
HANOVER-WALKERTON WASTE MANAGEMENT COMMITTEE
SPECIAL MEETING AGENDA

Tuesday July 7, 2026 | 1:00pm

By Zoom

<https://us02web.zoom.us/j/86384744755>

1. DISCLOSURE OF PECUNIARY INTEREST

2. DELEGATIONS:

2.1.Landfill Site Financial Statements to December 31, 2025

- Jelena Savic, Director of Corporate Services/Treasurer will present the attached report.

Motion:

That the Hanover/Walkerton Waste Management Committee accept the audited financial statement by MNP and recommend acceptance by both councils.

3. ADOPTION OF PREVIOUS MEETING MINUTES

- May 12, 2026 (see attached)

Motion:

That the minutes of the May 12, 2026 meeting be approved as presented and circulated.

4. BUSINESS ARISING

5. ITEMS FOR DECISION/DISCUSSION

6. ITEMS FOR INFORMATION/CORRESPONDENCE

7. NEW BUSINESS

8. NEXT MEETING

- Tuesday September 15, 2026 at 1:00pm

9. ADJOURNMENT

HANOVER-WALKERTON WASTE MANAGEMENT COMMITTEE MINUTES
Tuesday May 12, 2026 | 9:30 AM
By Zoom

MEMBERS PRESENT: Jamie McCarthy | Warren Dickert | Peter Hambly |
Nicholas Schnurr | Tim Elphick | Daniel Ferguson

1. DISCLOSURE OF PECUNIARY INTEREST

None.

2. DELEGATIONS

None.

3. ADOPTION OF PREVIOUS MEETING MINUTES

Moved by PETER HAMBLY / Seconded by TIM ELPHICK

That the minutes of the February 10, 2025, meeting be approved as presented and circulated.

Carried

4. BUSINESS ARISING

None.

5. ITEMS FOR DECISION/DISCUSSION

None.

6. ITEMS FOR INFORMATION/CORRESPONDENCE

Two items were pulled for comment and discussion.

6.1. Styrofoam Recycling

- It was asked if the Styrofoam area was cleaned up and Ms. McCarthy indicated that yes, the trailer has been removed, and area has been tidied up with granular material added and some of the bins were shifted to adjust the recycling area.

6.2. Annual Monitoring Report

- Comments were provided regarding the total reported lifespan of 37 years based on volume data. Ms. McCarthy provided information and how improved

compaction and cover material application assists with extending the lifespan of the Landfill Site.

- Mr. Elphick questioned the number of seagulls at the Landfill as the report showed an increase in population of seagulls. Ms. McCarthy shared that due to the extensive staff changes the reporting had to be estimate based on data from the last 6 months of 2025 and extrapolate that for the year. Ms. McCarthy has visited the Landfill site recently and saw few seagulls present at the site.

7. NEW BUSINESS

Mr. Dickert asked about the why residents were asked to all go over the scale when requiring dropping off leaf and yard waste. Ms. McCarthy mentioned that staff were trying to deal with residents who were abusing the area. At times waste and other refuse that was not leaf and yard waste was being found. Landfill staff removed the requirement for all residents to pass the scale as it was too busy and large back-ups occurred. It was suggested that more signage and perhaps that having an attendant move around the site be another solution.

Mr. Hambly proposed that the next meeting be an in-person meeting as municipal elections are occurring. A meeting in Walkerton could be scheduled so that all can meet.

8. NEXT MEETING

The next meeting is scheduled for Tuesday, September 15, 2026 at 1:00 PM via Zoom.

9. ADJOURNMENT

Moved by NICHOLAS SCHNURR / Seconded by TIM ELPHICK

That this meeting adjourns at 10:00 AM.



