

Consolidated financial statements of

The Regional Municipality of Waterloo

December 31, 2023

The Regional Municipality of Waterloo

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

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

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

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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, 2023, and its results of operations, 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.

Emphasis of Matter - comparative information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.



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Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 and as at January 1, 2022.

In our opinion, such adjustments are appropriate and have been properly applied.

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 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.



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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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 29, 2024

The Regional Municipality of Waterloo
Consolidated Statement of Financial Position
as at December 31, 2023 (in thousands of dollars)

	2023	2022
	(\$000s)	(\$000s) (Restated – Note 2)
Financial assets		
Cash	237,017	235,505
Accounts receivable	186,662	189,255
Other assets	4,727	4,685
Investments (Note 4)	361,606	338,291
Development charges receivable (Note 5)	39,546	30,865
Long-term receivables (Note 7)	160,407	150,934
Total financial assets	989,965	949,535
Liabilities		
Accounts payable	140,922	128,529
Other liabilities	78,394	74,756
Deferred revenue (Note 5)	219,006	170,027
Mortgages payable	-	2,827
Long-term liabilities (Note 7)	840,159	874,974
Employee future benefits liabilities (Note 11)	283,841	269,955
Asset retirement obligations liabilities (Note 12)	183,060	175,375
Contaminated sites liability (Note 13)	2,653	2,403
Total liabilities	1,748,035	1,698,846
Net Debt	(758,070)	(749,311)
Non-financial assets		
Tangible capital assets (Note 16)	4,013,179	3,881,117
Inventory	12,369	10,863
Prepaid expenses	16,725	18,712
Total non-financial assets	4,042,273	3,910,692
Accumulated surplus (Note 17)	3,284,203	3,161,381

Information on contingent liabilities, commitments and contractual obligations is found in Notes 15 and 18.

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

The Regional Municipality of Waterloo

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023 (in thousands of dollars)

	2023 Budget (Note 20) (\$000s)	2023 Actual (Note 21) (\$000s)	2022 Actual (\$000s) (Restated – Note 2)
Revenue			
Property taxes	704,547	707,756	639,662
Government transfers			
Canada	57,569	57,487	66,188
Ontario	423,815	397,390	362,396
User fees, fines and service charges	264,981	294,709	265,183
Development charges earned	70,562	70,562	70,197
Investment income	21,568	17,921	13,633
Other	6,696	434	1,233
Total revenue	1,549,738	1,546,259	1,418,492
Expense			
General government	57,013	57,553	53,258
Police and other protective services	254,863	256,089	234,935
Transportation services	96,880	95,552	90,291
Public Transit	222,516	217,579	203,257
Environmental services	222,578	210,463	211,516
Health services	111,756	100,443	103,626
Social and family services	336,736	318,731	260,671
Housing	139,806	143,395	129,293
Planning and culture	24,318	23,632	22,034
Total expense	1,466,466	1,423,437	1,308,881
Annual surplus	83,272	122,822	109,611
Accumulated surplus, beginning of year		3,161,381	3,115,425
Adjustment on adoption of the asset retirement obligations standard (Note 2)	-	-	(63,655)
Accumulated surplus, beginning of year, as restated	-	3,161,381	3,051,770
Accumulated surplus, end of year (Note 17)		3,284,203	3,161,381

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

The Regional Municipality of Waterloo
Consolidated Statement of Change in Net Debt
Year ended December 31, 2023 (in thousands of dollars)

	2023	2022
	Actual	Actual
	(\$000s)	(\$000s)
		(Restated – Note 2)
Annual Surplus (Note 21)	122,822	109,611
Acquisition and other increases to tangible capital assets	(295,451)	(264,343)
Amortization of tangible capital assets	161,878	151,741
Loss (gain) on disposal of tangible capital assets	312	(517)
Proceeds on disposal of tangible capital assets	1,199	1,686
Adjustment on adoption of asset retirement obligations	-	(32,850)
Change due to tangible capital assets	(132,062)	(144,283)
Increase in inventory	(1,506)	(1,437)
Decrease (increase) in prepaid expenses	1,987	(5,152)
Change in inventories and prepaid expenses	481	(6,589)
Change in net debt	(8,759)	(41,261)
Net Debt beginning of year	(749,311)	(644,395)
Adjustment on adoption of the asset retirement obligations standard (Note 2)	-	(63,655)
Net Debt beginning of year, as restated	-	(708,050)
Net Debt end of year	(758,070)	(749,311)

