

Financial statements of

# **The Regional Municipality of Waterloo**

December 31, 2024

# The Regional Municipality of Waterloo

December 31, 2024

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**KPMG LLP**

120 Victoria Street South, Suite 600  
Kitchener, ON N2G 0E1  
Canada  
Tel 519-747-8800  
Fax 519-747-8811

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of The Regional Municipality of Waterloo

***Opinion***

We have audited the financial statements of The Regional Municipality of Waterloo (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its remeasurement of gains and losses, its changes in 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 auditor’s report.

We are independent of the Entity 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.



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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.



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- 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 23, 2025

**The Regional Municipality of Waterloo**  
**Statement of Financial Position**  
as at December 31, 2024 (in thousands of dollars)

	<b>2024</b>	2023
	(\$000s)	(\$000s)
<b>Financial assets</b>		
Cash	<b>306,925</b>	237,017
Accounts receivable	<b>164,009</b>	186,662
Other assets	<b>5,553</b>	4,727
Investments (Note 4)	<b>333,161</b>	361,606
Development charges receivable (Note 5)	<b>34,552</b>	39,546
Long-term receivables (Note 7)	<b>173,867</b>	160,407
<b>Total financial assets</b>	<b>1,018,067</b>	989,965
<b>Liabilities</b>		
Accounts payable	<b>134,583</b>	140,922
Other liabilities	<b>149,334</b>	78,394
Deferred revenue (Note 5)	<b>226,004</b>	219,006
Long-term liabilities (Note 7)	<b>874,359</b>	840,159
Employee future benefits liabilities (Note 10)	<b>318,612</b>	283,841
Asset retirement obligations (Note 11)	<b>179,781</b>	183,060
Contaminated sites liability (Note 12)	<b>2,233</b>	2,653
<b>Total liabilities</b>	<b>1,884,906</b>	1,748,035
Net Debt	<b>(866,839)</b>	(758,070)
<b>Non-financial assets</b>		
Tangible capital assets (Note 15)	<b>4,242,338</b>	4,013,179
Inventory	<b>11,379</b>	12,369
Prepaid expenses	<b>22,691</b>	16,725
<b>Total non-financial assets</b>	<b>4,276,408</b>	4,042,273
<b>Accumulated surplus (Note 16)</b>	<b>3,409,569</b>	3,284,203

Information on contingent liabilities, commitments and contractual obligations is found in Notes 14 and 17.

The accompanying notes are an integral part of these financial statements.

**The Regional Municipality of Waterloo**  
**Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2024 (in thousands of dollars)

	<b>2024</b>	<b>2024</b>	2023
	<b>Budget</b>	<b>Actual</b>	Actual
	<b>(Note 19)</b>	<b>(Note 20)</b>	Actual
	<b>(\$000s)</b>	<b>(\$000s)</b>	(\$000s)
<b>Revenue</b>			
Property taxes	769,964	771,215	707,756
Government transfers			
Canada	47,769	51,611	57,487
Ontario	407,664	422,393	397,390
User fees, fines and service charges	293,969	309,780	294,709
Development charges earned	82,495	82,495	70,562
Investment income	23,142	19,141	17,921
Other	7,184	150	434
<b>Total revenue</b>	<b>1,632,187</b>	<b>1,656,785</b>	1,546,259
<b>Expense</b>			
General government	58,619	58,144	57,553
Police and other protective services	289,529	287,350	256,089
Transportation services	107,110	103,151	95,552
Public Transit	237,986	236,641	217,579
Environmental services	212,405	207,811	210,463
Health services	115,270	114,330	100,443
Social and family services	341,795	356,807	318,731
Housing	156,783	141,098	143,395
Planning and culture	28,583	26,087	23,632
<b>Total expense</b>	<b>1,548,080</b>	<b>1,531,419</b>	1,423,437
Annual surplus	84,107	125,366	122,822
Accumulated surplus, beginning of year		3,284,203	3,161,381
<b>Accumulated surplus, end of year (Note 16)</b>		<b>3,409,569</b>	3,284,203

The accompanying notes are an integral part of these financial statements.

**The Regional Municipality of Waterloo**  
**Statement of Change in Net Debt**  
Year ended December 31, 2024 (in thousands of dollars)

	<b>2024</b>	2023
	<b>Actual</b>	Actual
	<b>(\$000s)</b>	(\$000s)
<b>Annual Surplus (Note 20)</b>	<b>125,366</b>	122,822
Acquisition and other increases to tangible capital assets	<b>(407,177)</b>	(295,451)
Amortization of tangible capital assets	<b>175,548</b>	161,878
Loss on disposal of tangible capital assets	<b>4,782</b>	312
Proceeds (cost) on disposal of tangible capital assets	<b>(2,312)</b>	1,199
<b>Change due to tangible capital assets</b>	<b>(229,159)</b>	(132,062)
Decrease (increase) in inventory	<b>990</b>	(1,506)
Decrease (increase) in prepaid expenses	<b>(5,966)</b>	1,987
<b>Change in inventories and prepaid expenses</b>	<b>(4,976)</b>	481
Change in net debt	<b>(108,769)</b>	(8,759)
Net Debt beginning of year	<b>(758,070)</b>	(749,311)
<b>Net Debt end of year</b>	<b>(866,839)</b>	(758,070)

The accompanying notes are an integral part of these financial statements.

**The Regional Municipality of Waterloo**  
**Statement of Cash Flows**  
Year ended December 31, 2024 (in thousands of dollars)