The Hanover/Walkerton Landfill Site

2025 Audit Findings

Report to Hanover/Walkerton Landfill Committee

December 31, 2025

Kevin Tremble, CPA, CA

T: 519.364.3790

E: kevin.tremble@mnp.ca



Wherever business takes you

MNP.ca

Overview

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the financial statements of The Hanover/Walkerton Landfill Site (the "Organization") as at December 31, 2025 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of Hanover/Walkerton Landfill Committee. A summary of required communications with those charged with governance, as outlined by Canadian Auditing Standards (CAS), is included in Appendix A.

As auditors, we report to the Committee members on the results of our examination of the financial statements of the Organization as at and for the year ended December 31, 2025. The purpose of this Report is to assist you, as members of Hanover/Walkerton Landfill Committee, in your review of the results of our audit.

This Report is intended solely for the information and use of Hanover/Walkerton Landfill Committee and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Engagement Status

We have substantially completed our audit of the financial statements of the Organization which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedure[s]:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with Hanover/Walkerton Landfill Committee;
- Discussion of fraud, including how fraud could occur, the risk of fraud and misstatement, and any actual or suspected fraud;
- Discussion of laws and regulations, including any instances of actual or suspected non-compliance;
- Hanover/Walkerton Landfill Committee review and approval of the financial statements.

No significant limitations were placed on the scope or timing of our audit.

Independent Auditor's Report








We expect to have the above procedures completed and to release our Independent Auditor's Report on July 7, 2026.



Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Committee members of the Organization. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area		Comments
	Changes from Audit Service Plan	There were no deviations from the Audit Service Plan previously presented to you.
	Final Materiality	Final materiality used for our audit was \$150,000 for December 31, 2025, and \$110,000 for December 31, 2024.
	Identified or Suspected Fraud	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
	Identified or Suspected Non-Compliance with Laws and Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
	Matters Arising in Connection with Related Parties	No significant matters arose during the course of our audit in connection with related parties of the Organization.
	Going Concern	No events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern.
	Auditor's Views of Significant Accounting Practices, Accounting Policies and Accounting Estimates	<p>The application of Canadian public sector accounting standards allows and requires the Organization to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your</p>

Area		Comments
		<p>Organization's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the Organization are appropriate and have been consistently applied.</p>
	Financial Statement Disclosures	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.
	Significant Deficiencies in Internal Control	While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention.

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
<p>Accounts payable and accrued liabilities</p> <p>EFTs can be processed by a single individual</p>	<p>Perform a test on purchases to ensure that invoices are appropriately reviewed by someone other than Jennifer.</p> <p>No deviations from expectations were noted in this testing.</p>
<p>Asset retirement obligations (ARO)</p> <p>Risk that management's assumptions are not appropriate and do not take into account the full range of factors due to the complexity and degree of estimation required.</p>	<p>Agreed opening balances to prior year</p> <p>Enquired with client about any abatement or reduction in ARO liabilities during the year</p> <p>Selected a sample of changes to ARO during the year and agree to source documentation</p> <p>Reviewed and recalculated the annual accretion expense</p> <p>Revisited the original assumptions used in generating the liability and assessed if still reasonable</p> <p>No deviations from expectations were noted in this testing.</p>
Government transfers	Reviewed funding agreements and perform an assessment of expected deferrals

Significant Risk Area	Response and Conclusion
<p>Risk that conditional grants have not been appropriately deferred.</p>	<p>Performed analytical procedures against the budget lines of funding and investigated variances.</p> <p>No deviations from expectation were noted in this testing.</p>
<p>Management override of internal controls</p> <p>Unauthorized journal entries are recorded.</p>	<p>To respond to the overall risk of material misstatement due to fraud regarding management's override of controls, we performed the following procedures:</p> <p>Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</p> <p>Reviewed accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud, if applicable</p> <p>Evaluated the rationale behind significant transactions that are not in the normal course of business and whether they have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets</p> <p>No inappropriate transactions were noted in this testing.</p>

