023
Annual surplus (deficit)	2,010,846	25,459,794	7,927,640
Acquisition of tangible capital assets	(22,928,543)	(15,972,387)	(6,968,724)
Contributed tangible capital assets	-	(11,580,746)	(7,695,368)
Contribution of tangible capital assets to related party (note 26)	-	-	-
Amortization of tangible capital assets	8,743,316	7,755,641	7,478,282
Proceeds on disposal of tangible capital assets	-	209,067	28,907
Loss (gain) on disposal of tangible capital assets	-	(3,199)	2,093
Impairment of capitalized project costs	-	-	374,071
	(14,185,227)	(19,591,624)	(6,780,739)
(Increase) decrease in prepaid development credits	-	(4,174,397)	(4,100,373)
(Increase) decrease in inventory held in use	-	(3,149)	17,952
(Increase) decrease in prepaid expenses	-	(60,016)	16,662
(Increase) decrease in other assets	-	(144,205)	(358,902)
	-	(4,381,767)	(4,424,661)
Increase (decrease) in net financial assets	(12,174,381)	1,486,403	(3,277,760)
Net financial assets, beginning of year	83,219,611	83,219,611	86,497,371
Net financial assets, end of year	71,045,230	84,706,014	83,219,611

See accompanying notes to the financial statements.

CITY OF CHESTERMERE

Statement of Cash Flows

Year ended December 31, 2024, with comparative figures for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	25,276,665	7,558,121
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets (Schedule 1 and 2)	7,755,641	7,478,282
(Gain) loss on disposal of tangible capital assets	(3,199)	2,093
Impairment of capitalized project costs	-	374,071
Contributed tangible capital assets (Schedule 1)	(11,580,746)	(7,695,368)
(Increase) decrease in government business enterprise	(1,071,405)	1,341,763
Changes in non-cash working capital:		
(Increase) decrease in taxes and grants in place of taxes receivables	(448,102)	(138,688)
(Increase) decrease in trade accounts receivables	(3,845,932)	344,710
(Increase) decrease in property tax under-levy	38,071	108,611
(Increase) decrease in goods and services tax receivable	(173,393)	(23,533)
(Increase) decrease in prepaid development credits	(4,174,397)	(4,100,373)
(Increase) decrease in inventory for consumption	(3,149)	17,952
(Increase) decrease in prepaid expenses	(60,016)	16,662
(Increase) decrease in other assets	(144,205)	(358,902)
Increase (decrease) in accounts payable and accrued liabilities	4,058,466	1,895,498
Increase (decrease) in deposit liabilities	1,729,927	241,721
Increase (decrease) in deferred revenue	246,064	2,692,059
	17,600,290	9,754,679
Capital activities:		
Acquisition of tangible capital assets	(15,972,387)	(6,968,724)
Proceeds on disposition of tangible capital assets	209,067	28,907
	(15,763,320)	(6,939,817)
Investing activities:		
Purchase of investments (note 6)	(37,196,024)	(17,869,423)
Disposal of investments (note 6)	27,772,463	9,177,795
	(9,423,561)	(8,691,628)
Financing activities:		
Increase (decrease) in due to 1538974 Alberta Ltd.	15,080,323	9,260,280
Decrease (increase) in agreements receivable	134,504	684,661
Long term debt and capital leases: new debt and repayments	(785,436)	(5,597,912)
	14,429,391	4,347,029
Increase (decrease) in cash during the year	6,842,800	(1,529,737)
Cash, beginning of year	4,988,099	6,517,836
Cash, end of year	11,830,899	4,988,099

See accompanying notes to the financial statements.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies:

The City of Chestermere (the "City") is a municipality in the Province of Alberta. The financial statements are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by the City are as follows:

(a) Reporting entity:

The financial statements reflect the assets, liabilities, revenue and expenditures, changes in net financial assets and change in financial position of the City.

1538974 Alberta Ltd., a subsidiary corporation controlled by the City of Chestermere, is accounted for on a modified equity basis, consistent with the public sector accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise is not consolidated, its accounting policies are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual other comprehensive income (loss) due to fair value adjustments on the statement of operations and accumulated surplus with corresponding increase (decrease) in the investment account (note 25).

Taxes levied (note 18) include operating requisitions for educational and other external organizations that are not controlled by the City Council.

The financial statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

(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.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs in the completion of specific work, or for the purchase of tangible capital assets. In addition, licenses and permit fees are recognized as revenue when the service is provided. Certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies (continued):

(c) 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. The useful lives and related amortization of tangible capital assets represent an area where management makes significant estimates and assumptions in determining the amounts to be recorded in the financial statements.

(d) Valuation of Financial Assets and Liabilities

<u>Financial statement component</u>	<u>Measurement</u>
Cash	Cost and amortized cost
Investments	Fair value and amortized cost
Trade and other receivables	Lower of cost or net recoverable value
Loans receivable and debt charges recoverable	Amortized cost
Accounts payable and accrued liabilities	Cost
Deposit liabilities	Cost
Bank indebtedness and long-term debt	Amortized cost

(e) Investments:

Investments in derivatives and equity instruments quoted in an active market are carried at fair value with transaction costs expensed upon initial recognition. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses. When the investment is disposed of the accumulated gains or losses are reclassified to the statement of operations. Investments in interest-bearing securities are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

(f) Requisition over-levy and under-levy:

Over-levies and under-levies arise from the difference between the actual levy made to cover each requisition and the actual amount requisitioned. If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. In situations where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and reflected as property tax revenue. Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies (continued):

(g) Land held for resale:

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as roads, sidewalks and street lighting are recorded as fixed assets under their respective function.