	2024	2023
	(\$000s)	(\$000s)
<b>Operating Activities</b>		
Annual Surplus	125,366	122,822
Non-cash charges to operations		
Amortization of tangible capital assets	175,548	161,878
Amortization of bond investments premium/discount	(5,207)	(6,206)
Amortization of long-term liabilities issuance costs	(124)	(5,119)
Change in employee future benefits liability	34,771	13,886
Change in asset retirement obligations	(2,675)	4,495
Change in contaminated sites liability	(420)	250
Loss on disposal of tangible capital assets	4,782	312
Revaluation of purchased assets at fair market value	(23,212)	-
Change in non-cash assets and liabilities		
Accounts receivable	27,647	(6,088)
Other assets	(826)	(42)
Accounts payable	(6,339)	12,393
Other liabilities	70,940	3,638
Deferred revenue	6,998	48,979
Inventory	990	(1,506)
Prepaid expense	(5,966)	1,987
<b>Net change in cash from operating activities</b>	<b>402,273</b>	<b>351,679</b>
<b>Capital Activities</b>		
Acquisition of tangible capital assets	(384,569)	(292,261)
Proceeds (cost) on disposal of tangible capital assets	(2,312)	1,199
<b>Net change in cash used in capital activities</b>	<b>(386,881)</b>	<b>(291,062)</b>
<b>Investing activities</b>		
Proceeds from disposals and redemptions of investments	72,167	71,293
Acquisition of investments	(38,070)	(88,145)
Investment funds interest reinvested	(445)	(257)
<b>Net change in cash from (used in) investing activities</b>	<b>33,652</b>	<b>(17,109)</b>
<b>Financing activities</b>		
Net long-term liabilities incurred	79,482	26,686
Net long-term liabilities repaid	(58,618)	(65,855)
Mortgage repaid	-	(2,827)
<b>Net change in cash from (used in) financing activities</b>	<b>20,864</b>	<b>(41,996)</b>
Net change in cash	69,908	1,512
Cash beginning of year	237,017	235,505
<b>Cash end of year</b>	<b>306,925</b>	<b>237,017</b>

The accompanying notes are an integral part of these financial statements.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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The Regional Municipality of Waterloo (the “Region”) is an upper-tier municipality in the Province of Ontario, Canada. Provincial statutes including the *Municipal Act*, the *Municipal Affairs Act* and related legislation guide its operations. The Region has a population of 678,170 and is comprised of the Cities of Cambridge, Kitchener and Waterloo and the Townships of North Dumfries, Wellesley, Wilmot and Woolwich.

### 1. Significant accounting policies

The financial statements of the Region are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant aspects of the accounting policies adopted by the Region are as follows:

#### a) Basis of presentation

The financial statements reflect the assets, liabilities, revenue and expense and changes in investment in tangible capital assets of the Region. These statements comprise all services and enterprises accountable to the Region and which are owned or controlled by the Region including the Waterloo Regional Police Services Board (“WRPS”), and the Region of Waterloo Library Board. All interfund assets, liabilities, sources of financing and expenses are eliminated.

#### b) Accrual basis of accounting

The Region maintains its accounts on an accrual basis, whereby revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue, and expense is recognized in the period in which a liability is incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation for payment.

#### 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 revenue and expense during the period. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement. Significant estimates include asset retirement obligations, employee future benefits liability and the estimated useful life of tangible capital assets.

#### d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of regional services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, determines the change in net debt for the year.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 1. Significant accounting policies (continued)

#### e) Government transfers

Transfers from the federal and provincial governments are recognized in the financial statements as revenue in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

#### f) Reserves and reserve funds

The Region follows the practice of allocating funding to reserves and reserve funds that are retained for general and specific purposes. Reserves and reserve funds are established by Council resolution or by-law and are available for future uses. Amounts are expended in accordance with the terms and policies established by Council. Expenses in respect of items for which the reserves and reserve funds have been created are reported on the statement of operations and accumulated surplus. The ending reserve and reserve fund balances comprise a portion of the accumulated surplus.

#### g) Deferred revenue

Deferred revenues represent development charges collected under the Development Charges Act (1997), grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

#### h) Taxation revenue

Property tax revenue is recognized on an accrual basis when the tax is authorized by the passing of the tax levy by-law. Taxes are levied on properties listed on the assessment roll at the time the by-law is passed based on approved budget and tax rates. Supplementary taxation is recognized as additional billings are issued for properties that are added to the assessment roll during the year.

At year end, the Region evaluates the likelihood of having to repay taxes as a result of tax appeals or other changes and recognizes the liability if the amount can be reasonably estimated.

#### i) Investment income

Investment income earned on surplus current fund, capital fund, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income on unspent obligatory reserve funds is added to obligatory reserve fund balances.

#### j) Cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements. The Region's museums include approximately 59,658 artifacts and archival documents which are considered to be historically significant. All artwork, artifacts, and archival documents are fully catalogued (most with appraised values) in the Region's collections database. The collection is maintained and stored at the Region of Waterloo Curatorial Centre, the Ken Seiling Waterloo Region Museum, Schneider Haus and McDougall Cottage.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 1. Significant accounting policies (continued)

#### k) Inventory

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

#### l) Land held for resale

Land held for resale is recorded at the cost of acquisition. The proceeds of sale, net of cost, are treated as revenue.

#### m) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, 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 for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. This liability is discounted using a present value calculation and adjusted yearly for accretion expense where there is a known retirement date. The liability for the removal of asbestos in buildings and decommissioning of water and wastewater plants and networks owned by the Region has also been recognized based on estimated future expenses on closure of the site and post-closure care. The recognition of a liability results in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in Note 16.

#### n) Financial Instruments

The Region's financial instruments include cash, accounts receivable, investments, development charges receivable, long-term receivables, accounts payable, other liabilities and long-term liabilities. All financial assets instruments are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement remeasurement. The measurement basis for cash, accounts receivable, accounts payable and other liabilities is cost. The measurement basis for investments and long-term liabilities is amortized cost. As all financial instruments are measured at cost or amortized cost, there have been no re-measurement gains or losses and the statement of remeasurement has been excluded.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 2. Change in accounting policies

The Region adopted the following accounting standards applicable for the fiscal years beginning January 1, 2024:

- a) PS 3400 – Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.
- b) PSG-8 – Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm’s length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.
- c) PS 3160 – Public Private Partnerships provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no significant impact on financial statements of the Region as a result of the adoption of these standards.