Other Areas

Area	Comments
<p>Auditor Independence</p>	<p>We confirm to Hanover/Walkerton Landfill Committee that we are independent of the Organization. Our letter to Hanover/Walkerton Landfill Committee discussing our independence is included as part of the additional materials attached to this report.</p>
<p>Management Representations</p>	<p>We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional</p>

Area	Comments
	material to this report.
Summary of Significant Differences	No significant adjustments were proposed to management with respect to the December 31, 2025 financial statements.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants
 Licensed Public Accountants

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Landfill Committee acknowledgment and receipt of the Audit Findings

 Signature

 Title

 Date

Appendix A - Communication Requirements

Required Communication with Those Charged with Governance

Recognizing the importance of effective two-way communication in an audit of financial statements, we wish to highlight the following areas of required communication between our audit team and those charged with governance.

Required Communication	Reference
<p>AUDIT SERVICE PLAN</p> <ul style="list-style-type: none"> • Our responsibilities in relation to the financial statement audit, including forming and expressing an opinion on the financial statements. • An overview of the planned scope and timing of the audit, including communication of significant risks identified by the audit team. 	<p>CAS 260.14</p> <p>CAS 260.15</p>
<p>INQUIRY IN THE COURSE OF THE AUDIT</p> <ul style="list-style-type: none"> • How those charged with governance exercise oversight of management’s processes for identifying and responding to the risks of fraud and the controls that management has established to mitigate these risks. • Knowledge of any actual, suspected or alleged fraud affecting the Organization. • Whether the Organization is in compliance with laws and regulations. • Whether any subsequent events have occurred which might affect the financial statements. 	<p>CAS 240.21</p> <p>CAS 240.22</p> <p>CAS 250.15</p> <p>CAS 560.7(b)</p>
<p>AUDIT FINDINGS AND FINALIZATION</p> <ul style="list-style-type: none"> • Any modification to our audit plan and strategy. • Fraud or suspected fraud identified through the audit process. • Matters involving non-compliance with laws and regulations identified through the audit process, unless prohibited by law or regulation. 	<p>CAS 260.A26</p> <p>CAS 240.40 - .42</p> <p>CAS 250.23</p>

Appendix A - Communication Requirements

(continued from previous page)

Required Communication	Reference
<ul style="list-style-type: none"> Our views about significant qualitative aspects of the Organization’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures. When applicable, an explanation of why we consider a significant accounting practice that is acceptable under the applicable financial reporting framework, not to be most appropriate in the particular circumstances of your Organization. 	CAS 260.16(a), CAS 260 Appendix 2
<ul style="list-style-type: none"> Significant difficulties, if any, encountered during the audit. 	CAS 260.16(b)
<ul style="list-style-type: none"> Significant matters arising during the audit that were discussed or subject to correspondence, with management and the associated written representations requested of management. 	CAS 260.16(c)
<ul style="list-style-type: none"> Circumstances that affect the form and content of the auditor’s report. This includes: 	CAS 260.16(d)
<ul style="list-style-type: none"> Any other significant matters arising during the audit that, in our professional judgment, are relevant to the oversight of the financial reporting process. 	CAS 260.16(e)
<ul style="list-style-type: none"> A statement of our compliance with relevant ethical requirements regarding independence, including disclosure of: <ul style="list-style-type: none"> All relationships or matters that in the auditor’s professional judgment, may reasonably be thought to bear on independence, and The related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level. 	CAS 260.C17, .A32
<ul style="list-style-type: none"> Significant deficiencies in internal control identified during the audit. 	CAS 265.9
<ul style="list-style-type: none"> Uncorrected misstatements and the effect that they, individually or in aggregate, may have on the opinion in the auditor’s report. 	CAS 450.12 - .13
<ul style="list-style-type: none"> Significant matters arising during the audit in connection with the Organization’s related parties. 	CAS 550.27
<ul style="list-style-type: none"> Events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. 	CAS 570.25

This list is not exhaustive. In addition to the communication requirements discussed above, other requirements exist which are contingent on specific circumstances arising in the course of an audit. The audit team applies professional judgment in determining areas of additional communication with those charged with governance outside of the requirements identified above.

