

Consolidated financial statements of
Municipality of Casselman

December 31, 2025

Municipality of Casselman

December 31, 2025

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Independent Auditor's Report

To the members of Council, inhabitants and ratepayers of
Municipality of Casselman

Opinion

We have audited the consolidated financial statements of Municipality of Casselman (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2025, and the results of its operations, change in its net debt and its cash flow for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of 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 liquidate the Municipality or 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 Responsibilities for the Audit of the 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 GAAS 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 GAAS, 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 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 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.

Hawkesbury ON
June 16, 2026

Chartered Professional Accountants
Licensed Public Accountants

Municipality of Casselman
Consolidated statement of operations
Year ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
	\$	\$	\$
Revenues			
Taxation – all classes	9,331,910	9,285,498	8,940,122
Less: amounts received for counties and school boards (Note 3)	(4,663,655)	(4,682,368)	(4,607,005)
Net taxation for municipal purposes	4,668,255	4,603,130	4,333,117
User fees	4,869,507	5,103,769	4,794,568
Transfer payments			
Government of Canada	131,503	491,906	333,572
Province of Ontario	1,238,282	1,581,838	1,277,281
Other municipalities	180,800	289,734	132,396
Licenses and permits	291,550	134,307	330,800
Investment income	179,369	254,467	378,560
Penalties and interest	25,000	49,251	48,459
Fines	21,000	11,798	6,173
Rent	756,918	771,875	761,571
Sales of materials	276,651	28,336	43,189
Donations	150,500	13,468	3,652
	12,789,335	13,333,879	12,443,338
Expenses (Schedule 4)			
General government	1,825,871	1,838,102	1,677,357
Protection to person and property	2,010,012	1,843,305	1,742,877
Transportation services	1,588,074	1,791,027	1,654,620
Environmental services	3,571,682	3,659,909	3,062,904
Recreation and cultural services	1,744,940	1,920,792	1,853,123
Planning and development	466,538	438,674	513,944
	11,207,117	11,491,809	10,504,825
Annual surplus	1,582,218	1,842,070	1,938,513
Accumulated surplus, beginning of year	37,240,223	37,240,223	35,301,710
Accumulated surplus, end of year (Schedule 2)	38,822,441	39,082,293	37,240,223

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Municipality of Casselman
Consolidated statement of financial position
As at December 31, 2025

	2025	2024
	\$	\$
Assets		
Financial assets		
Cash	2,769,111	3,529,474
Taxes receivable	375,126	334,125
Accounts receivable	1,913,584	1,563,487
Lands for resale	1,539,556	1,539,556
Investments (Note 4)	1,576,615	1,306,647
	8,173,992	8,273,289
Liabilities		
Accounts payable and accrued liabilities	1,756,895	2,158,711
Deferred revenues (Note 6)	1,242,617	1,508,978
Debts (Note 7)	18,136,270	17,906,216
Asset retirement obligation (Note 8)	1,753,100	1,744,895
	22,888,882	23,318,800
Net debt	(14,714,890)	(15,045,511)
Commitments (Note 11)		
Non-financial assets		
Tangible capital assets (Schedule 1)	53,688,668	52,110,523
Inventories	7,232	8,007
Prepaid expenses	255,132	218,281
	53,951,032	52,336,811
Accumulated surplus (Schedule 2)	39,082,293	37,240,223
Accumulated remeasurement gains	153,849	51,077
Total accumulated surplus	39,236,142	37,291,300

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Approved on behalf of the Council

_____, Mayor

_____, Treasurer

Municipality of Casselman
Consolidated statement of change in net debt
Year ended December 31, 2025

	2025 Budget	2025 Actual	2024 Actual
	\$	\$	\$
Annual surplus	1,582,218	1,842,070	1,938,513
Loss on sale of tangible capital assets	-	67,727	-
Amortization of tangible capital assets	1,789,246	2,142,351	2,140,449
Purchase of tangible capital assets	(6,518,387)	(3,788,223)	(4,299,979)
Decrease in inventories	-	775	20,837
Increase of prepaid expenses	-	(36,851)	(27,854)
(Decrease) increase in net debt	(3,146,923)	227,849	(228,034)
Net debt, beginning of year	(15,045,511)	(15,045,511)	(14,868,554)
Accumulated remeasurement gains	-	102,772	51,077
Net debt, end of year	(18,192,434)	(14,714,890)	(15,045,511)