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

The Regional Municipality of Waterloo
Consolidated Statement of Cash Flows
Year ended December 31, 2023 (in thousands of dollars)

	2023	2022
	(\$000s)	(\$000s) (Restated – Note 2)
Operating Activities		
Annual Surplus	122,822	109,611
Non-cash charges to operations		
Amortization of tangible capital assets	161,878	151,741
Amortization of bond investments premium/discount	(6,206)	(3,037)
Amortization of long-term liabilities issuance costs	(5,119)	-
Change in employee future benefits liability	13,886	16,060
Change in asset retirement obligations liabilities	4,495	3,145
Change in contaminated sites liability	250	100
Loss on disposal of tangible capital assets	312	(517)
Change in non-cash assets and liabilities		
Accounts receivable	(6,088)	(16,971)
Other assets	(42)	222
Accounts payable	12,393	15,663
Other liabilities	3,638	(11,681)
Deferred revenue	48,979	14,247
Inventory	(1,506)	(1,437)
Prepaid expense	1,987	(5,152)
Net change in cash from operating activities	351,679	271,994
Capital Activities		
Acquisition of tangible capital assets	(292,261)	(264,343)
Proceeds on disposal of tangible capital assets	1,199	1,686
Net change in cash used in capital activities	(291,062)	(262,657)
Investing activities		
Proceeds from disposals and redemptions of investments	71,293	48,479
Acquisition of investments	(88,145)	(144,840)
Investment funds interest reinvested	(257)	(255)
Net change in cash used in investing activities	(17,109)	(96,616)
Financing activities		
Net long-term liabilities incurred	26,686	59,613
Net long-term liabilities repaid	(65,855)	(58,123)
Mortgage repaid	(2,827)	(98)
Net change in cash from financing activities	(41,996)	1,392
Net change in cash	1,512	(85,887)
Cash beginning of year	235,505	321,392
Cash end of year	237,017	235,505

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

The Regional Municipality of Waterloo

Notes to the Consolidated Financial Statements

December 31, 2023
(in thousands of dollars)

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 673,910 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 consolidated 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”).

a) Basis of consolidation

- i) The consolidated financial statements reflect the assets, liabilities, revenue and expense and changes in investment in tangible capital assets of the Region. These consolidated statements comprise all services and enterprises accountable to the Region and which are owned or controlled by the Region. The following boards are consolidated: 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.
- ii) The following entities are not consolidated: Grand River Conservation Authority, the Waterloo Regional Heritage Foundation, the Waterloo Economic Development Corporation, the Region of Waterloo Arts Fund, and the Waterloo Region Municipalities Insurance Pool.
- iii) Sinking funds held by the Region for the retirement of long-term liabilities are not consolidated and are shown as a reduction in the amount of long-term liabilities (see note 7).
- iv) Trust funds administered by the Region amounting to \$140 (2022 – \$120) are consolidated and are reflected in the trust fund’s statement of continuity and balance sheet.

b) Basis of accounting

- i) 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.

- ii) 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.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

1. Significant accounting policies (continued)

iii) 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.

iv) Government transfers

Transfers from the federal and provincial governments are recognized in the consolidated 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.

v) 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 consolidated statement of operations and accumulated surplus. The ending reserve and reserve fund balances comprise a portion of the accumulated surplus.

vi) Cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements. The Region's museums include approximately 58,943 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.

vii) Inventory

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

viii) 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.

ix) Comparative information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

1. Significant accounting policies (continued)

x) 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.

xi) 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.