Management Representation

(See Attached)

The Hanover/Walkerton Landfill Site
341 10th Street
Hanover, ON N4N 1P5

July 7, 2026

MNP LLP
485 10th Street
Hanover, Ontario N4N 1R2

To Whom It May Concern:

In connection with your audit of the financial statements of The Hanover/Walkerton Landfill Site (the "Organization") as at December 31, 2025 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 29, 2026, for the preparation and fair presentation of the Organization's financial statements and comparatives in accordance with Canadian public sector accounting standards. We believe these financial statements and comparatives are complete and present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Organization's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the financial statements.

4. All significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.
5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.
6. The assumptions relevant to accounting estimates and disclosures appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
7. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of Canadian public sector accounting standards.
8. Appropriate specialized skills or expertise have been applied in making the accounting estimates.
9. No subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.
10. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
11. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
13. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
14. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian public sector accounting standards.
15. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.
16. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
17. All assets, wherever located, to which the Organization had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
18. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately

reflected in the financial statements.

19. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
20. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2025. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.
21. All charges to tangible capital assets represent capital expenditures. No expenditures of a capital nature were charged to operations of the Organization. Depreciation of tangible capital assets has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.
22. Government transfers have been recognized when the transfer is authorized, and all eligibility criteria have been met.
23. Employee future benefits have been appropriately recorded in the financial statements according to the requirements of Canadian public sector accounting standards. All actuarial assumptions and valuations have been disclosed to you in full and are appropriate.
24. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Organization is not entitled to the proceeds.
25. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian public sector accounting standards.

Information Provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements and related data and minutes of the meetings of the Committee held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.

4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Organization and all related party relationships and transactions of which we are aware.
8. The use of the going concern basis of accounting is appropriate and the Organization will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business. We have provided you with appropriate and complete information about identified events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern, our plans for future action and the feasibility of these plans.
9. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
10. The previous year's representation letter dated May 27, 2026 is still applicable to the prior year's financial statements and comparatives, and no matters have arisen that require restatement of those financial statements and comparatives.
11. There are no discussions with your firm's personnel regarding employment with the Organization.

Professional Services

1. We acknowledge the engagement letter dated January 29, 2026, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Organization's audit.

Sincerely,

The Hanover/Walkerton Landfill Site

Signature

Title

Appendix A - Summary of Differences

Description of Differences	Proposed Adjustments DR (CR)				
	Earnings		Balance Sheet		
	Identified	Likely Aggregate	Assets	Liabilities	Surplus
	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -	\$ -
Differences corrected by management	\$ -	\$ -	\$ -	\$ -	\$ -
Total differences net of corrections	\$ -	\$ -	\$ -	\$ -	\$ -
Uncorrected opening differences	\$ -	\$ -	\$ -	\$ -	\$ -
Current period differences	\$ -	\$ -	\$ -	\$ -	\$ -
Final overall materiality	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Excess (shortfall)	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000

**The Hanover/Walkerton Landfill Site
Financial Statements**
December 31, 2025

Draft - For Discussion Purposes Only

The Hanover/Walkerton Landfill Site Contents

For the year ended December 31, 2025

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Draft - For Discussion Purposes Only

Independent Auditor's Report

To the Members of Council of The Corporation of the Town of Hanover and The Corporation of the Municipality of Brockton:

Opinion

We have audited the financial statements of The Hanover/Walkerton Landfill Site (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and the results of its operations, changes in its net debt and its cash flows 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 Financial Statements section of our report. We are independent of the Organization 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 Canadian public sector accounting standards, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 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 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 Organization'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 Organization'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 Organization 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.