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Municipality of Casselman**Consolidated statement of remeasurement gains and losses**

Year ended December 31, 2025

	2025	2024
	\$	\$
Accumulated remeasurement gains, beginning of the year	51,077	-
Unrealized remeasurement gains attributable to:		
Mutual funds	268,282	221,062
Reclassified to consolidated statement of operations:		
Mutual funds	(165,510)	(169,985)
Net remeasurement gains during the year	102,772	51,077
Accumulated remeasurement gains, end of the year	153,849	51,077

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Municipality of Casselman
Consolidated statement of cash flow
Year ended December 31, 2025

	2025	2024
	\$	\$
Operating activities		
Annual surplus	1,842,070	1,938,513
Change in non-cash assets and liabilities		
(Increase) decrease in taxes receivable	(41,001)	72,445
Increase in accounts receivable	(350,097)	(585,546)
Decrease in accounts payable and accrued liabilities	(607,873)	(41,850)
Decrease in deferred revenues	(266,361)	(16,339)
Increase in asset retirement obligation liability	-	1,060
Decrease in inventories	775	20,837
Increase in prepaid expenses	(36,851)	(27,854)
Adjustments for fair market value	(165,510)	(164,891)
	(1,466,918)	(742,138)
Non-cash operating items		
Loss on disposal of tangible capital assets	67,727	-
Amortization of tangible capital assets	2,142,351	2,140,449
Increase of the liability of ARO	8,205	1,412
	2,218,283	2,141,861
Net increase in cash from operating activities	2,593,435	3,338,236
Capital activity		
Purchase of tangible capital assets	(3,582,166)	(4,231,307)
Investing activities		
Acquisition of investments	(1,686)	(1,929)
Financing activities		
Proceeds from debt	3,500,000	-
Debt principal repayment	(3,269,946)	(1,043,514)
	230,054	(1,043,514)
Net decrease in cash	(760,363)	(1,938,514)
Cash, beginning of year	3,529,474	5,467,988
Cash, end of year	2,769,111	3,529,474

Additional information is presented in Note 9.

The accompanying notes and schedules are an integral part of the consolidated financial statements.

1. Future accounting standards

Effective on January 1, 2027

Conceptual Framework for Financial Reporting in the Public Sector

In December 2022, the Public Sector Accounting Board (PSAB) issued The Conceptual Framework for Financial Reporting in the Public Sector (the Conceptual Framework), which replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework establishes the fundamental concepts that underpin financial reporting in the public sector, including the characteristics of public sector entities, the objectives of financial reporting, the primary users of financial statements, qualitative characteristics of financial information, and general concepts related to recognition, measurement, and presentation.

The Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted. Adoption of the Conceptual Framework is expected to primarily affect the basis for developing accounting policies and financial statement presentation rather than recognition or measurement amounts.

GAAP Designation of Application Guidance – PSA Handbook Appendices

In February 2025, PSAB issued amendments to clarify the generally accepted accounting principles (GAAP) designation of certain application guidance appendices in the Public Sector Accounting Handbook. These amendments elevate the GAAP status of selected appendices related to revenue, government transfers, financial instruments, and disclosure of allocated expenses, and clarify that application guidance appendices form an integral part of the standards they support rather than being merely illustrative. Related amendments were also made to Section PS 1150, Generally Accepted Accounting Principles.

These amendments are effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. The amendments are primarily clarifying in nature and are not expected to result in material changes to the Municipality's financial statements.

Financial Statement Presentation (Section PS 1202)

In October 2023, PSAB issued Section PS 1202, Financial Statement Presentation, which replaces Section PS 1201 and introduces a new financial reporting model based on the Conceptual Framework for Financial Reporting in the Public Sector. Section PS 1202 introduces changes to the presentation of the statement of financial position, including new categories of liabilities, the introduction of a statement of net financial assets or net financial liabilities, revisions to the statement of cash flows, and new requirements for presenting changes in net assets or net liabilities.

Section PS 1202 is effective for fiscal years beginning on or after April 1, 2026, and will be effective for the Municipality beginning January 1, 2027. Early adoption is permitted only if the Conceptual Framework is adopted at the same time, and comparative information will be restated upon adoption. Adoption of Section PS 1202 is expected to result in changes to the presentation of the Municipality's financial statements; however, no changes to recognition or measurement amounts are expected.