2. Change in accounting policies

a) PS 3280 – Asset Retirement Obligations

On January 1, 2023, the Region adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and resulted in a withdrawal of Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption and the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

In accordance with the provisions of this new standard, the Region removed the landfill liability that had been recognized to date and recognized an asset retirement obligation on January 1 2022. The liability represents the required closure and post-closure care for the one active and 5 closed landfill sites owned by the Region. The liability was measured as of the date of purchase of the sites, when the liability was assumed and was discounted at 4.67% which was the discount rate as of the date of adoption of the standard.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

2. Change in accounting policies (continued)

a) PS 3280 – Asset Retirement Obligations (continued)

On January 1, 2022, the Region recognized an additional asset retirement obligation relating to the removal of asbestos in buildings and decommissioning of water and wastewater plants and networks owned by the Region. The liability was measured as of the date of purchase of the buildings and water and wastewater plants and networks which represents when the liability was assumed. The accompanying increase to the respective tangible capital assets was amortized in accordance with the useful lives and depreciation accounting policies outlined in Note 16.

In accordance with the modified retrospective provisions of this new standard, the Region reflected the following adjustments at January 1, 2022:

	Balance as previously reported December 31, 2022	Adjustment	Balance restated at December 31, 2022
Tangible capital assets	3,855,364	25,753	3,881,117
Landfill liability	(82,593)	82,593	-
Asset retirement obligations	-	(175,375)	(175,375)
Accumulated surplus, opening	(3,115,425)	63,655	(3,051,770)
Impact on expense for accretion, amortization and in year settlement	1,305,507	3,374	1,308,881

b) PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation

On January 1, 2023, the Region adopted other Public Accounting Standards, PS - 3450 Financial Instruments and PS - 2601 Foreign Currency Translation. These standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured at cost, amortized cost or fair value based on the characteristics of the instrument and the Region's accounting policy choices (see Note 1 – Significant Accounting Policies). These standards have no significant impact on the presentation of the financial statements and do not require the adoption of the statement of remeasurement gains.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

3. Contributions to non-consolidated entities

Further to Note 1 a) ii), the following contributions were made by the Region to non-consolidated entities:

	2023	2022
	(\$000s)	(\$000s)
Grand River Conservation Authority	6,542	6,325
Waterloo Region Municipalities Insurance Pool	3,077	2,581
Waterloo Economic Development Corporation	900	900
Region of Waterloo Arts Fund	393	393
	10,912	10,199

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.

Issuer	2023	2023	2022	2022
	Cost	Market Value	Cost	Market Value
Short term:				
Schedule I Canadian Banks	54,395	54,355	53,851	53,296
Long Term:				
Schedule I Canadian Banks	136,672	128,459	133,871	122,465
Canadian Municipalities	86,574	83,827	82,265	77,645
Provincial Governments	68,187	68,188	52,784	48,946
Investment Funds	15,778	14,415	15,437	13,724
Restricted Cash	-	-	83	83
	361,606	349,244	338,291	316,159

The fixed income investments mature from June 28, 2024 to September 5, 2045 with interest rates from 1.35% to 6.00%. 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.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

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, 2022	Inflows	Revenue Recognized	Balance at December 31, 2023
Development Charges	129,464	114,020	(70,562)	172,922
Other Deferred Revenue	16,628	18,684	(14,631)	20,681
Provincial Subsidy Housing Programs	4,663	21,898	(6,236)	20,325
Safe Restart/COVID Recovery	10,874	-	(7,967)	2,907
Canada Community-Building Fund	8,398	17,941	(24,168)	2,171
Total	170,027	172,543	(123,564)	219,006

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 2023 ending balance for development charges includes \$39,546 (2022 – \$30,865) 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.

6. Pension contributions

The Region makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan. 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. The amount contributed to OMERS for 2023 was \$40,363 (2022 – \$36,825) for current service of 5,087 eligible employees and is included as an expense on the consolidated statement of operations and accumulated surplus. Contributions were made in 2023 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 OMERS funded ratio of plan assets to pension obligations for 2023 is 97% (2022 – 95%). Unfunded liabilities may require additional increases in future contributions if actuarial surpluses are not available to offset the existing deficit.