Hanover, Ontario

Chartered Professional Accountants

Licensed Public Accountants

**The Hanover/Walkerton Landfill Site
Statement of Financial Position**

As at December 31, 2025

	2025	2024
Financial assets		
Cash (Note 2)	562,370	1,889,706
Accounts receivable	96,986	44,028
Due from Town of Hanover	14,575	3,377
Total of assets	673,931	1,937,111
Liabilities		
Accounts payable and accrued liabilities	216,307	118,672
Employee future benefit liability (Note 3)	16,843	16,247
Asset retirement obligation (Note 4)	5,261,377	5,110,157
Total of financial liabilities	5,494,527	5,245,076
Net debt	(4,820,596)	(3,307,965)
Non-financial assets		
Tangible capital assets (Schedule 1)	8,018,692	6,417,839
Accumulated surplus (Note 5)	3,198,096	3,109,874

Approved on behalf of the Board

Councillor

Councillor

The accompanying notes are an integral part of these financial statements

The Hanover/Walkerton Landfill Site Statement of Operations and Accumulated Surplus

For the year ended December 31, 2025

	2025 <i>Budget</i> <i>(Note 7)</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
Revenue			
Government transfers	943,500	425,257	402,904
User fees	777,900	973,318	739,492
Investment income	50,000	58,640	86,726
	1,771,400	1,457,215	1,229,122
Expenses			
Accretion of asset retirement obligation	-	172,212	167,266
Administration	77,300	77,300	75,000
Amortization	220,600	304,498	304,007
Annual Monitoring and laboratory	86,100	100,939	93,680
Insurance, utilities and taxes	28,400	27,252	25,960
Leachate removal and treatment	198,000	263,485	142,741
Materials and services	219,900	181,411	187,593
Material removal	33,300	12,402	51,616
Wages and benefits	206,300	229,494	228,720
	1,069,900	1,368,993	1,276,583
Annual surplus (deficit)	701,500	88,222	(47,461)
Accumulated surplus, beginning of year	3,109,874	3,109,874	3,157,335
Accumulated surplus, end of year	3,811,374	3,198,096	3,109,874

The accompanying notes are an integral part of these financial statements

The Hanover/Walkerton Landfill Site
Statement of Change in Net Debt

For the year ended December 31, 2025

	2025 Budget (Note 7)	2025 Actual	2024 Actual
Annual surplus (deficit)	701,500	88,222	(47,461)
Acquisition of tangible capital assets	(2,720,000)	(1,905,351)	(22,291)
Amortization and loss on disposal	220,600	304,498	304,007
	(2,499,400)	(1,600,853)	281,716
Decrease in (net debt) net financial assets	(1,797,900)	(1,512,631)	234,255
Net debt, beginning of year	(3,307,965)	(3,307,965)	(3,542,220)
Net debt, end of year	(5,105,865)	(4,820,596)	(3,307,965)

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The accompanying notes are an integral part of these financial statements

The Hanover/Walkerton Landfill Site

Statement of Cash Flows

For the year ended December 31, 2025

	2025	2024
Operating activities		
Annual surplus (deficit)	88,222	(47,461)
Non-cash items		
Accretion of asset retirement obligations	172,212	167,266
Amortization	304,498	304,007
Increase in retirement benefit liability	596	1,994
Changes in working capital accounts		
Accounts receivable	(52,958)	(4,110)
Accounts payable and accruals	97,635	23,747
	610,205	445,443
Financing activities		
Repayment of asset retirement obligation	(20,992)	(20,482)
Advances to Town of Hanover	(11,198)	(2,205)
	(32,190)	(22,687)
Capital activities		
Purchases of tangible capital assets	(1,905,351)	(22,291)
Increase (decrease) in cash resources	(1,327,336)	400,465
Cash resources, beginning of year	1,889,706	1,489,241
Cash resources, end of year	562,370	1,889,706

The accompanying notes are an integral part of these financial statements

The Hanover/Walkerton Landfill Site

Notes to the Financial Statements

For the year ended December 31, 2025

1. Significant accounting policies

Nature of Business

The Hanover/Walkerton Landfill Site is a joint board operated by representatives of the Town of Hanover and the Municipality of Brockton. The Organization is 50% controlled by each of the municipalities.