(h) Tax revenue:

Tax revenue is recognized when the tax has been authorized by the bylaw and the taxable event has occurred. Requisitions operate as a flow through and are excluded from municipal property tax revenue.

(i) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the City is directly responsible or accepts responsibility;
- the City expects future economic benefits will be expended; and
- a reasonable estimate of the liability amount can be made.

(j) 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 have been met by the City, and reasonable estimates of the amounts can be determined.

(k) Equity in investments:

Equity in investments includes the City's net investment in a subsidiary corporation, 1538974 Alberta Ltd. The amount consists of the original investment in common shares, plus the proportionate share of cumulative earnings of the subsidiary determined using the modified equity method in accordance with the City's accounting policies (note 1(a)).

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies (continued):

(I) Non-financial assets:

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

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	15-45
Buildings	25-50
Engineered structures – Roadway system	5-60
Machinery and equipment	5-40
Vehicles	10-25

There is an amortization charge in the year of acquisition and no amortization charge in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) 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.

(iv) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies (continued):

(m) Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the City to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the City reviews the carrying amount of the liability. The City recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(n) Revenue Recognition

Revenue from transactions with no performance obligation is recognized at realizable value when the City has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event giving rise to an asset.

Revenue from transactions with performance obligations is recognized as the performance obligations are satisfied by providing the promised goods or services to the payor. User fees are recognized over the period of use, sales of goods are recognized when goods are delivered. Licenses and permits with a single performance obligation at a point in time are recognized as revenue on issuance, those which result in a continued performance obligation over time are recognized over the period of the license or permit as the performance obligation is satisfied.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

1. Significant accounting policies (continued):

(o) Deferred Revenues:

Deferred revenues represent government transfers, donations, and other 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. Interest earned on deferred revenues, reserves, and offsite levies are calculated using an average investment earnings monthly.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

2. Cash:

	2024	2023
Cash	11,830,649	4,987,849
Petty cash	250	250
	11,830,899	4,988,099

The City has an available operating loan of \$2,500,000, bearing interest at the bank's prime rate with an effective rate of 5.45% per annum (2023 – 7.2%), of which \$2,500,000 remained unused at December 31, 2024 and 2023. This operating loan is unsecured. The operating loan was suspended due to non-compliance of bank reporting requirements as of February 24, 2023.

3. Taxes and grants in place of taxes receivable:

	2024	2023
Current taxes and grants in place of taxes	1,434,746	1,021,378
Taxes in arrears	449,264	400,189
Local improvement levies	116,128	130,469
	2,000,138	1,552,036

4. Trade accounts receivable:

	2024	2023
Accounts receivable	1,480,831	1,861,403
Mortgages receivable	77,156	77,156
	1,557,987	1,938,559
Developer levies receivable	14,515,315	10,288,811
	16,073,302	12,227,370

Mortgages receivable are amounts outstanding from City residents that have agreed to purchase property adjacent to their existing lot surrounding Chestermere Lake which was purchased by the City from Western Irrigation District. These mortgages receivable have a maturity date no later than 2035 and are non-interest bearing and unsecured.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

5. Agreements receivable:

	2024	2023
Alberta Capital Finance Authority ("ACFA") – Great Plains Debenture (note 11)	1,336,795	1,471,299
	1,336,795	1,471,299
Less: current portion	(138,916)	(134,505)
	1,197,879	1,336,794

Principal and interest repayments on the ACFA Great Plains Debenture are due as follows:

	Principal	Interest	Total
2025	138,916	42,365	181,281
2026	143,471	37,810	181,281
2027	148,176	33,105	181,281
2028	153,036	28,245	181,281
2029	158,055	23,226	181,281
Thereafter	595,141	39,244	634,385
	1,336,795	203,995	1,540,790

The 1538974 Alberta Ltd. promissory note receivable relates to the ACFA debenture that was assigned to 1538974 Alberta Ltd. on December 13, 2013. The ACFA debenture consists of a long-term financing arrangement between the City and ACFA for the construction of the Great Plains Sanitary Sewer Line. The term of this financing is over 20 years with payments to include principal and interest.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