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

7. Net long-term liabilities

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

	2023	2022
	(\$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	913,215	932,582
Total unamortized debenture costs	(5,119)	-
Total value of the Region's own sinking fund	(67,937)	(57,608)
Total long-term liabilities	840,159	874,974
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	(160,357)	(150,934)
Total long term receivables from individuals who have assumed responsibility for paying principal and interest charges on tile drainage loans	(50)	-
Total long-term receivables	(160,407)	(150,934)
Net long-term liabilities, end of year	679,752	724,040

- 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)
2024 - 2028	262,232
2029 - 2033	202,275
2034 - 2038	113,943
2039 - 2043	76,142
2044 - 2048	25,160
Total	679,752

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

	2023	2022
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	323,198	344,159
Development charge collections	278,059	291,435
Wastewater rate revenue	78,495	88,446
Total	679,752	724,040

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

7. Net long-term liabilities (continued)

- d) Long-term liabilities include sinking fund debentures issued in the amount of \$242,262 (2022 – \$242,262) of which \$237,614 (2022 – \$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 \$67,937 (2022 – \$57,608).
- 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, 2023 the amount of future principal payments remaining is \$116,265 (2022 – \$118,803) and is reported on the consolidated 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 consolidated statement of financial position.

	2023	2022
	(\$000s)	(\$000s)
City of Cambridge	67,011	53,244
City of Kitchener	52,251	57,305
Township of Wilmot	14,786	9,407
Township of Wellesley	11,075	8,582
Public School Board	6,117	9,391
City of Waterloo	5,460	8,157
Township of Woolwich	3,414	2,414
Township of North Dumfries	243	482
Separate School Board	-	1,952
Property owners (Tile Drainage)	50	-
Total long-term liabilities assumed by others	160,407	150,934

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

8. Payments for net long-term liabilities

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

	2023	2022
	(\$000s)	(\$000s)
Principal payments including contributions to the sinking fund	65,855	58,123
Interest	27,831	27,213
	93,686	85,336

The interest rates on debt outstanding at December 31, 2023 ranged from 0.30% to 6.16%.

The following revenues were collected to meet these payments:

	2023	2022
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	53,227	50,273
Development charge collections	28,993	24,344
Wastewater rate revenue	11,466	10,719
	93,686	85,336

9. Debt obligations for housing properties

On January 1, 2000, the Province transferred ownership of 2,557 housing units to the Region. Prior to 2000, the Province issued debentures related to housing properties now owned by the Region. The debt obligation for these debentures remains with the Province and has varying maturity dates. The outstanding debt at December 31, 2023 is \$563 (2022 – \$840). Amounts are being deducted from transfer payments from the Province to cover these payments. The debt is projected to be discharged in 2025.

10. 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 2023 of 6.70% (2022 – 5.95%) per annum. At December 31, 2023, the Region's bank indebtedness using the operating credit facility was \$0 (2022 – \$0).

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11. Employee future benefits liabilities

Summary of employee future benefits

(\$000s)	Region (excluding WRPS)	WRPS	2023	2022
Future payments required for:				
Post-employment benefits	26,877	163,845	190,722	181,225
Sick leave	24,791	36,493	61,284	60,706
Workplace Safety & Insurance Board	9,496	22,339	31,835	28,024
Total	61,164	222,677	283,841	269,955

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 determined that the liability for present and future benefits is \$190,722 (2022 – \$181,225). The calculations were based on a discount rate of 4.38% (2022 – 4.65%) and a general inflation rate of 2.0% (2022 – 2.0%).

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, 2023, 14% (2022 – 16%) of employees are entitled to this benefit. The actuarial liability at the end of the year for accumulated days, assuming a 4.38% discount rate, 2.0% inflation and to the extent that they have vested was \$61,284 (2022 – \$60,706). Approximately 35% of this amount is eligible to be paid upon employee termination and the remaining 65% would be taken in the form of future year absences. The amount paid to employees who left the Region's employment in 2023 amounted to \$1,607 for the Regional portion (2022 – \$1,629) and \$1,145 for WRPS (2022 – \$1,047) totaling \$2,783 (2022 – \$2,676).

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 \$933 (2022 – \$1,228) to partially provide for the Regional portion of this liability is included in the accumulated surplus (note 17). WRPS sick leave reserve fund and its balance as at December 31, 2023 is \$2,353 (2022 – \$853).