### 3. Contributions to related parties

The following contributions were made by the Region to related entities:

<b>Contributions made and included in expenses in the statement of operations</b>	<b>2024</b>	<b>2023</b>
	<b>(\$000s)</b>	<b>(\$000s)</b>
Grand River Conservation Authority	<b>6,710</b>	6,542
Waterloo Region Municipalities Insurance Pool	<b>3,242</b>	3,077
Waterloo Economic Development Corporation	<b>1,400</b>	900
Region of Waterloo Arts Fund	-	393
	<b>11,352</b>	10,912

### 4. Investments

Investment activities are governed by the Municipal Act and the Region’s consolidated investment policy as approved by Regional Council. The investment practice is to generally hold investments until maturity. Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Discounts and premiums are amortized using the effective interest method. The investment portfolio consists of short term and long-term investments. Short term investments have a maturity date of less than 2 years at time of purchase.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 4. Investments (continued)

Issuer	2024 Cost	2024 Market Value	2023 Cost	2023 Market Value
Short-term:				
Schedule I Canadian Banks	-	-	54,395	54,355
Long-term:				
Schedule I Canadian Banks	127,596	121,370	136,672	128,459
Canadian Municipalities	94,838	93,542	86,574	83,827
Provincial Governments	94,504	94,311	68,187	68,188
Investment Funds	16,223	15,200	15,778	14,415
	<b>333,161</b>	<b>324,423</b>	361,606	349,244

The fixed income investments mature from June 2, 2025 to September 5, 2045 with interest rates from 1.35% to 5.80%. Investment income earned on available funds and accumulated surplus is reported as revenue in the period earned. Investment income earned on development charges is added to the development charge fund balance and forms part of the deferred revenue balance.

### 5. Deferred revenue

Deferred revenue set aside for specific purposes by legislation, regulation or agreement as at December 31, is comprised of the following:

(\$000s)	Balance at December 31, 2023	Inflows	Revenue Recognized	Balance at December 31, 2024
Development Charges	172,922	81,396	(82,494)	171,824
Other Deferred Revenue	20,681	8,910	540	30,131
Provincial Subsidy Housing Programs	20,325	70	(7,157)	13,238
Canada Community-Building Fund	2,171	18,996	(11,177)	9,990
Safe Restart/COVID Recovery	2,907	-	(2,086)	821
<b>Total</b>	<b>219,006</b>	<b>109,372</b>	<b>(102,374)</b>	<b>226,004</b>

In accordance with PSAB requirements, obligatory reserve funds are reported as deferred revenue. Development charge collections have been segregated, as required by the Development Charges Act, to finance a portion of the cost of growth-related capital infrastructure. Revenue recognition occurs when the Region has incurred the expenditure or made the related debt payments including sinking fund contributions for the capital works for which the development charges were collected. The 2024 ending balance for development charges includes \$34,552 (2023 – \$39,546) of development charges receivable for which collection has been deferred in accordance with Section 26.1 of the Development Charges Act.

Other funds received for specific purposes are accounted for as deferred revenue until the Region discharges the obligation which led to the receipt of the funds.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 6. Pension contributions

The Region makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of its staff. OMERS is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. Employee contributions are matched by the Region. The amount contributed by the Region to OMERS for 2024 was \$49,973 (2023 – \$40,363) for current service of 5,161 eligible employees and is included as an expense on the statement of operations and accumulated surplus. Contributions were made in 2024 at rates ranging from 9.0% to 15.8% of member earnings, depending on the member’s designated retirement age and level of earnings.

The fair value of plan assets less actuarially determined liabilities is used to determine the surplus/deficit. The latest available report for the OMERS plan was at December 31, 2024. At that time the plan reported a \$2,913,000 (2023-\$4,202,000) actuarial deficit, based on actuarial liability of \$142,489,000 (2023-\$136,185,000) and actuarial assets of \$139,576,000 (2023-\$131,983,000). The OMERS funded ratio of plan assets to pension obligations for 2024 is 98% (2023 – 97%). Unfunded liabilities may require additional increases in future contributions if actuarial surpluses are not available to offset the existing deficit.

### 7. Net long-term liabilities

a) Long-term liabilities reported on the statement of financial position are comprised of the following:

	2024	2023
	(\$000s)	(\$000s)
Total long-term liabilities outstanding at the end of the year incurred by the Region, including those incurred on behalf of school boards and area municipalities in Waterloo Region	<b>958,726</b>	913,215
Total unamortized debenture costs	<b>(5,244)</b>	(5,119)
Total value of the Region's own sinking fund	<b>(79,123)</b>	(67,937)
Total long-term liabilities	<b>874,359</b>	840,159
Total long-term receivables from school boards and area municipalities in Waterloo Region that have assumed responsibility for the payment of principal and interest on certain long-term liabilities issued by the Region	<b>(173,789)</b>	(160,357)
Total long-term receivables from individuals who have assumed responsibility for paying principal and interest charges on tile drainage loans	<b>(78)</b>	(50)
Total long-term receivables	<b>(173,867)</b>	(160,407)
Net long-term liabilities, end of year	<b>700,492</b>	679,752

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 7. Net long-term liabilities (continued)

- b) Future principal repayments, including contributions to the sinking fund, of net long-term liabilities reported in (a) of this note are as follows:

	(\$000s)
2025 - 2029	286,395
2030 - 2034	204,653
2035 - 2039	120,075
2040 - 2044	68,876
2045 - 2049	20,493
	<b>700,492</b>

- c) Net long-term liabilities are planned to be recovered from the following sources of revenue:

	2024	2023
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	<b>365,787</b>	323,198
Development charge collections	<b>264,729</b>	278,059
Wastewater rate revenue	<b>69,976</b>	78,495
	<b>700,492</b>	679,752

- d) Long-term liabilities include sinking fund debentures issued in the amount of \$242,262 (2023 – \$242,262) of which \$237,614 (2023 – \$237,614) is the Region's share. Annual payments to the sinking fund will be made to finance the repayment of the debentures as they mature. Accumulated contributions to and earnings of the sinking fund total \$79,123 (2023 – \$67,937).
- e) In 2014, the Region entered into a contract with GrandLinq GP for the design, construction, financing, operation and maintenance of the Region's Stage 1 Light Rail Transit system. Under the contract GrandLinq GP was obligated to provide long-term financing for the first \$130,652 of capital costs incurred. The Region is obligated to make annual long-term financing payments to GrandLinq GP during the operations and maintenance term. As at December 31, 2024 the amount of future principal payments remaining is \$113,603 (2023 – \$116,265) and is reported on the statement of financial position as a long-term liability.
- f) Long-term liabilities assumed by others

The Region has issued debentures in its name on behalf of area municipalities and school boards. The Region is contingently liable for these long-term liabilities for which the responsibility for payment of principal and interest has been assumed by those bodies. These amounts have been included as long-term receivables on the statement of financial position.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 7. Net long-term liabilities (continued)

	2024	2023
	(\$000s)	(\$000s)
City of Kitchener	78,954	52,251
City of Cambridge	60,630	67,011
Township of Wilmot	14,206	14,786
Township of Wellesley	10,584	11,075
City of Waterloo	3,564	5,460
Township of Woolwich	3,173	3,414
Waterloo Region District School Board	2,678	6,117
Township of North Dumfries	-	243
Property owners (Tile Drainage)	78	50
<b>Total long-term liabilities assumed by others</b>	<b>173,867</b>	<b>160,407</b>

### 8. Payments for net long-term liabilities

Total payments for net long-term liabilities which are reported on the financial statements were as follows:

	2024	2023
	(\$000s)	(\$000s)
Principal payments including contributions to the sinking fund	58,618	65,855
Interest	28,397	27,831
	<b>87,015</b>	<b>93,686</b>

The interest rates on debt outstanding at December 31, 2024 ranged from 0.30% to 6.00%.