6. Investments:

	2024	2023
BMO Ext Fixed Rate 2.00%, matures June 24, 2029	2,011,000	2,011,000
BMO Ext Fixed Rate 2.00%, matures Aug 23, 2031	1,500,000	1,500,000
BNS CDN INS Pipes, various %, matures Aug 11, 2028	-	1,530,200
BMO CDN Canadian Equity, various %, matures June 25, 2031	3,922,000	3,922,000
BMO Equity Linked, matures Sep 15, 2031	1,553,400	1,553,400
BNS CDN INS Pipes, various %, matures Oct 15, 2031	-	4,292,500
BNS CDN INS Pipes, various %, matures Oct 1, 2031	-	2,092,900
BMO Fixed Rate 1.80%, matures Sept 23, 2029	2,000,000	2,000,000
CIBC Call Linear SNR Note 2.33%, matures June 12, 2030	3,050,000	3,050,000
CIBC Call Linear Accrual SNR Note 1.60%, matures Sep 14, 2030	3,000,000	3,000,000
CIBC Fixed 2025 Floating Sub Deb 2.01%, matures July 21, 2030	2,915,377	2,929,852
RBC Subordinated Note 1.67%, matures Jan 28, 2033	4,214,790	4,205,350
CIBC Linked CDN Index PFL, matures Sept 15, 2028	-	1,286,400
BNS Fixed Note 2.00%, matures Aug 5, 2031	1,500,000	1,500,000
BNS Ext 1.61%, matures Oct 23, 2030	2,416,000	2,416,000
CIBC Call Linear SNR Note 1.85%, matures July 17, 2030	2,292,000	2,292,000
RBC Subordinated 2.94%, matures 2032	-	2,512,263
BNS Fixed 2027 Floating 3.934%, matures May 3, 2032	-	2,486,182
BMO Equity Linked Income, matures March 15, 2032	1,766,500	1,766,500
BMO Equity Linked Income, matures April 22, 2032	2,064,200	2,064,200
CIBC CDN Linked Index PFL, matures May 22, 2029	-	1,141,700
BMO Equity Linked Income, matures Sep 20, 2032	4,228,800	4,228,800
Province of Ontario 3.75%, matures June 2, 2032	2,484,011	2,491,013
Province of BC 3.20%, matures June 18, 2032	2,508,384	2,504,955
CPN Québec Hydro, matures Aug 15, 2033	2,719,659	2,611,927
CIBC Linked CDN Index, matures Aug 15, 2030	-	615,400
RBC Sub Note 5.01%, matures Feb 1, 2033	-	1,750,348
BNS Sub Deb 5.679%, matures Aug 2, 2033	-	1,733,968
Province of Ontario, matures June 2, 2033	1,301,234	1,787,678
CIBC CPN Linked CDN Index, matures Sept 16, 2030	-	1,508,600
CIBC Linked CDN Index, matures Sep 16, 2030	-	1,508,600
RBC Sub Deb Fixed due April 3, 2034 5.096%	1,987,917	-
BMO PPN CAD LARG S246 due August 29, 2034	4,000,000	-
BMO PPN CAD LARG S58 due August 29, 2034	2,500,000	-
BMO Fixed Rate Notes due Aug 22, 2032 4.19%	1,900,000	-
NBC Extendible CPN Flex GIC S286 due Aug 28, 2034 4.35%	4,000,000	-
CIBC Autocall CDN Linked Index PFL Sept 3, 2031	2,551,300	-
BMO PPN CAD LARG S257 due Oct 11, 2034	2,384,800	-
CIBC Autocall 7.00% LKD CDN IND Oct 14, 2031	5,535,000	-
BNS Autocall CDN EQ BSK AC S34 Nov, 2031	4,690,800	-
BNS CDN EQ BSK AC Deposit, matures Nov 12, 2031	1,525,900	-
CIBC Autocall CDN Linked Index PFL Dec 31, 2031	1,220,700	-
	79,743,772	70,293,736
Short term		
CIBC Wood Gundy Cash Account	35,191	61,666
Total investments	79,778,963	70,355,402

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

6. Investments (continued):

The City of Chestermere holds funds that are restricted in their use and are to be utilized as funding for capital projects and to meet trust obligations. Since the projects have not been completed for which the funding has been received, \$44,670,700 (2023 – \$42,694,708) of the investment funds are not available for general use by the City. At year-end, the fair value of investments was \$77,459,131 resulting in an unrealized loss on investments was \$2,071,879 (2023 – unrealized loss of \$1,894,955).

7. Investment in government business enterprise:

	2024	2023
1538974 Alberta Ltd. - 100% ownership: Common voting shares (56,050,123 shares)	56,050,123	56,050,123
Cumulative share of earnings	5,677,592	4,423,058
	61,727,715	60,473,181

On November 1, 2021, the City's Council announced its intent to completely dissolve 1538974 Alberta Ltd. in compliance with the Municipal Government Act and Business Corporations Act. The dissolution, expected to result in the operations of the Utility company being amalgamated in the City's operations, has not yet been completed. The current Council is reviewing this motion to dissolve 1538974 Alberta Ltd.

8. Accounts payable and accrued liabilities:

	2024	2023
Accrued liabilities	3,596,710	3,100,571
Trade accounts payable	6,331,916	2,873,669
Accrued vacation, sick leave, and short-term disability benefits payable	1,261,645	1,152,566
Accrued interest payable	4,507	9,506
	11,194,778	7,136,312

Sick leave and short-term disability benefits payable represent the estimated liability based on the City's recent years' experience. Accrued vacation liability represents the vacation that employees have earned and are entitled to within the next year.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

9. Due to 1538974 Alberta Ltd.:

	2024	2023
Due to 1538974 Alberta Ltd.	350,350	(59,616)
Due to 1538974 Alberta Ltd. - developer levies	40,156,918	25,486,561
	40,507,268	25,426,945

Amounts due to 1538974 Alberta Ltd. are unsecured, non-interest bearing and repayable on demand.