Management Responsibility

The management of the Hanover/Walkerton Landfill Site has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Organization reviews and approves the financial statements.

Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada.

Revenues and expenses 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 a legal obligation to pay.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management estimates are used to determine the recognition of expenses related to the amortization of tangible capital assets, the retirement benefit liability, and the asset retirement obligations. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Revenue recognition

Toll gate fees are recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured. No toll gate fee revenue is recognized for refuse received from the Town of Hanover or Town of Walkerton.

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations are settled.

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount.

Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Land improvements - over the service life of the landfill
Building - 30 years
Equipment - 15 years

The Hanover/Walkerton Landfill Site

Notes to the Financial Statements

For the year ended December 31, 2025

1. Significant accounting policies (Continued from previous page)

Asset retirement obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Financial instruments

Cash is measured at fair value. Accounts receivable, and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and investments in money market instruments with maturities of three months or less.

2. Cash

Cash consists of deposits at a financial institution earning interest at prime less 1.55%.

3. Employee Future Benefit Liability

The board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of five members of its staff. This 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. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2025 was \$9,571 (2024 - \$10,981). The contribution rate for 2025 was 9.0% to 15.8% depending on age and income level (2024 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2025. At that time the plan reported an actuarial deficit of \$1.3 billion (2024 - deficit of \$2.9 billion), based on actuarial liabilities of \$149.6 billion (2024 - \$140.8 billion) and actuarial assets of \$148.3 billion (2024 - \$137.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

The Hanover/Walkerton Landfill Site
Notes to the Financial Statements
For the year ended December 31, 2025

4. Asset retirement obligation

The Organization's asset retirement obligations associated with the closure and post-closure costs with the Town's active landfill site and post-closure costs of the Town's closed landfill site. The related asset retirement costs are being amortized on a straight line basis.

The Organization estimated the amount of the liability using a net present value technique with a discount rate of 3.37% (2024 - 3.37%).

The estimated total undiscounted future expenditures are \$17,507,302 (2024 - \$17,528,296). The expenditures are expected to be incurred and liability settled as follows:

\$241,071 incurred over the next 10 years and settled 2026 to 2035;
 \$84,717 incurred over the next 20 years and settled 2036 to 2045;
 \$4,115,215 incurred over the next 30 years and settled 2046 to 2055;
 \$5,384,680 incurred over the next 40 years and settled 2056 to 2065;
 \$6,843,713 incurred over the next 50 years and settled 2066 to 2075; and
 \$837,726 incurred over the next 51 years and settled 2076

	2025	2024
Balance, beginning of year	5,110,157	4,963,373
Liabilities settled	(20,992)	(20,482)
Accretion	172,212	167,266
Balance, end of year	5,261,377	5,110,157

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations, the estimates of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

The Hanover/Walkerton Landfill Site
Notes to the Financial Statements

For the year ended December 31, 2025

5. Accumulated surplus

Accumulated surplus consists of the following:

	2025	2024
Equity in tangible capital assets		
Balance, beginning of year	6,417,839	6,699,555
Additions	1,905,351	22,291
Amortization	(304,498)	(304,007)
	8,018,692	6,417,839
Reserves		
Balance, beginning of year	1,818,439	1,435,406
Reserve funds used for capital acquisitions	(1,905,350)	(22,291)
Transfer of annual operating surplus (deficit) to reserves	88,221	(47,461)
Change in amounts to be recovered	151,816	148,778
Amortization on tangible capital assets	304,498	304,007
	457,624	1,818,439
Amounts to be recovered, retirement benefits		
Balance, beginning of year	(16,247)	(14,253)
Expenses	(596)	(1,994)
	(16,843)	(16,247)
Amounts to be recovered, asset retirement obligation		
Balance, beginning of year	(5,110,157)	(4,963,373)
Accretion	(172,212)	(167,266)
Outlays	20,992	20,482
	(5,261,377)	(5,110,157)
	3,198,096	3,109,874