The following revenues were collected to meet these payments:

	2024	2023
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	47,220	53,227
Development charge collections	28,174	28,993
Wastewater rate revenue	11,621	11,466
	<b>87,015</b>	<b>93,686</b>

### 9. Credit facility

The Region has an operating credit facility of \$40,000 with the Bank of Nova Scotia bearing interest at the bank's prime rate minus 0.50% per annum with an effective rate during 2024 of 4.95% (2023 – 6.70%) per annum. At December 31, 2024, the Region's bank indebtedness using the operating credit facility was \$0 (2023 – \$0).

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 10. Employee future benefits liabilities

Summary of employee future benefits

(\$000s)	Region (excluding WRPS)	WRPS	2024	2023
Future payments required for:				
Post-employment benefits	29,159	171,876	<b>201,035</b>	190,722
Sick leave	25,727	38,178	<b>63,905</b>	61,284
Workplace Safety & Insurance Board	15,757	37,915	<b>53,672</b>	31,835
<b>Total</b>	<b>70,643</b>	<b>247,969</b>	<b>318,612</b>	283,841

Information about liabilities for defined benefits plans is as follows

(\$000s)	Post- employee benefits	Sick leave	Workplace Safety & Insurance Board	2024	2023
Accrued benefit liability, beginning of year	176,530	58,127	31,836	<b>266,493</b>	232,781
Actuarial loss - beginning of Year	-	-	-	-	14,951
Current period benefit cost	7,928	6,184	34,042	<b>48,154</b>	22,521
Interest accrued	7,932	2,595	1,430	<b>11,957</b>	11,469
Actual gain/(loss) - end of Year	(1,525)	1,763	(222)	<b>16</b>	9,083
Benefit payments	(6,706)	(7,372)	(13,414)	<b>(27,492)</b>	(24,188)
Increase due to survivor claims/plan amendments					(124)
Accrued benefit liability, end of year	184,159	61,297	53,672	<b>299,128</b>	266,493
Unamortized actuarial gain/(loss) - end of year	16,876	2,608	-	<b>19,484</b>	17,348
<b>Actuarial update, end of year</b>	<b>201,035</b>	<b>63,905</b>	<b>53,672</b>	<b>318,612</b>	283,841

#### Post-employment benefits

The Region provides post-employment benefits to qualifying employees up to the age of 65 consisting of Extended Health Care, Out-of-Province Travel Benefits, Dental, Life Insurance, and Accidental Death and Dismemberment. For WRPS retirees, Dental coverage, if so elected, is recovered from the member; Life Insurance and Accidental Death and Dismemberment are funded by WRPS and provided to age 65, and Health Care and Out-of-Province Travel Benefits are funded by WRPS and are provided for life to grandfathered employees. Civilian and uniform employees hired after September 27, 2021 and senior officers hired after November 17, 2021 are provided with a healthcare spending account from age 65 to 75.

The actuarial valuation completed as at December 31, 2023 and extrapolated to December 31, 2024 to determine that the liability for present and future benefits is \$201,035 (2023 – \$190,722). The calculations were based on a discount rate of 4.43% (2023 – 4.38%) and a general inflation rate of 2.0% (2023 – 2.0%). The actuarial valuation occurs annually with next comprehensive update scheduled 2026.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 10. Employee future benefits liability (continued)

#### Sick leave

The Region provides sick leave benefits to its employees and unused sick leave accumulates during employees' service. Eligible employees become entitled to receive a cash payment of up to six months of the accumulated sick leave balance upon leaving the Region's employment. As a result of negotiated changes to collective agreements, this benefit was phased out for new employees between 1991 and 2013. As of December 31, 2024, 14% (2023 – 14%) of employees are entitled to this benefit. The actuarial liability at the end of the year for accumulated days, assuming a 4.43% discount rate, 2.0% inflation and to the extent that they have vested was \$63,905 (2023 – \$61,284). Approximately 31% of this amount is eligible to be paid upon employee termination and the remaining 69% would be taken in the form of future year absences. The amount paid to employees who left the Region's employment in 2024 amounted to \$1,255 for the Region portion (2023 – \$1,607) and \$913 for WRPS (2023 – \$1,145) totaling \$2,168 (2023 – \$2,783).

The cost of benefits paid for non-WRPS employees is provided from a sick leave reserve fund, which is funded through annual payroll charges to operations. A reserve fund of \$1,068 (2023 – \$933) to partially provide for the Region portion of this liability is included in the accumulated surplus (note 16). WRPS sick leave reserve fund and its balance as at December 31, 2024 is \$2,603 (2023 – \$2,353).

Sick leave pay payouts in the next five years are projected to be:

<b>(\$000s)</b>	<b>Region (excluding WRPS)</b>	<b>WRPS</b>	<b>2024</b>
2025	971	781	<b>1,752</b>
2026	853	1,030	<b>1,883</b>
2027	821	1,032	<b>1,853</b>
2028	637	1,283	<b>1,920</b>
2029	603	1,628	<b>2,231</b>
	<b>3,885</b>	<b>5,754</b>	<b>9,639</b>

#### Workplace Safety & Insurance Board (WSIB)

The Region is responsible for costs awarded under the Workplace Safety and Insurance Act. During 2024, the Region paid \$6,090 (2023 – \$5,295) in such costs. The liability for present and future awards is \$53,671 (2023 – \$31,835). The calculations were based on a discount rate of 4.43% (2023 – 4.38%) and an inflation rate of up to 2.0% (2023 – 2.0%). An amount of \$23,253 (2023 – \$21,104) has been provided for current and future awards, of which \$19,978 was for the Police and \$3,275 was for the Region.