Effective on January 1, 2030

Tangible Capital Assets (Amendments to Section PS 3150)

In May 2025, PSAB issued amendments to Section PS 3150, Tangible Capital Assets. The amendments clarify definitions and guidance related to tangible capital assets, introduce new disclosure requirements for works of art, historical treasures and collections, and provide guidance for assets acquired at substantially below fair value.

1. Future accounting standards (continued)

Effective on January 1, 2030 (continued)

Tangible Capital Assets (Amendments to Section PS 3150) (continued)

These amendments are effective for fiscal years beginning on or after April 1, 2030, with earlier adoption permitted. The amendments are expected to be applied retroactively, with certain exceptions applied prospectively. Management does not expect these amendments to have a material impact on the Municipality's financial statements at this time but will continue to assess their impact prior to adoption.

2. Accounting policies

The consolidated financial statements of the Municipality are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The consolidated statement of financial position reports assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net financial assets represent the difference between financial assets and liabilities. This information explains the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Reporting entity

Consolidated financial statements

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets and include the activities of all committees of Council and the following board which is under the control of Council:

Casselman Public Library Board
Corporation de la revitalisation du centre-ville de Casselman

Basis of accounting

Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of an obligation to pay.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial debt.

2. Accounting policies (continued)

Basis of accounting (continued)

Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has not made such an election during the year.

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Tangible capital assets

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

Machinery and equipment	5 – 50 years
Vehicles	10 – 20 years
Roads	10 – 50 years
Land improvements	20 – 75 years
Buildings and facilities	20 – 90 years

The amortization starts in the month when the asset is put into service and ends in the month of sale. Assets under construction are not amortized until the TCA are available for productive use.

Land is not amortized due to its infinite life.

The Municipality has a capitalization threshold of \$25,000 for civil infrastructure systems and pooled assets and \$10,000 for all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons. Examples of pooled assets are desktop computer systems, meters, utility poles and fire hydrants.

2. Accounting policies (continued)

Basis of accounting (continued)

Contribution of tangible capital assets

TCA received as contributions are recorded in the consolidated statement of financial position at their fair value at the date of receipt and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

Leases

Leases are classified as capital or operating leases. Leases, which transfer substantially all 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.

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on the first-in, first-out basis.

Investment

The investments are recorded at the fair market value. Accrued interests are included in accounts receivable.

Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the Municipality discharges its obligation, which led to receipt of the funds.

Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized, and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenues are recognized when the stipulation has been met.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosures in the consolidated statement of operations and within the related notes sufficiently discloses information of all appropriate segments and therefore no additional disclosure is required.

Reserves and reserve funds

Reserves and reserve funds consist of funds set aside by the Council for specific purposes.

2. Accounting policies (continued)

Basis of accounting (continued)

Asset retirement obligation liability

The Municipality recognizes the liability for an asset retirement obligation arising from the acquisition, development, construction or normal operation of a long-lived asset, in the year in which it is incurred and when a reasonable estimate of the amount of the obligation can be made. The liability is measured at the best estimate of the expenditure required to settle the present obligation.

The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life.

In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes to the liability resulting from revisions to either the original estimate of the undiscounted cash flows or the discount rate are accounted for as an adjustment to the carrying amount of the related long-lived asset.

The Municipality 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.

Use of estimates

The preparation of consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the consolidated financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the useful life of TCA and certain accrued liabilities. Actual results could differ from these estimates.

3. Operations of the United Counties of Prescott and Russell and the school boards

The taxation of the United Counties of Prescott and Russell and the school boards is comprised of the following:

	United Counties	School boards	Total
	\$	\$	\$
2025			
Taxation	3,021,936	1,662,723	4,684,659
Supplementary taxes	9,076	4,529	13,605
Taxes written off	(9,920)	(5,976)	(15,896)
	3,021,092	1,661,276	4,682,368
2024			
Taxation	2,883,873	1,628,666	4,512,539
Supplementary taxes	49,926	48,675	98,601
Taxes written off	(2,695)	(1,440)	(4,135)
	2,931,104	1,675,901	4,607,005

4. Investments

	2025	2024
	\$	\$
Term deposit, 2.85% (5.00% in 2024), maturing in August 2027 (August 2025 in 2024)	42,188	40,502
Mutual funds	1,534,427	1,266,145
	1,576,615	1,306,647

5. Bank loan

The Municipality has an authorized line of credit of \$500,000 (\$500,000 in 2024) at preferred rate plus 0.75% (plus 0.75% in 2024) which was unused at year-end (unused at year-end in 2024).