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11. Employee future benefits liability (continued)

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

(\$000s)	Region (excluding WRPS)	WRPS	2023
2024	2,575	1,432	4,007
2025	360	685	1,045
2026	405	1,108	1,513
2027	293	1,124	1,417
2028	484	1,347	1,831
	4,117	5,696	9,813

Workplace Safety & Insurance Board (WSIB)

The Region is responsible for costs awarded under the Workplace Safety and Insurance Act. During 2023, the Region paid \$5,295 (2022 – \$4,207) in such costs. The liability for present and future awards is \$31,835 (2022 – \$28,024). The calculations were based on a discount rate of 4.38% (2022 – 4.65%) and an inflation rate of up to 2.0% (2022 – 2.0%). An amount of \$21,104 (2022 – \$18,785) has been provided for current and future awards, of which \$17,666 was for the Police and \$3,438 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 17.

12. 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 m³ and has an estimated life expectancy of 25-30 years. These costs were discounted to December 31, 2023 using a discount rate of 4.38%. 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.

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12. Asset retirement obligations (continued)

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.

The transition and recognition of asset retirement obligations involved an accompanying increase to the Buildings and Landfill capital assets and the restatement of prior year numbers (see note 2). Changes to the asset retirement obligations in the year are as follows:

Asset Retirement Obligations	Landfill closure	Asbestos removal	Water & Wastewater Decommission	Balance at December 31, 2023
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
Closing balance	(80,908)	(57,789)	(44,363)	(183,060)

Asset Retirement Obligations	Landfill closure	Asbestos removal	Water & Wastewater Decommission	Balance at December 31, 2022
Opening balance	-	-	-	-
Adjustment on adoption of the asset retirement obligations standard (Note 2)	(75,764)	(57,789)	(44,363)	(177,916)
Opening balance, as restated	(75,764)	(57,789)	(44,363)	(177,916)
Accretion expense	(3,538)	-	-	(3,538)
In year payments	6,079	-	-	6,079
Closing balance	(73,223)	(57,789)	(44,363)	(175,375)

13. 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 \$2,653 (2022 – \$2,403) 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.

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14. 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 193 (2022 – 207) claims were settled for \$966 (2022 – \$295) the cost of which has been provided for from the General Insurance Reserve Fund, which has a balance of \$5,365 as at December 31, 2023 (2022 – \$4,492).

15. Contingent liabilities

Legal claims

As of December 31, 2023, 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, 2023. 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 \$7,524 (2022 – \$3,589).

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16. 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, 2022	Asset Retirement Obligations	Additions	Disposals	Balance at December 31, 2023
	(Restated – Note 2)				
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
Total Cost	5,803,014	3,190	292,261	(43,113)	6,055,352
(\$000s) Accumulated Amortization	Balance at December 31, 2022	Asset Retirement Obligations	Amortization Expense	Disposals	Balance at December 31, 2023
	(Restated – Note 2)				
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
Total Accumulated Amortization	1,921,897	1,741	160,137	(41,602)	2,042,173
(\$000s) Net Book Value	Balance at December 31, 2022	Asset Retirement Obligations	Net Additions/ (Amortization)	Net Disposals	Balance at December 31, 2023
	(Restated – Note 2)				
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
Total Net Book Value	3,881,117	1,449	132,124	(1,511)	4,013,179

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16. Tangible capital assets (continued)