10. Deferred revenue:

	2024	Received	Recognized	2023
Municipal Sustainability Initiative – capital	9,714,934	2,543,526	(4,844,359)	12,015,767
Developer Levies	24,566,704	12,911,210	(8,079,285)	19,734,779
Deferred operating grants	421,886	2,039,893	(1,867,155)	249,148
Canada Community Building Fund	4,107,241	155,691	(2,572,869)	6,524,419
Other deferred revenue	20,792	2,806	(43,394)	61,380
	38,831,557	17,653,126	(17,407,062)	38,585,493

(a) Municipal Sustainability Initiative ("MSI"):

The MSI is a funding program aimed at providing financial support for critical core and community infrastructure projects and includes incentives to encourage collaboration and cooperation between neighboring municipalities. This population-based funding program includes operating, capital and affordable housing components. The balance represents funds brought forward from 2023 of \$12,015,767 (2022 – \$14,561,357), plus grant funds received in the current year of \$2,262,222 (2023 – \$0), plus accrued interest of \$281,304 (2023 – \$134,261), less \$4,844,359 (2023 – \$2,679,851) recognized as revenue in 2024.

(b) Canada Community Building Fund:

The federal Canada Community Building Fund (CCBF) provides predictable, long-term, stable funding for Canadian Municipalities to help build and revitalize public infrastructure while creating jobs and long-term prosperity. The balance represents funds brought forward from 2023 of \$6,524,419 (2022 – \$7,387,296), plus grant funds received in the current year of \$0 (2023 – \$0) plus accrued interest of \$155,691 (2023 – \$72,902), less \$2,572,869 recognized as revenue in 2024 (2023 – \$935,779).

All of the unexpended funds held in deferred revenue are supported by investments as outlined in note 6.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

11. Long-term debt:

	2024	2023
Debenture – City hall building (a)	-	347,931
Debenture – Public works building and addition (a)	201,466	245,044
Debenture – CRCA operating (a)	68,080	110,765
Debenture – Weed Harvesters (a)	20,227	39,251
Tax supported debentures	289,773	742,991
Self-supported debentures – operating (a)	1,336,795	1,471,299
	1,626,568	2,214,290
Less: current portion	(250,110)	(587,721)
	1,376,458	1,626,569

Principal and interest are due as follows:

	Principal	Interest	Total
2025	250,110	58,312	308,422
2026	215,573	47,512	263,085
2027	199,896	39,360	239,256
2028	207,794	31,462	239,256
2029	158,055	23,226	181,281
Thereafter	595,140	39,345	634,485
	1,626,568	239,217	1,865,785

a) Debenture debts, including self-supported debentures, are repayable to Alberta Capital Finance Authority and bear interest at rates ranging from 3.25% to 6.38% per annum, before provincial subsidy, and mature from 2025 to 2033. The weighted average interest rate is 3.69% (2023 – 3.98%). Debenture debt is issued on the credit and security of the City of Chestermere at large.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

12. Debt limit:

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

	2024	2023
Total debt limit	75,274,023	59,573,462
Total long-term debt	(1,700,270)	(2,485,706)
Unused total debt limit capacity	73,573,753	57,087,756
Debt service limit	12,545,671	9,928,910
Debt servicing	(345,477)	(871,431)
Unused service on debt limit capacity	12,200,194	9,057,479

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

Section 3 c. of the Capital Financing and Debt Management Council Policy #448 further restricts the debt level to 75% of the maximum level established by the Provincial regulation. The internally restricted total debt limit for 2024 is \$56,455,517 (2023 – \$44,680,097). The unused internally restricted total debt limit capacity for 2024 is \$54,755,247 (2023 – \$42,194,391).

13. Prepaid development credits:

	2024	2023
Rainbow Road Sanitary Trunk Phase 2	Sanitary	11,087,842
Rainbow Road Reservoir Tie-In*	Water	5,085,117
Chestermere Boulevard Design	Transportation	528,131
		16,701,090
		12,526,693

(*) Part of the Sanitary Trunk Distribution West

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

13. Prepaid development credits (continued):

Prepaid development credits are related to authorized offsite eligible capital projects being constructed and funded by the development community. Prepaid development credits are provided in lieu of offsite levy revenue and is tracked based on each eligible category, to ensure cross- subsidization does not occur. The timing of recording the activity is based on when an applicable development agreement is executed.

14. Equity in tangible capital assets:

	2024	2023
Tangible capital assets (Schedule 2)	236,929,539	209,741,458
Accumulated amortization (Schedule 2)	(105,838,704)	(98,242,248)
Long-term debt (note 11)	(1,626,568)	(2,214,290)
Operating portion of long-term debt (note 11)	1,404,875	1,582,064
Capital leases	(73,702)	(271,416)
	130,795,440	110,595,568

15. Accumulated surplus:

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2024	2023
Unrestricted surplus	76,886,092	74,601,171
Restricted surplus accounts:		
General Stabilization	14,160,557	13,337,183
Municipal New Capital Projects	3,635,163	3,223,477
Special projects	4,716,658	4,558,523
Developer levy	3,251,038	1,669,231
	25,763,416	22,788,414
Equity in tangible capital assets (note 14)	130,795,440	110,595,568
	233,444,948	207,985,153

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

16. Segmented disclosure:

The City of Chestermere provides a range of services to its ratepayers. For each reported segment, revenues and 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 these segments are consistent with those followed in the preparation of financial statements as disclosed in note 1.