The Municipality has an authorized bank loan of \$5,751,300 (nil in 2024) at preferred rate less 0.45% (nil in 2024) which was unused at year-end.

6. Deferred revenues

	2025	2024
	\$	\$
Development charges	943,173	1,288,160
Parkland	24,013	23,267
Other	275,431	197,551
	1,242,617	1,508,978

The net change during the year in deferred revenues is made up as follows:

Amounts received	1,091,414	1,216,679
Investment income	36,139	65,696
Deferred revenues recognized	(1,393,914)	(1,298,714)
	(266,361)	(16,339)
Deferred revenues, beginning of year	1,508,978	1,525,317
Deferred revenues, end of year	1,242,617	1,508,978

7. Debts

	2025	2024
	\$	\$
Debts incurred by the Municipality with interest between 2.01% and 5.15%, maturing between 2026 and 2049	18,136,270	17,906,216

Of the debts reported above, principal payments for the next fiscal years are as follows:

	General taxation	User charges	Total
	\$	\$	\$
2026	286,618	810,550	1,097,168
2027	5,325,281	834,654	6,159,935
2028	271,185	680,547	951,732
2029	185,269	519,883	705,152
2030	241,458	574,795	816,253
Thereafter	1,722,116	6,683,914	8,406,030
	8,031,927	10,104,343	18,136,270

The annual principal and interest payments required to service these debts are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs.

8. Asset retirement obligation liability

The main obligations of the Municipality related to the decommissioning of tangible assets consist of the landfill which is no longer in service, as well as buildings and installations of the Municipality containing asbestos, which must be properly eliminated when they are sold, or restoration work is undertaken.

	2025	2024
	\$	\$
Opening balance	1,744,895	1,742,423
Impact of the application of section PS 3280	-	-
Accretion expense	8,205	1,412
Liabilities incurred	-	1,060
	1,753,100	1,744,895

Asset retirement obligation liability is made up as follows:

Landfill post-closure activities	1,598,008	1,598,008
Buildings and facilities	155,092	146,887
	1,753,100	1,744,895

8. Asset retirement obligation liability (continued)

Landfill post-closure activities

Landfill post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, the monitoring of well development, groundwater and surface water sampling and analysis, groundwater level monitoring and reporting to the Ministry.

The reported liability is based on estimates and assumptions with respect to events extending over a 20-year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

9. Additional information relating to the consolidated statement of cash flow

Non-cash transactions

During the year, tangible capital assets were acquired at an aggregate cost of \$3,788,223 (\$4,299,979 in 2024), of which \$ 656 960 (\$590,783 in 2024) was paid after year-end and \$3,131,263 (\$3,709,196 in 2024) was paid during the year.

There are \$139,880 (\$139,880 in 2024) of previous year's acquisitions which are not paid yet.

10. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer plan which, for 2025, was on behalf of 50 members (22 in 2024) of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2025 was \$214,461 (\$168,450 in 2024) for current services and is included as an expense in the consolidated statement of operations.

11. Commitments

Maintenance of waterwork and sewer system

The Municipality has signed an agreement in January 2025 for maintenance of the waterwork and sewer system which matures in December 2027. The total estimated amount payable over the next two years is \$1,636,000.

Waste disposal and collection

The Municipality signed an agreement in January 2025 for the waste collection from July 2025 to June 2032. The total estimated disbursements over the next seven years are \$1,141,000.

12. Contractual rights

Lease agreements

The Municipality has signed thirteen lease agreements for the rental of buildings. These agreements mature between April 2026 and March 2028. The total estimated amount receivable over the next three years is \$400,000.

13. Financial instruments

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Municipality is exposed to price risk arising from variations in interest rates due to its bank loan and its debts, which bear interest at fixed rates. Fixed interest rate instruments subject the Municipality to fair value risk since it varies inversely with variations in market interest rates.

Liquidity risk

The Municipality's objective is to have sufficient liquidity to meet its liabilities when due. The Municipality monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2025, the financial liabilities are the accounts payable and accrued liabilities and debts.