(\$000s) Cost	Balance at December 31, 2021	Asset Retirement Obligations	Additions	Disposals	Balance at December 31, 2022
	(Restated – Note 2)				
Land	127,087	-	9,254	-	136,341
Land improvements	202,519	-	25,494	-	228,013
Buildings	696,392	-	118,797	(72)	815,117
Vehicles	296,314	-	21,996	(6,218)	312,092
Machinery and equipment	269,803	-	28,001	(1,596)	296,208
Roads and bridges	1,448,998	-	64,914	(26,795)	1,487,117
Water and wastewater	1,501,436	(1,545)	67,052	(706)	1,566,237
Transit rail line	633,656	-	2,100	-	635,756
Construction work in progress	397,853	(3,812)	(67,908)	-	326,133
Total Cost	5,574,058	(5,357)	269,700	(35,387)	5,803,014
(\$000s) Accumulated Amortization	Balance at December 31, 2021	Asset Retirement Obligations	Amortization Expense	Disposals	Balance at December 31, 2022
	(Restated – Note 2)				
Land improvements	103,719	35	8,155	-	111,909
Buildings	334,531	1,440	17,399	(17)	353,353
Vehicles	127,496	-	19,215	(6,041)	140,670
Machinery and equipment	143,873	255	16,559	(1,578)	159,109
Roads and bridges	413,218	-	34,291	(26,218)	421,291
Water and wastewater	632,387	10	41,672	(364)	673,705
Transit rail line	49,150	-	12,710	-	61,860
Total Accumulated Amortization	1,804,374	1,740	150,001	(34,218)	1,921,897
(\$000s) Net Book Value	Balance at December 31, 2021	Asset Retirement Obligations	Net Additions/ (Amortization)	Net Disposals	Balance at December 31, 2022
	(Restated – Note 2)				
Land	127,087	-	9,254	-	136,341
Land improvements	98,800	(35)	17,339	-	116,104
Buildings	361,861	(1,440)	101,398	(55)	461,764
Vehicles	168,818	-	2,781	(177)	171,422
Machinery and equipment	125,930	(255)	11,442	(18)	137,099
Roads and bridges	1,035,780	-	30,623	(577)	1,065,826
Water and wastewater	869,049	(1,555)	25,380	(342)	892,532
Transit rail line	584,506	-	(10,610)	-	573,896
Construction work in progress	397,853	(3,812)	(67,908)	-	326,133
Total Net Book Value	3,769,684	(7,097)	119,699	(1,169)	3,881,117

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16. 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.

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17. Accumulated surplus

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

As at December 31	2023	2022
	(\$000s)	(\$000s) (Restated – Note 2)
Surplus:		
Invested in tangible capital assets	3,332,375	3,153,249
Unexpended capital financing	4,766	28,773
General surplus (deficit)	(1,904)	1,830
Unfunded liabilities		
Post employee benefits and long term disability liabilities	(204,011)	(194,375)
Sick leave and WSIB liabilities	(55,440)	(54,713)
Asset retirement obligations liabilities	(183,060)	(175,375)
Contaminated sites	(2,653)	(2,403)
Total Surplus	2,890,073	2,756,986
Reserves set aside by Council for:		
Capital infrastructure	252,547	268,092
Equipment replacement	65,781	60,281
Contingencies and stabilization	43,553	40,769
Other	3,198	6,784
Total Reserves	365,079	375,926
Reserve Funds set aside for specific purposes by Council for:		
Regional transportation master plan	14,076	14,291
Benefits and insurance	10,570	10,953
Brownfield financial incentives	4,405	3,225
Total Reserve Funds	29,051	28,469
Accumulated Surplus	3,284,203	3,161,381

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18. Commitments and contractual obligations

Lease commitments

At the end of 2023, the Region is responsible for total lease commitments of approximately \$6,032 (2022 – \$4,383) relating to equipment and buildings.

		Maturity Date	Amount (\$000s)
Office space	Varying maturities to	2025	1,916
Other	Varying maturities to	2040	4,116
Total commitments			6,032

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 consolidated statement of operations and accumulated surplus is \$16,386 (2022 – \$14,873) 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 2023 were \$32,131 (2022 – \$32,251). In 2023, \$29,593 (2022 – \$29,831) in operating, maintenance and financing costs are included in the consolidated 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 \$32,676 will be paid over a period from 2024 to 2034. TIGs are funded from the BFIP Reserve fund and future property tax revenue. The Brownfield Incentive Reserve Fund balance is \$4,405 (2022 – \$3,225).

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.

19. 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 2022.

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 \$186,662 (2022 - \$189,255) are mainly due from governments of which \$13,053 (2022 - \$17,542) 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 consolidated statement of operations. Interest rate risk is minimized through a diversified investment portfolio held in accordance with the Region's consolidated 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.

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20. 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 2023 budget was approved by Regional Council on February 22, 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 consolidated statement of operations. Budgets were not set for items appearing on the consolidated statement of changes in net debt.