Current and future awards pertaining to employee future benefits are included in the accumulated surplus in the Unfunded Liabilities section of Note 16.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 11. Asset retirement obligations

#### a) Landfill obligation

The Region owns and operates one active landfill site and owns and monitors five closed landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 40 years post this date. The active site has a remaining capacity of approximately 31% or 6 million m<sup>3</sup> and has an estimated life expectancy of 25-30 years. These costs were discounted to December 31, 2024 using a discount rate of 4.43%. The closure costs and post-closure costs are based on capital and operating budget estimates over 25 years. Solid waste landfill closure and post-closure costs are funded through the Region's annual budget.

#### b) Asbestos obligation

The Region owns and operates buildings that are known to have asbestos. Following the adoption of PS3280 – Asset retirement obligations, the Region recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The buildings have an estimated remaining useful life of 20 years.

#### c) Decommissioning of water and wastewater plants and networks

The Region owns and operates water and wastewater plants and networks. The liability for the decommissioning of operational sites has been recognized under PS 3280 – Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of decommissioning. The water and wastewater plants have a useful life up to 60 years and the networks have a useful life up to 110 years.

<b>Asset Retirement Obligations</b>	<b>Landfill closure</b>	<b>Asbestos removal</b>	<b>Water &amp; Wastewater Decommission</b>	<b>Balance at December 31, 2024</b>
Opening balance	(80,908)	(57,789)	(44,363)	(183,060)
Accretion expense	(3,584)	-	-	(3,584)
In year change estimate	4,754	-	-	4,754
In year payments	1,951	158	-	2,109
<b>Closing balance</b>	<b>(77,787)</b>	<b>(57,631)</b>	<b>(44,363)</b>	<b>(179,781)</b>

<b>Asset Retirement Obligations</b>	<b>Landfill closure</b>	<b>Asbestos removal</b>	<b>Water &amp; Wastewater Decommission</b>	<b>Balance at December 31, 2023</b>
Opening balance	(73,223)	(57,789)	(44,363)	(175,375)
Accretion expense	(3,419)	-	-	(3,419)
In year change estimate	(11,347)	-	-	(11,347)
In year payments	7,081	-	-	7,081
<b>Closing balance</b>	<b>(80,908)</b>	<b>(57,789)</b>	<b>(44,363)</b>	<b>(183,060)</b>

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 12. Contaminated sites liability

The Region has recorded a liability for remediation of regional sites not in active use which contain contamination as defined in the PSAB 3260 – Liability for Contaminated Sites. The liability estimate of \$2,233 (2023 – \$2,653) for the sites identified was based on environmental assessments, or estimates for those sites where an assessment has not been conducted. Estimated recoveries are expected to be \$0.

### 13. General Insurance Reserve Fund

In 1998, the Region and the seven area municipalities comprising the Region formed the Waterloo Region Municipalities Insurance Pool (WRMIP). The WRMIP purchases property damage and public liability insurance on a group basis and each member shares a retained level of risk. The members pay an annual levy to fund insurance premiums and prefund expected losses. External insurance coverage is in place for claims in excess of deductibles. During the year 181 (2023 – 193) claims were settled for \$334 (2023 – \$966) the cost of which has been provided for from the General Insurance Reserve Fund, which has a balance of \$5,454 as at December 31, 2024 (2023 – \$5,365).

### 14. Contingent liabilities

#### Legal claims

As of December 31, 2024, the Region has been named defendant, co-defendant or plaintiff in a number of ongoing legal actions. The Region has also received claims and notices of dispute for additional costs on construction projects. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are indeterminable. Liabilities for non-insured claims are recorded in the year it is likely that a future event will confirm that a liability has been incurred, and the amount can be reasonably estimated.

#### Expropriations

The Region is involved in a number of expropriation matters mainly related to roads and public transit capital projects. Expenditures associated with these expropriations are recorded in the year in which settlements are reached.

#### WSIB Claims

Certain Workplace Safety and Insurance Board claims had not been settled as of December 31, 2024. Given the uncertainty of settlement outcome, the valuation for these contingent amounts have not been included in the WSIB liability. The estimated value of these unsettled claims is approximately \$8,945 (2023 – \$7,524).

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 15. Tangible capital assets

The continuity of cost, amortization and net book value of tangible capital assets is shown on the following table:

(\$000s) Cost	Balance at December 31, 2023	Asset Retirement Obligations	Additions	Disposals	Balance at December 31, 2024
Land	147,188	-	78,099	(728)	224,559
Land improvements	242,945	(604)	42,395	-	284,736
Buildings	893,248	-	24,560	(78)	917,730
Vehicles	326,901	-	31,406	(2,014)	356,293
Machinery and equipment	316,146	-	27,152	(727)	342,571
Roads and bridges	1,577,967	-	62,898	(16,816)	1,624,049
Water and wastewater	1,640,927	-	45,240	(8,769)	1,677,398
Transit rail line	637,869	-	3,883	-	641,752
Construction work in progress	272,161	-	92,148	-	364,309
<b>Total Cost</b>	<b>6,055,352</b>	<b>(604)</b>	<b>407,781</b>	<b>(29,132)</b>	<b>6,433,397</b>
(\$000s) Accumulated Amortization	Balance at December 31, 2023	Asset Retirement Obligations	Amortization Expense	Disposals	Balance at December 31, 2024
Land improvements	120,880	168	12,768	-	133,816
Buildings	374,664	1,440	24,121	(32)	400,193
Vehicles	146,189	-	22,361	(1,887)	166,663
Machinery and equipment	176,189	255	19,802	(697)	195,549
Roads and bridges	432,466	-	35,845	(15,404)	452,907
Water and wastewater	717,167	11	45,968	(8,642)	754,504
Transit rail line	74,618	-	12,809	-	87,427
<b>Total Accumulated Amortization</b>	<b>2,042,173</b>	<b>1,874</b>	<b>173,674</b>	<b>(26,662)</b>	<b>2,191,059</b>
(\$000s) Net Book Value	Balance at December 31, 2023	Asset Retirement Obligations	Net Additions/ (Amortization)	Net Disposals	Balance at December 31, 2024
Land	147,188	-	78,099	(728)	224,559
Land improvements	122,065	(772)	29,627	-	150,920
Buildings	518,584	(1,440)	439	(46)	517,537
Vehicles	180,712	-	9,045	(127)	189,630
Machinery and equipment	139,957	(255)	7,350	(30)	147,022
Roads and bridges	1,145,501	-	27,053	(1,412)	1,171,142
Water and wastewater	923,760	(11)	(728)	(127)	922,894
Transit rail line	563,251	-	(8,926)	-	554,325
Construction work in progress	272,161	-	92,148	-	364,309
<b>Total Net Book Value</b>	<b>4,013,179</b>	<b>(2,478)</b>	<b>234,107</b>	<b>(2,470)</b>	<b>4,242,338</b>