14. Budget amounts

The initial operating budget approved by the Municipality is reflected on the consolidated statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expense amounts. As well, the Municipality does not budget activity within reserves and reserve funds, with the exception being those transactions, which affect either operations or tangible capital assets.

15. Corresponding figures

Certain corresponding figures have been reclassified to conform to the current year's presentation.

Municipality of Casselman
Consolidated tangible capital assets
Year ended December 31, 2025

Schedule 1

	Land and land improvements	Buildings and facilities	Vehicles	Roads	Machinery and equipment	ARO	Assets under construction	2025	2024
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of year	6,476,431	48,137,207	3,280,522	10,815,540	13,560,495	139,880	5,331,074	87,741,149	83,712,482
Purchases	389,836	143,399	-	365,149	109,613	-	2,780,226	3,788,223	4,299,979
Disposals	-	(121,088)	(27,886)	(44,428)	(411,465)	-	-	(604,867)	-
Transfers	636,126	1,609,053	-	207,351	58,691	-	(2,511,221)	-	(271,312)
End of year	7,502,393	49,768,571	3,252,636	11,343,612	13,317,334	139,880	5,600,079	90,924,505	87,741,149
Accumulated amortization									
Beginning of year	2,603,541	16,141,748	1,756,082	5,900,120	9,178,727	50,408	-	35,630,626	33,761,489
Amortization	176,336	917,315	199,698	259,267	564,531	25,204	-	2,142,351	2,140,449
Accumulated amortization on disposals	15,298	(119,009)	(22,089)	(37,057)	(374,283)	-	-	(537,140)	(271,312)
End of year	2,795,175	16,940,054	1,933,691	6,122,330	9,368,975	75,612	-	37,235,837	35,630,626
Net book value	4,707,218	32,828,517	1,318,945	5,221,282	3,948,359	64,268	5,600,079	53,688,668	52,110,523

Municipality of Casselman
Consolidated accumulated surplus
Year ended December 31, 2025

Schedule 2

	2025	2024
	\$	\$
Reserves (Schedule 3)		
Working capital	307,438	307,438
Municipal elections	21,000	14,000
Fire department	495,811	395,811
Casselman Hydro Inc.	75,042	75,042
Land held for sale	1,539,556	1,539,556
Recreation program	115,238	136,420
Roads	166,672	116,672
School	50,000	-
Tangible capital assets	-	850
	2,770,757	2,585,789
Reserve funds (Schedule 3)		
Waterworks	(327,310)	(153,199)
Sewer	910,546	352,027
Planning and development	(10,631)	143,634
Landfill	303,555	251,960
Protection	66,876	-
	943,036	594,422
	3,713,793	3,180,211
Operating		
For decrease of taxation	1,914,119	1,676,829
Library Board	9,017	115
Corporation de la revitalisation du centre-ville de Casselman	103,219	45,672
	2,026,355	1,722,616
Invested in tangible capital assets	35,552,398	34,204,307
Unfinanced operations	-	(6,000)
Unfinanced tangible capital assets	(457,153)	(116,016)
Unfinanced asset retirement obligation liability	(1,753,100)	(1,744,895)
	33,342,145	32,337,396
	39,082,293	37,240,223

Municipality of Casselman
Consolidated statement of change in reserves and reserve funds
Year ended December 31, 2025

Schedule 3

	Actual 2025	Actual 2024
	\$	\$
Revenues		
Investments	12,812	72,742
Net transfers from operating	520,770	(1,269,049)
Change in reserves and reserve funds	533,582	(1,196,307)
Reserves and reserve funds, beginning of year	3,180,211	4,376,518
Reserves and reserve funds, end of year	3,713,793	3,180,211

Municipality of Casselman
Consolidated statement of expenses by object
Year ended December 31, 2025

Schedule 4

	2025 Budget	2025 Actual	2024 Actual
	\$	\$	\$
Expenses			
Salaries, wages and benefits	3,132,742	3,228,562	3,009,498
Interests	747,461	586,059	670,797
Materials	544,523	646,585	534,792
Contracted services	4,728,947	4,766,049	4,076,454
External transfers	264,198	46,271	71,423
Amortization of tangible capital assets	1,789,246	2,142,351	2,140,449
Loss on disposal of tangible capital assets	-	67,727	-
Increase of the liability of ARO	-	8,205	1,412
	11,207,117	11,491,809	10,504,825