Refer to the Schedule of Segmented Disclosure (Schedule 3).

17. Land held for resale:

At December 31, 2024, the amount reflected in land held for resale relates to certain lands equaling approximately 97.4 acres. The City has entered into a Purchase and Sale agreement with an arm's length party effective as of January 11, 2022 (the "Agreement"). Under the terms of the Agreement, the purchaser is to acquire the subject lands, totaling 97.4 acres, by way of partial purchases over a period of up to five years. Consideration to be paid per acre is dependent on the date of closing for each partial purchase relative to the effective date of the Agreement. Dependent on the timing of completion of these partial purchases, total proceeds are expected to be a minimum of \$9.74 million. Any difference between these expected proceeds and actual final proceeds will be recognized as a gain or loss at that time.

Such partial purchases are subject to the satisfaction of various closing conditions as outlined within the Agreement. The City has received an initial deposit of \$500,000 in 2022 to be held in trust that is expected to be used as consideration paid for partial purchases completed. In the event the Agreement is terminated for any reason, other than default by the purchaser, the deposit and accrued interest will be refunded to the purchaser. Subsequent to year end, there have been no completed partial purchases of the subject lands under the Agreement.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

18. Taxes levied:

	Budget (Unaudited)	2024	2023
Taxation:			
Real property taxes	34,873,406	34,759,232	30,144,088
Linear property taxes	-	426,296	401,960
	34,873,406	35,185,528	30,546,048
Requisitions:			
Alberta School Foundation Fund	13,373,385	13,575,695	11,288,248
Net municipal taxes	21,500,021	21,609,833	19,257,800

19. Government transfers:

	Budget (Unaudited)	2024	2023
Transfers for operating:			
Provincial government	1,515,803	1,644,832	1,733,404
Other local governments	-	-	3,040
	1,515,803	1,644,832	1,736,444
Transfers for capital:			
Provincial government	12,249,365	8,875,800	3,615,631
Total government transfers	13,765,168	10,520,632	5,352,075

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

20. Expenses by object:

	Budget (Unaudited)	2024	2023
Expenses by object:			
Salaries, wages, and benefits	22,241,862	22,210,333	18,663,340
Amortization of tangible capital assets	8,743,316	7,755,641	7,478,282
Contracted and general services	6,795,390	6,908,223	6,493,008
Purchases from other governments	5,628,159	4,883,613	4,987,038
Goods and supplies	2,761,864	2,820,370	2,877,298
Transfers to individuals and organizations	1,522,744	1,755,419	916,480
Interest on long-term debt	172,694	34,384	289,998
Bank charges and short-term interest	39,998	69,183	45,148
Loss (gain) on disposal of tangible capital assets	-	(3,199)	2,093
Impairment of capitalized project costs	-	-	374,071
Total expenses	47,906,027	46,433,967	42,126,756

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

21. Salary and benefits disclosure:

Disclosure of salaries and benefits for elected municipal officials, the City Directors (previously called "Chief Administrative Officer") and designated officers as required by Alberta Regulation 313/2000 is as follows:

Name	Title	2024		2023	
		Salary (1)	Benefits and allowance (2)	Total	Total
Shannon Dean	Mayor	46,974	10,266	57,240	-
Jeff Colvin	Mayor - Dismissed Dec 4, 2023	-	-	-	104,226
Janelle Sandboe	Deputy Mayor	21,608	12,520	34,128	-
Mel Foat	Councillor - Dismissed Dec 4, 2023	-	-	-	66,331
	Deputy Mayor: Oct 2021 to Aug 2023				
Stephen Hanley	Deputy Mayor - Dismissed Dec 4, 2023	-	-	-	57,066
Ritesh Narayan	Councillor	44,053	11,698	55,751	50,763
Murray Grant	Councillor	23,096	6,702	29,798	-
Kiran Randhawa	Councillor	22,176	8,249	30,425	-
Robert Schindler	Councillor	21,608	6,498	28,106	-
Rob Wawrzynowski	Councillor	21,608	6,846	28,454	-
Shannon Dean	Councillor	-	-	-	45,005
Sandy Johal-Watt	Councilor			-	43,389
Blaine Funk	Councillor - Dismissed Dec 4, 2023	-	-	-	47,569
Kent Edney	CAO	83,365	15,554	98,920	-
Patrick Vincent	Interim CAO	296,916	54,925	351,841	37,986
Cameron Wong	City Director equivalent to CAO Dismissed Dec 4, 2023	-	-	-	230,280
Kim Wallace	City Director equivalent to CAO Dismissed Dec 4, 2023	-	-	-	171,030
Travis Fillier	City Director equivalent to CAO Dismissed Dec 4, 2023	-	-	-	207,069
Designated Officers	Accurate Assessment Group Contract	224,976	-	224,976	196,367
Total		806,380	133,260	939,639	1,257,081

(1) Salary includes regular base pay and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada pension plan (CPP), employment insurance (EI), health care, dental coverage, vision coverage, group life insurance, accidental disability/dismemberment insurance, long-term and short-term disability plans, professional memberships, tuition, conferences, travel & subsistence, cellular phone, computer/laptops, clothing, mileage and moving expenses.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

22. Local Authorities Pension Plan:

Employees of the City participate in the Local Authorities Pension Plan ("LAPP"), which is covered by the Alberta Public Sector Pension Plan Act. The Plan has a membership of 291,259 people. The LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund. Contributions for current service are recorded as expenditures in the year in which they become due.