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 15. Tangible capital assets (continued)

(\$000s) Cost	Balance at December 31, 2022	Asset Retirement Obligations	Additions	Disposals	Balance at December 31, 2023
Land	136,341	-	10,847	-	147,188
Land improvements	228,013	3,190	11,742	-	242,945
Buildings	815,117	-	80,637	(2,506)	893,248
Vehicles	312,092	-	29,983	(15,174)	326,901
Machinery and equipment	296,208	-	21,547	(1,609)	316,146
Roads and bridges	1,487,117	-	114,567	(23,717)	1,577,967
Water and wastewater	1,566,237	-	74,797	(107)	1,640,927
Transit rail line	635,756	-	2,113	-	637,869
Construction work in progress	326,133	-	(53,972)	-	272,161
<b>Total Cost</b>	<b>5,803,014</b>	<b>3,190</b>	<b>292,261</b>	<b>(43,113)</b>	<b>6,055,352</b>
(\$000s) Accumulated Amortization	Balance at December 31, 2022	Asset Retirement Obligations	Amortization Expense	Disposals	Balance at December 31, 2023
Land improvements	111,909	35	8,936	-	120,880
Buildings	353,353	1,441	21,729	(1,859)	374,664
Vehicles	140,670	-	20,560	(15,041)	146,189
Machinery and equipment	159,109	255	18,435	(1,610)	176,189
Roads and bridges	421,291	-	34,191	(23,016)	432,466
Water and wastewater	673,705	10	43,528	(76)	717,167
Transit rail line	61,860	-	12,758	-	74,618
<b>Total Accumulated Amortization</b>	<b>1,921,897</b>	<b>1,741</b>	<b>160,137</b>	<b>(41,602)</b>	<b>2,042,173</b>
(\$000s) Net Book Value	Balance at December 31, 2022	Asset Retirement Obligations	Net Additions/ (Amortization)	Net Disposals	Balance at December 31, 2023
Land	136,341	-	10,847	-	147,188
Land improvements	116,104	3,155	2,806	-	122,065
Buildings	461,764	(1,441)	58,908	(647)	518,584
Vehicles	171,422	-	9,423	(133)	180,712
Machinery and equipment	137,099	(255)	3,112	1	139,957
Roads and bridges	1,065,826	-	80,376	(701)	1,145,501
Water and wastewater	892,532	(10)	31,269	(31)	923,760
Transit rail line	573,896	-	(10,645)	-	563,251
Construction work in progress	326,133	-	(53,972)	-	272,161
<b>Total Net Book Value</b>	<b>3,881,117</b>	<b>1,449</b>	<b>132,124</b>	<b>(1,511)</b>	<b>4,013,179</b>

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 15. Tangible capital assets (continued)

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 estimated lives as follows:

Land improvements	10 to 75 years
Buildings	5 to 60 years
Vehicles	3 to 40 years
Machinery and equipment	3 to 40 years
Water and wastewater plants and networks:	
Plants/stations/reservoirs	20 to 60 years
Underground networks	60 to 110 years
Transportation:	
Roads	16 to 100 years
Bridges	40 to 80 years
Other roads assets	16 to 75 years
Transit rail line	50 years
Leasehold improvements	Over life of lease

For assets with shorter lives (e.g. vehicles, laptop and desktop computers), one half of the amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for use. Landfill cells are amortized annually on the basis of tonnage filled as a percentage of the estimated total capacity of the facility. For all other assets, amortization begins in the first month of the year following their readiness for use.

Land purchased for service delivery purposes is recorded as a tangible capital asset at the lower of cost or market value. Any land cost premium incurred related to expropriation will be included as part of the asset to be constructed and amortized over its useful life.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

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 expense as incurred.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 16. Accumulated surplus

Accumulated surplus shown on the Statement of Financial Position is analyzed as follows:

<b>As at December 31</b>	<b>2024</b>	<b>2023</b>
	<b>(\$000s)</b>	<b>(\$000s)</b>
<b>Surplus:</b>		
Invested in tangible capital assets	<b>3,541,847</b>	3,332,375
Unexpended capital financing	<b>(38,516)</b>	4,766
General deficit	<b>(23,177)</b>	(1,904)
Unfunded liabilities		
Post employee benefits and long-term disability liabilities	<b>(215,441)</b>	(204,011)
Sick leave and WSIB liabilities	<b>(75,996)</b>	(55,440)
Asset retirement obligations	<b>(179,781)</b>	(183,060)
Contaminated sites	<b>(2,233)</b>	(2,653)
<b>Total Surplus</b>	<b>3,006,703</b>	2,890,073
<b>Reserves set aside by Council for:</b>		
Capital infrastructure	<b>261,196</b>	252,547
Equipment replacement	<b>58,467</b>	65,781
Contingencies and stabilization	<b>51,195</b>	43,553
Other	<b>2,198</b>	3,198
<b>Total Reserves</b>	<b>373,056</b>	365,079
<b>Reserve Funds set aside for specific purposes by Council for:</b>		
Regional transportation master plan	<b>14,328</b>	14,076
Benefits and insurance	<b>8,512</b>	10,570
Brownfield financial incentives	<b>5,881</b>	4,405
Emergency Services Cooperative Ontario Reserve	<b>1,089</b>	-
<b>Total Reserve Funds</b>	<b>29,810</b>	29,051
<b>Accumulated Surplus</b>	<b>3,409,569</b>	3,284,203

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 17. Commitments and contractual obligations

#### Lease commitments

At the end of 2024, the Region is responsible for total lease commitments of approximately \$6,860 (2023 – \$6,032) relating to equipment and buildings.