	2023	2022
	(\$000s)	(\$000s)
Budgeted operating surplus/(deficit)	-	-
Add: Revenues not included in budgeted operating surplus		Restated
Development charges	70,562	70,197
Canada Community-Building fund revenue	24,168	22,072
Capital grants (federal and provincial)	39,923	44,380
Interest revenue for reserves and reserve funds	20,972	13,700
Less: Revenues not included in PSAB		
Internal transfers to reserves	(49,938)	(43,079)
Add: Operating expenses not in PSAB		
Sick leave, insurance and other transfers	172,560	161,971
Principal repayments	59,383	58,191
Less: Expenses not included in budgeted operating surplus:		
Amortization of tangible capital assets	(161,878)	(151,741)
Operating expenses in capital	(73,849)	(69,118)
Change in actuarial estimates	(13,886)	(16,060)
Change in asset retirement obligations	(4,495)	(8,502)
Change in contaminated sites	(250)	(100)
Consolidated financial statement budget surplus	83,272	81,911

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21. Reconciliation of Regional Operating Budget Surplus and Consolidated Financial Statement Annual Surplus

	2023	2022
	(\$000s)	(\$000s)
		Restated
Operating surplus/(deficit)		
Regional programs and services	5,736	6,863
Region of Waterloo Library Board	145	66
Region of Waterloo Community Housing Inc.	-	1
Waterloo Regional Police Services Board	346	284
Total operating surplus	6,227	7,214
Add: Revenues not included in operating surplus		
Development charges	70,562	70,197
Canada Community-Building fund revenue	24,168	22,072
Capital grants (federal and provincial)	39,923	44,380
Add: Expenses included in operating surplus, but not in consolidated statements		
Transfers to reserves and reserve funds	172,764	154,876
Principal repayments	63,536	56,207
Less: Expenses not included in operating surplus:		
Amortization of tangible capital assets	(161,878)	(151,555)
Operating expenses in capital	(73,849)	(69,118)
Change in actuarial estimates	(13,886)	(16,060)
Change in asset retirement obligations	(4,495)	(8,502)
Change in contaminated sites estimate	(250)	(100)
Consolidated financial statement surplus	122,822	109,611

22. 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. Senior 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.

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22. 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
Revenue										
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
	72,185	261,889	130,956	238,995	244,002	101,149	319,786	147,652	29,645	1,546,259
Expense										
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
	57,553	256,089	95,552	217,579	210,463	100,443	318,731	143,395	23,632	1,423,437
Annual surplus (deficit)	14,632	5,800	35,404	21,416	33,539	706	1,055	4,257	6,013	122,822

The Regional Municipality of Waterloo
Notes to the Consolidated Financial Statements
December 31, 2023
(in thousands of dollars)

22. Segmented disclosure (continued)

										2022
										(Restated – Note 2)
(\$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
Revenue										
Property taxes	46,956	198,740	62,446	130,341	46,952	33,091	37,065	60,785	23,286	639,662
Government transfers	4,618	10,886	23,567	44,124	1,600	70,988	218,139	53,389	1,273	428,584
User fees, fines and service charges	2,166	22,366	10,504	43,410	159,657	507	7,389	16,432	2,752	265,183
Development charges earned	7,741	1,946	17,567	7,436	34,483	270	-	-	754	70,197
Investment income	5,121	677	939	1,047	3,925	118	115	1,470	221	13,633
Other	83	38	-	140	-	-	-	906	66	1,233
	66,685	234,653	115,023	226,498	246,617	104,974	262,708	132,982	28,352	1,418,492
Expense										
Salaries and Benefits	44,983	197,536	26,366	78,505	25,823	78,221	66,661	6,456	10,623	535,174
Goods and Services	22,487	21,504	27,532	68,987	117,744	16,289	39,720	46,626	6,328	367,217
Interest	1,186	1,501	1,859	13,864	7,909	616	240	82	15	27,272
Amortization	5,137	7,287	39,668	37,515	49,791	3,512	2,227	4,937	1,667	151,741
Transfers and Other	(20,535)	7,107	(5,134)	4,386	10,249	4,988	151,823	71,192	3,401	227,477
	53,258	234,935	90,291	203,257	211,516	103,626	260,671	129,293	22,034	1,308,881
Annual surplus (deficit)	13,427	(282)	24,732	23,241	35,101	1,348	2,037	3,689	6,318	109,611