The City is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 11.65% on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 10.65% on pensionable salary above this amount.

Total current service contributions by the City to the LAPP in 2024 were \$1,430,702.16 (2023 – \$1,098,410). Total current service contributions by the employees of the City to the LAPP in 2024 were \$1,277,660.16 (2023 – \$980,067).

At December 31, 2023 the LAPP disclosed an actuarial surplus of \$15.06 billion.

23. Commitments:

During 2005, the existing Storm Water Discharge Agreement, Lake Management Agreement, and Western Irrigation District Offsite Levies Agreement, were replaced with the Use of Works Agreement between the City and Western Irrigation District. Under this agreement, which is to be managed on a permanent and cooperative basis, the City must remit to the Western Irrigation District annual payments on or before August 1 of each year in perpetuity. These payments are expected to remain consistent subject only to changes based on the Consumer Price Index realized in each respective year, and the payment in 2025 is expected to be \$281,000 (2024 payment was \$245,445).

The City has operating leases for vehicles. The leases require monthly payments and expired in 2024.

The City also has capital leases for vehicles and server. The vehicle leases require monthly payments and expire by December 2026. The server lease expired in July 2024.

Future minimum lease payments as at December 31, 2024, are as follows:

	Vehicles	Total
2025	37,055	37,055
2026	37,055	37,055
	74,110	74,110

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

24. Contingencies:

The City of Chestermere is a member of the Alberta Municipal Insurance Exchange ("MUNIX"). Under the terms of membership, the City could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

From time to time, the City is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely, and it can be estimated. As the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities or would impact the City's financial condition in a significant manner.

25. Subsidiary operations:

1538974 Alberta Ltd. (formerly Chestermere Utilities Incorporated) was established in 2011 by the City to provide water, wastewater, stormwater, garbage collection and recycling services to the City. 1538974 Alberta Ltd. is a wholly owned subsidiary of the City. Under IFRS 15, Revenue from contracts with customers, contributions relating to tangible capital assets will be recognized in the financial statements of 1538974 Alberta Ltd. as revenue over the useful lives of those assets.

The following is condensed financial information for 1538974 Alberta Ltd. for the year ended December 31, 2024:

	2024	2023
Financial position:		
Current assets	9,002,926	9,039,762
Finance lease receivable	73,702	110,261
Lease right of use assets	-	-
Property and equipment	130,346,933	118,929,327
Intangible assets	3,526,605	3,781,783
	142,950,166	131,861,133
Current liabilities	6,676,000	5,569,551
Lease liabilities	-	-
Derivative financial instruments	579,013	762,142
Deferred revenue	44,215,352	33,884,708
Long-term debt	23,368,091	24,787,556
	74,838,456	65,003,957
Shareholder's equity	68,111,710	66,857,176

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

25. Subsidiary operations (continued):

	2024	2023
Results of operations:		
Revenue	19,582,508	17,206,488
Amortization	(3,707,264)	(3,515,200)
Financing costs	(1,578,414)	(1,735,198)
Operating expenses	(13,225,425)	(13,297,853)
Operating Income (loss)	1,071,405	(1,341,763)
Other comprehensive income (loss)	183,129	369,519
Total comprehensive income (loss)	1,254,534	(972,244)

26. Related party transactions:

The following summarizes the related party transactions between the City and 1538974 Alberta Ltd. All transactions and balances are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

	2024	2023
Statement of Financial Position:		
Due to 1538974 Alberta Ltd.	40,507,268	25,426,945
Contribution of tangible capital assets	-	-
Agreements receivable	1,336,795	1,471,299
Accounts receivable from 1538974 Alberta Ltd.	-	-
Statement of Operations:		
Sales of goods and user charges – sub-contract fees	2,685,800	2,685,800
Contracted and general services – utilities expense	(232,790)	(154,564)
Sales of goods and user charges – office space rental revenue	50,400	50,400
Sales of goods and user charges – general administrative	150	-

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

27. Budget data:

The 2024 operating and capital budgets were approved by Council on May 24, 2024 and have been reported in the financial statements for information purposes only. These budgeted amounts have not been audited, reviewed, or otherwise verified.

The approved budget contained restricted surplus transfers, capital additions and principal payments on debt as expenditures. Since these items are not included in the amounts reported in the consolidated financial statements, they have been excluded from the budget amounts presented in these financial statements.