	Maturity Date	Amount
		(\$000s)
Office space	Varying maturities to 2031	2,699
Other	Varying maturities to 2040	4,161
Total commitments		6,860

#### Contractual obligations

##### a) Ontario Clean Water Agency

The Region has entered into a service agreement with the Ontario Clean Water Agency (“OCWA”) to operate the Region’s wastewater treatment plants, which expires on December 31, 2030. Included in the statement of operations and accumulated surplus is \$20,317 (2023 – \$16,386) paid to OCWA.

##### b) Rapid Transit

The Region has contracted with GrandLinq GP to operate and maintain the Stage 1 Light Rail Transit system. Total contract payments in 2024 were \$35,029 (2023 – \$32,131). In 2024, \$32,367 (2023 – \$29,593) in operating, maintenance and financing costs are included in the statement of operations and accumulated surplus. The balance of the contract payment relates to principal repayments (note 7(e)). The contract provides for potential fixed-price service level adjustments over the term of the contract, subject to Regional Council approval at that time.

##### c) Brownfield Financial Incentive Program

The Region’s Brownfield Financial Incentive Program (“BFIP”) facilitates the remediation and redevelopment of brownfield sites throughout the Region. Tax Increment Grants (“TIGs”) provide eligible developers with a grant to offset the cost of remediation. Approved TIGs totaling \$32,639 will be paid over a period from 2025 to 2035 (2024 to 2034 - \$32,676). TIGs are funded from the BFIP Reserve fund and future property tax revenue. The Brownfield Incentive Reserve Fund balance is \$5,881 (2023 – \$4,405).

##### d) Other Contractual Obligations

The Region enters into various service and construction contracts in the normal course of business, which have been approved by the appropriate level of management or by Council but have not been reported as commitments.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 18. Financial Instrument Risks

The fair value of the Region's financial instruments that are comprised of cash, accounts receivable and accounts payable and accrued liabilities approximate their carrying value due to their short term nature and are measured at cost or amortized cost in the statement of financial position. The fair value of investments is disclosed in note 4. It is management's opinion that the Region is not exposed to significant risk arising from these financial instruments and there have been no significant changes to these risk exposures from 2023.

#### a) Credit Risk

The Region is exposed to credit related losses through cash, accounts receivable, development charges receivable and investments in the event of non-performance by counterparties to the financial instruments. Credit risk is minimized by dealing with reputable financial institutions. Accounts receivable of \$164,009 (2023 - \$186,662) are mainly due from governments of which \$13,232 (2023 - \$13,053) were over 90 days past due.

#### b) Liquidity risk

Liquidity risk is the risk that the Region will be unable to meet all cash outflow obligations as they come due. Liquidity risk is minimized by monitoring cash activities and through cash flow forecasting including a laddered investment maturity approach to match large cash outflows.

#### c) Market risk

Market risk is the risk that changes in market price such as foreign exchange rates, interest rates and other price risks will affect the annual surplus or the fair value of financial instruments. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at year end. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Exchange gains and losses are included in the statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the Region's investment policy. Long-term debt has interest rates fixed at the time of issuance. The Region manages its exposure on new debt by issuing in the capital markets to get the best possible rate and issuing semi-annually. The Region is exposed to other price risk related to its investments in the ONE Investment Canadian Equity portfolio and is minimized by limiting equity holdings to 10% of the general investment portfolio and 20% of the sinking fund portfolio.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 19. Budget figures

Budgets are established to set property tax rates and user rates and to finance projects which may be carried out over one or more years. The 2024 budget was approved by Regional Council on December 13, 2023. Although not directly comparable with current year actual amounts in all cases, budgets have been restated to conform to public sector accounting standards on the statement of operations. Budgets were not set for items appearing on the statement of changes in net debt.

	2024	2023
	(\$000s)	(\$000s)
Budgeted operating surplus	-	-
<b>Add:</b> Revenues not included in budgeted operating surplus		
Development charges	82,495	70,562
Canada Community-Building fund revenue	11,177	24,168
Capital grants (federal and provincial)	36,385	39,923
Interest revenue for reserves and reserve funds	22,529	20,972
<b>Less:</b> Revenues not included in PSAB		
Internal transfers to reserves	(44,121)	(49,938)
<b>Add:</b> Operating expenses not in PSAB		
Sick leave, insurance and other transfers	179,703	172,560
Principal repayments	58,129	59,383
<b>Less:</b> Expenses not included in budgeted operating surplus:		
Amortization of tangible capital assets	(175,548)	(161,878)
Operating expenses in capital	(54,966)	(73,849)
Change in actuarial estimates	(34,771)	(13,886)
Change in asset retirement obligations	2,675	(4,495)
Change in contaminated sites	420	(250)
Financial statement budget surplus	<u>84,107</u>	<u>83,272</u>

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 20. Reconciliation of Regional Operating Budget Surplus and Financial Statement Annual Surplus

	2024	2023
	(\$000s)	(\$000s)
Operating surplus		
Regional programs and services	13,404	5,736
Region of Waterloo Library Board	101	145
Waterloo Regional Police Services Board	785	346
Total operating surplus	14,290	6,227
<b>Add:</b> Revenues not included in operating surplus		
Development charges	82,495	70,562
Canada Community-Building fund revenue	11,177	24,168
Capital grants (federal and provincial)	36,385	39,923
<b>Add:</b> Expenses included in operating surplus, but not in statements		
Transfers to reserves and reserve funds	187,768	172,764
Principal repayments	55,441	63,536
<b>Less:</b> Expenses not included in operating surplus:		
Amortization of tangible capital assets	(175,548)	(161,878)
Operating expenses in capital	(54,966)	(73,849)
Change in actuarial estimates	(34,771)	(13,886)
Change in asset retirement obligations	2,675	(4,495)
Change in contaminated sites estimate	420	(250)
Financial statement surplus	125,366	122,822

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

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### 21. Segmented disclosure

General government is comprised of Council, administration and amounts paid to the Municipal Property Assessment Corporation. These areas are responsible for corporate governance and administration, by-laws and administrative policies, acquiring and managing assets, financial management and human resources management.