6. Government Transfers

	2025 <i>Budget</i>	2025 <i>Actual</i>	2024 <i>Actual</i>
Municipal conditional grants			
Town of Hanover	469,500	210,000	200,000
Municipality of Brockton	469,500	210,000	200,000
Other	4,500	5,257	2,904
	943,500	425,257	402,904

The Hanover/Walkerton Landfill Site Notes to the Financial Statements

For the year ended December 31, 2025

7. Budget Information

The disclosed budget information has been approved by Council, and presented to the members of The Hanover/Walkerton Landfill Site at the Council meeting held on October 15, 2024.

Under Canadian public sector accounting standards, budget amounts are to be reported on the statements of operations and change in net debt for comparative purposes. The 2025 budget amounts for the Hanover/Walkerton Landfill Site approved by the councils have been restated to conform to the basis of presentation of the revenues and expenses on the statements of operations and change in net debt.

The following is a reconciliation to the budget approved by council:

	<i>2025 Budget</i>	<i>2025 Actual</i>	<i>2024 Actual</i>
Annual surplus (deficit)	701,500	88,222	(47,461)
Capital acquisitions	(2,720,000)	(1,905,351)	(22,291)
Amortization and writedowns	220,600	304,498	304,007
Changes in amounts to be recovered	-	151,816	148,778
Transfers from (to) reserve	1,797,900	1,360,815	(383,033)
	-	-	-

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8. Financial Instruments

The board is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the board's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The board is exposed to credit risk through its cash and accounts receivable.

The board manages its credit risk by ensuring the client is in good financial standing, and follow up is done regularly on accounts.

The board measures its exposure to credit risk based on analyzing the accounts outstanding, and determining their collectibility.

The board's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position. All financial assets of the Organization are expected to be collected within 30 days.

There have not been any changes from the prior year in the board's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity Risk

Liquidity risk is the risk that the board will encounter difficulty in meeting obligations associated with financial liabilities. The board is exposed to liquidity risk through its accounts payable.

The board manages its liquidity risk by monitoring cash activities and expected outflows through budgeting. The board measures its exposure to liquidity risk based on monthly analytical procedures of comparing budget figures to actual. All financial liabilities of the Organization are due within six months.

There have not been any changes from the prior year in the board's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The board does not have significant exposure to these risks.

There have not been any changes from the prior year in the board's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

The Hanover/Walkerton Landfill Site
Schedule 1 - Schedule of Tangible Capital Assets

For the year ended December 31, 2025

	<i>Land</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Assets under construction</i>	2025 Actual	<i>2024 Actual</i>
Cost						
Balance, beginning of year	8,953,006	59,373	653,071	3,559	9,669,009	9,646,718
Acquisition of tangible capital assets	-	-	-	1,905,351	1,905,351	22,291
Balance, end of year	8,953,006	59,373	653,071	1,908,910	11,574,360	9,669,009
Accumulated amortization						
Balance, beginning of year	2,778,908	8,349	463,913	-	3,251,170	2,947,163
Annual amortization	268,591	1,892	34,015	-	304,498	304,007
Balance, end of year	3,047,499	10,241	497,928	-	3,555,668	3,251,170
Net book value of tangible capital assets	5,905,507	49,132	155,143	1,908,910	8,018,692	6,417,839
2024 Net book value of tangible capital assets	6,174,098	51,024	189,158	3,559	6,417,839	

Assets under construction includes work in progress on the expansion of landfill cells. No amortization has been taken on this item as it is not yet available for use.