A reconciliation of the approved budget to the balanced budget as per legislation is as follows:

	Budget (Unaudited)	Actual
Annual surplus	2,010,846	25,459,795
Less:		
Capital expenditures	(22,928,543)	(15,972,387)
Long-term debt repayments	(447,087)	(608,247)
Transfers to restricted surplus	(882,509)	(4,055,185)
Contributed tangible capital assets	-	(11,580,746)
Add:		
Amortization	8,743,316	7,755,641
Transfers from restricted surplus	13,503,977	1,080,183
Balanced budget / excess of revenue over expenses	-	2,079,054

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

28. Financial instruments:

The City's financial instruments consist of cash, taxes and grants in place of taxes receivable, trade accounts receivable, property tax under-levy, agreements receivable, investments, investments in government business enterprise, accounts payable and accrued liabilities, due to 1538974 Alberta Ltd., deposit liabilities, obligations under capital lease and long-term debt. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values. It is management's opinion that the City is not exposed to significant liquidity or currency risks arising from its financial instruments.

1) Interest rate risk:

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The City is exposed to financial risk from interest rate differentials between market interest rates and the rates used on their financial instruments.

Credit risk:

The City of Chestermere is subject to credit risk with respect to taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the City of Chestermere provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

The City's exposure to credit risk on its cash and investments is mitigated as these assets are held with creditable financial institutions.

CITY OF CHESTERMERE

Notes to Financial Statements

Year ended December 31, 2024, with comparative figures for 2023

29. Subsequent Events:

On May 9, 2022, an order was issued by the Minister of Municipal Affairs ("Ministry") initiating an inspection of the management, administration, and operations of the City. On November 2, 2022, the preliminary findings and recommendations of the Ministry's inspection were presented to the City's administration, council and mayor.

On March 15, 2023, the Municipal Affairs inspection report was released to the public and presented to Chestermere residents at a public information session. Based on this report, Municipal Affairs issued twelve binding directives requiring the City of Chestermere to take action on.

On March 12, 2025 the City received a letter from Municipal Affairs stating the Minister is satisfied with the progress to date and considers the directives issued under Ministerial Order to be completed to their satisfaction and have signed Ministerial Order No. MSD:015/25 indicating the Directives issued in response to the 2022 municipal inspection of the City of Chestermere are complete.

CITY OF CHESTERMERE

Changes in Accumulated Surplus

Schedule 1

Year ended December 31, 2024, with comparative figures for 2023

	Unrestricted surplus	Restricted surplus	Equity in tangible capital assets	2024	2023
Balance, beginning of year	74,601,171	22,788,414	110,595,568	207,985,153	200,057,513
Excess of revenue over expenses	25,459,795	-	-	25,459,795	7,927,640
Unrestricted funds designated for future use	(3,388,616)	3,388,616	-	-	-
Current year funds used for tangible capital assets	(15,558,773)	(413,614)	15,972,387	-	-
Contributed tangible capital assets	(11,580,746)	-	11,580,746	-	-
Disposal of tangible capital assets	205,867	-	(205,867)	-	-
Annual amortization expense	7,755,641	-	(7,755,641)	-	-
Capital long-term debt repaid	(410,533)	-	410,533	-	-
Capital lease obligation repaid	(197,714)	-	197,714	-	-
Change in accumulated surplus	2,284,921	2,975,002	20,199,872	25,459,795	7,927,640
Balance, end of year	76,886,092	25,763,416	130,795,440	233,444,948	207,985,153

CITY OF CHESTERMERE

Tangible Capital Assets

Schedule 2

Year ended December 31, 2024, with comparative figures for 2023

	Land	Land improvements	Buildings	Engineered structures	Machinery and equipment	Vehicle Equipment	2024	2023
Cost:								
Balance, beginning of year	30,959,850	15,919,368	26,532,388	111,797,499	16,057,721	8,474,632	209,741,458	195,696,434
Acquisition of tangible capital assets	4,421,000	176,723	142,040	8,141,684	2,536,972	704,300	16,122,719	11,412,076
Construction in progress	-	43,031	262,373	10,024,005	133,035	967,970	11,430,414	3,252,016
Disposal of tangible capital assets	-	-	-	-	(161,142)	(203,910)	(365,052)	(619,068)
Balance, end of year	35,380,850	16,139,122	26,936,801	129,963,188	18,566,586	9,942,992	236,929,539	209,741,458
Accumulated amortization:								
Balance, beginning of year	-	6,469,093	7,222,935	70,030,395	9,197,350	5,322,475	98,242,248	90,977,963
Amortization of tangible capital assets	-	760,981	619,874	4,617,836	1,299,732	457,218	7,755,641	7,478,282
Accumulated amortization on disposals	-	-	-	-	(76,677)	(82,508)	(159,185)	(213,997)
Balance, end of year	-	7,230,074	7,842,809	74,648,231	10,420,405	5,697,185	105,838,704	98,242,248
Net book value of tangible capital assets	35,380,850	8,909,048	19,093,992	55,314,957	8,146,181	4,245,807	131,090,835	111,499,210
2023 Net book value of tangible capital assets	30,959,849	9,490,276	19,309,450	41,727,103	6,860,373	3,152,159	111,499,210	111,499,210

The net book value of assets under construction and not yet subject to amortization is \$11,430,414 (2023 – \$3,780,693).