Police and other protective services are comprised of WRPS, Provincial Offences and the contribution to the Grand River Conservation Authority (“GRCA”) for flood control. WRPS maintains the safety and security of all citizens by reducing or eliminating loss of life and property, maintaining law enforcements, and preserving peace and good order. Protection to persons and property also includes flood control from GRCA.

Transportation services include roads, traffic, and Region of Waterloo International Airport. Other transportation services provide planning, development, and maintenance of roads, traffic operations, winter control and street lighting.

Transit services include public transit. Grand River Transit and light rail transit provide local public transportation within the Region.

Environmental services include water supply and distribution, wastewater treatment, and waste diversion and disposal. These services provide clean drinking water to residents, collect and treat wastewater, and collect and properly process waste and recycling items.

Health services include paramedic and public health services. Public health services promote and maintain health programs that optimize the health of residents. Paramedic services deliver timely and effective pre-hospital emergency care, along with medically required inter-hospital transportation.

Social and family services include social assistance, long-term care and child care services. Social assistance services determine, issue, and monitor clients’ eligibility for financial, social and employment assistance. Seniors’ services provide secure and supervised health services for seniors who can no longer live at home through long-term care facilities and community programs. Child care services provide subsidized child care spaces, wage subsidies and resources for children with special needs.

Housing and Homelessness includes programs to provide housing, including shelters, transitional and supportive housing, for low and moderate income individuals and families and for those experiencing chronic homelessness.

Planning and Culture includes community planning services, historic sites at Ken Seiling Waterloo Region Museum, Schneider Haus and McDougall Cottage, and library services provided through branches in the four townships.

The basis of identifying segments is based on Ministry of Municipal Affairs and Housing guidelines. The method of allocation for actuarial adjustments and insurance is current year budget or current year actual.

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 21. Segmented disclosure (continued)

										2024
(\$000s)	General Government	Police and Protective Services	Transportation Services	Public Transit	Environmental Services	Health Services	Social and Family Services	Housing and Homelessness	Planning and Culture	Total
<b>Revenue</b>										
Property taxes	51,506	232,471	76,839	145,570	49,261	44,019	45,418	99,676	26,455	771,215
Government transfers	655	13,859	14,829	25,697	747	66,157	300,098	51,088	874	474,004
User fees, fines and service charges	3,045	19,657	12,246	59,340	184,286	600	9,399	18,556	2,651	309,780
Development charges earned	9,551	1,838	37,201	7,534	25,330	528	-	-	513	82,495
Investment income	6,406	779	1,764	1,752	6,583	246	226	912	473	19,141
Other	114	35	-	-	-	-	-	-	1	150
	<b>71,277</b>	<b>268,639</b>	<b>142,879</b>	<b>239,893</b>	<b>266,207</b>	<b>111,550</b>	<b>355,141</b>	<b>170,232</b>	<b>30,967</b>	<b>1,656,785</b>
<b>Expense</b>										
Salaries and Benefits	65,691	238,939	31,821	97,743	29,212	87,097	78,128	9,864	12,976	651,471
Goods and Services	29,697	27,351	29,307	76,651	102,391	16,938	42,781	48,882	6,639	380,637
Interest	1,018	1,739	2,480	13,234	8,387	553	436	228	8	28,083
Amortization	5,301	11,908	43,558	44,464	56,981	4,229	2,186	5,239	1,682	175,548
Transfers and Other	(43,563)	7,413	(4,015)	4,549	10,840	5,513	233,276	76,885	4,782	295,680
	<b>58,144</b>	<b>287,350</b>	<b>103,151</b>	<b>236,641</b>	<b>207,811</b>	<b>114,330</b>	<b>356,807</b>	<b>141,098</b>	<b>26,087</b>	<b>1,531,419</b>
Annual surplus (deficit)	<b>13,133</b>	<b>(18,711)</b>	<b>39,728</b>	<b>3,252</b>	<b>58,396</b>	<b>(2,780)</b>	<b>(1,666)</b>	<b>29,134</b>	<b>4,880</b>	<b>125,366</b>

# The Regional Municipality of Waterloo

## Notes to the Financial Statements

December 31, 2024

(in thousands of dollars)

### 21. Segmented disclosure (continued)

2023

(\$000s)	General Government	Police and Protective Services	Transportation Services	Public Transit	Environmental Services	Health Services	Social and Family Services	Housing and Homelessness	Planning and Culture	Total
<b>Revenue</b>										
Property taxes	49,198	217,529	70,056	142,115	49,233	37,584	41,173	76,230	24,638	707,756
Government transfers	768	14,620	24,371	30,004	223	62,278	269,740	52,209	664	454,877
User fees, fines and service charges	3,594	24,244	14,543	54,682	167,050	504	8,640	17,865	3,587	294,709
Development charges earned	12,979	4,406	20,612	10,384	21,358	578	-	-	245	70,562
Investment income	5,540	914	1,374	1,810	6,138	205	191	1,348	401	17,921
Other	106	176	-	-	-	-	42	-	110	434
	<b>72,185</b>	<b>261,889</b>	<b>130,956</b>	<b>238,995</b>	<b>244,002</b>	<b>101,149</b>	<b>319,786</b>	<b>147,652</b>	<b>29,645</b>	<b>1,546,259</b>
<b>Expense</b>										
Salaries and Benefits	53,928	213,614	29,480	85,120	27,021	77,035	71,996	8,009	11,587	577,790
Goods and Services	22,594	25,047	28,333	70,081	112,218	13,513	39,939	49,519	6,539	367,783
Interest	1,338	1,758	2,151	13,453	8,214	583	200	15	12	27,724
Amortization	5,291	8,179	41,339	43,455	51,090	3,727	2,317	4,817	1,663	161,878
Transfers and Other	(25,598)	7,491	(5,751)	5,470	11,920	5,585	204,279	81,035	3,831	288,262
	<b>57,553</b>	<b>256,089</b>	<b>95,552</b>	<b>217,579</b>	<b>210,463</b>	<b>100,443</b>	<b>318,731</b>	<b>143,395</b>	<b>23,632</b>	<b>1,423,437</b>
Annual surplus (deficit)	<b>14,632</b>	<b>5,800</b>	<b>35,404</b>	<b>21,416</b>	<b>33,539</b>	<b>706</b>	<b>1,055</b>	<b>4,257</b>	<b>6,013</b>	<b>122,822</b>