CITY OF CHESTERMERE

Segmented Disclosure

Schedule 3

Year ended December 31, 2024

	General Government	Protective services	Roads, streets, walks and lighting	Planning and development	Parks, recreation, and environmental services	Family and community support	Subsidiary operations	Total
Revenue:								
Net municipal property taxes	21,609,833	-	-	-	-	-	-	21,609,833
User fees and sales of goods	4,010,472	1,031,328	67,398	8,592,243	1,594,608	80,730	-	15,376,779
Government transfers for operating	313,751	611,366	-	-	12,100	707,615	-	1,644,832
Investment Income	3,090,212	-	-	-	-	-	-	3,090,212
Other revenues	381,741	-	-	-	-	-	-	381,741
	29,406,009	1,642,694	67,398	8,592,243	1,606,708	788,345	-	42,103,397
Expenses:								
Salaries, wages, and benefits	4,640,149	7,840,871	1,917,962	4,132,405	2,742,788	936,158	-	22,210,333
Amortization of tangible capital assets	767,545	621,819	5,119,065	2,022	1,245,190	-	-	7,755,641
Contracted and general services	3,857,691	482,335	482,597	941,013	793,656	350,931	-	6,908,223
Purchases from other governments	-	4,723,575	160,038	-	-	-	-	4,883,613
Goods and supplies	269,226	391,621	1,851,649	17,887	267,006	22,981	-	2,820,370
Transfers to individuals and organizations	10,806	-	-	-	1,255,580	489,033	-	1,755,419
Interest on long-term debt	9,122	-	18,872	-	6,390	-	-	34,384
Bank charges and short-term interest	69,183	-	-	-	-	-	-	69,183
Loss (gain) on disposal of tangible capital assets	-	(3,553)	-	-	354	-	-	(3,199)
Impairment of capitalized project costs	-	-	-	-	-	-	-	-
Adjustment on land held for resale	-	-	-	-	-	-	-	-
	9,623,722	14,056,668	9,550,183	5,093,327	6,310,964	1,799,103	-	46,433,967
Operating annual surplus (deficit)	19,782,287	(12,413,974)	(9,482,785)	3,498,916	(4,704,256)	(1,010,758)	-	(4,330,570)
Government transfer for capital	795,653	1,926,408	4,492,414	-	1,661,325	-	-	8,875,800
Development levies	-	33,157	8,046,128	-	-	-	-	8,079,285
Contributed tangible capital assets	-	-	7,873,746	-	3,707,000	-	-	11,580,746
Subsidiary operations	-	-	-	-	-	-	1,254,534	1,254,534
Annual surplus (deficit)	20,577,940	(10,454,409)	10,929,503	3,498,916	664,069	(1,010,758)	1,254,534	25,459,795

CITY OF CHESTERMERE

Segmented Disclosure

Schedule 3 (continued)

Year ended December 31, 2023

	General Government	Protective services	Roads, streets, walks and lighting	Planning and development	Parks, recreation, and environmental services	Family and community support	Subsidiary operations	Total
Revenue:								
Net municipal property taxes	19,257,800	-	-	-	-	-	-	19,257,800
User fees and sales of goods	3,307,534	1,553,233	304,152	6,997,828	1,636,779	77,806	-	13,877,332
Government transfers for operating	313,752	590,248	-	36,196	18,050	778,198	-	1,736,444
Investment Income	1,557,700	-	-	-	-	-	-	1,557,700
Other revenues	295,266	-	-	-	-	-	-	295,266
	24,732,052	2,143,481	304,152	7,034,024	1,654,829	856,004	-	36,724,542
Expenses:								
Salaries, wages, and benefits	4,256,452	5,738,065	1,674,119	3,666,508	2,626,590	701,606	-	18,663,340
Amortization of tangible capital assets	554,206	587,346	5,143,761	2,022	1,190,947	-	-	7,478,282
Contracted and general services	3,546,588	508,851	572,836	629,450	910,177	325,106	-	6,493,008
Purchases from other governments	-	4,975,953	11,085	-	-	-	-	4,987,038
Goods and supplies	327,825	422,925	1,705,413	25,060	375,226	20,849	-	2,877,298
Transfers to individuals and organizations	3,165	-	-	-	736,921	176,394	-	916,480
Interest on long-term debt	252,606	10,158	23,359	-	3,875	-	-	289,998
Bank charges and short-term interest	45,148	-	-	-	-	-	-	45,148
Loss (gain) on disposal of tangible capital assets	-	-	-	-	2,093	-	-	2,093
Impairment of capitalized project costs	-	-	-	-	374,071	-	-	374,071
Adjustment on land held for resale	-	-	-	-	-	-	-	-
	8,985,990	12,243,298	9,130,573	4,323,040	6,219,900	1,223,955	-	42,126,756
Operating annual surplus (deficit)	15,746,062	(10,099,817)	(8,826,421)	2,710,984	(4,565,071)	(367,951)	-	(5,402,214)
Government transfer for capital	936,467	805,487	897,116	-	976,561	-	-	3,615,631
Development levies	-	-	2,991,099	-	-	-	-	2,991,099
Contributed tangible capital assets	-	-	3,909,968	-	3,785,400	-	-	7,695,368
Subsidiary operations	-	-	-	-	-	-	(972,244)	(972,244)
Annual surplus (deficit)	16,682,529	(9,294,330)	(1,028,238)	2,710,984	196,890	(367,951)	(972,244)	7,927,640