

Financial statements of

The Regional Municipality of Waterloo

December 31, 2025

The Regional Municipality of Waterloo

December 31, 2025

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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, 2025
- 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, 2025, 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.



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.

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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

May 25, 2026

The Regional Municipality of Waterloo
Statement of Financial Position
as at December 31, 2025 (in thousands of dollars)

	2025	2024
	(\$000s)	(\$000s)
Financial assets		
Cash	335,369	306,925
Accounts receivable	201,142	164,009
Other assets	5,623	5,553
Investments (Note 3)	360,113	333,161
Development charges receivable (Note 4)	75,620	34,552
Sinking fund (Note 6)	91,008	79,123
Long-term receivables (Note 6)	275,771	173,867
Total financial assets	1,344,646	1,097,190
Liabilities		
Accounts payable	147,991	134,583
Other liabilities	165,403	149,334
Deferred revenue (Note 4)	256,805	226,004
Long-term liabilities (Note 6)	1,044,411	953,482
Employee future benefits liabilities (Note 9)	366,849	318,612
Asset retirement obligations (Note 10)	186,154	179,781
Contaminated sites liability (Note 11)	2,913	2,233
Total liabilities	2,170,526	1,964,029
Net debt	(825,880)	(866,839)
Non-financial assets		
Tangible capital assets (Note 14)	4,353,976	4,242,338
Inventory	12,021	11,379
Prepaid expenses	18,533	22,691
Total non-financial assets	4,384,530	4,276,408
Accumulated surplus (Note 15)	3,558,650	3,409,569

Information on contingent liabilities, commitments and contractual obligations is found in Notes 13 and 16.

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, 2025 (in thousands of dollars)

	2025	2025	2024
	Budget	Actual	Actual
	(Note 18)	(Note 20)	Actual
	(\$000s)	(\$000s)	(\$000s)
Revenue			
Property taxes	856,153	856,778	771,215
Government transfers			
Canada	66,579	67,290	51,611
Ontario	510,746	498,304	422,393
User fees, fines and service charges	314,518	325,152	309,780
Development charges earned	96,724	96,724	82,495
Investment income	23,359	20,017	19,141
Other	8,087	359	150
Total revenue	1,876,166	1,864,624	1,656,785
Expense			
General government	66,986	67,128	58,144
Police and other protective services	330,542	317,194	287,350
Transportation services	110,988	110,029	103,151
Public Transit	251,600	243,976	236,641
Environmental services	265,265	264,279	207,811
Health services	129,882	125,099	114,330
Social and family services	415,659	403,192	356,807
Housing	162,273	158,849	141,098
Planning and culture	30,637	25,797	26,087
Total expense	1,763,832	1,715,543	1,531,419
Annual surplus	112,334	149,081	125,366
Accumulated surplus, beginning of year		3,409,569	3,284,203
Accumulated surplus, end of year (Note 15)		3,558,650	3,409,569

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

The Regional Municipality of Waterloo
Statement of Changes in Net Debt
Year ended December 31, 2025 (in thousands of dollars)

	2025	2024
	Actual	Actual
	(\$000s)	(\$000s)
Annual surplus (Note 19)	149,081	125,366
Acquisition and other increases to tangible capital assets	(302,604)	(407,781)
Change in asset retirement obligations	2,659	604
Amortization of tangible capital assets	186,015	175,548
Loss on disposal of tangible capital assets	2,757	4,782
Net cost on disposal of tangible capital assets	(465)	(2,312)
Change due to tangible capital assets	(111,638)	(229,159)
Decrease (increase) in inventory	(642)	990
Decrease (increase) in prepaid expenses	4,158	(5,966)
Change in inventories and prepaid expenses	3,516	(4,976)
Change in net debt	40,959	(108,769)
Net debt beginning of year	(866,839)	(758,070)
Net debt end of year	(825,880)	(866,839)

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

The Regional Municipality of Waterloo
Statement of Cash Flows
Year ended December 31, 2025 (in thousands of dollars)

	2025	2024
	(\$000s)	(\$000s)
Operating Activities		
Annual Surplus	149,081	125,366
Non-cash charges to operations		
Amortization of tangible capital assets	186,015	175,548
Amortization of bond investments premium/discount	(5,671)	(5,207)
Amortization of long-term liabilities issuance costs	108	(124)
Change in employee future benefits liability	48,237	34,771
Change in asset retirement obligations	9,032	(2,675)
Change in contaminated sites liability	680	(420)
Loss on disposal of tangible capital assets	2,757	4,782
Reevaluation of purchased assets at fair market value	-	(23,212)
Change in non-cash assets and liabilities		
Accounts receivable	(37,133)	22,653
Development charge receivable	(41,068)	4,994
Other assets	(70)	(826)
Accounts payable	13,408	(6,339)
Other liabilities	16,069	70,940
Deferred revenue	30,801	6,998
Inventory	(642)	990
Prepaid expense	4,158	(5,966)
Net change in cash from operating activities	375,762	402,273
Capital Activities		
Acquisition of tangible capital assets	(302,604)	(384,569)
Net cost on disposal of tangible capital assets	(465)	(2,312)
Net change in cash used in capital activities	(303,069)	(386,881)
Investing activities		
Proceeds from disposals and redemptions of investments	14,977	72,167
Acquisition of investments	(33,415)	(38,070)
Investment funds interest reinvested	(2,843)	(445)
Net change in cash from (used in) investing activities	(21,281)	33,652
Financing activities		
Net long-term liabilities incurred	37,655	79,482
Net long-term liabilities repaid	(60,623)	(58,618)
Net change in cash from (used in) financing activities	(22,968)	20,864
Net change in cash	28,444	69,908
Cash beginning of year	306,925	237,017
Cash end of year	335,369	306,925

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

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(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 678,270 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, 2025

(in thousands of dollars)

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 revenue represents funds received in advance for specific purposes pursuant to legislation, regulation or agreement, including user charges and fees collected for services not yet performed.

Deferred revenue includes development charges imposed under the Development Charges Act, 1997, which have been collected or are receivable but for which the related growth-related capital expenditures have not yet been performed.

Revenue is recognized in the fiscal period in which the related expenses are incurred or 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.

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

1. Significant accounting policies (continued)

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 59,735 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.

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 14.

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.

o) Comparative information

Certain comparative information has been reclassified from that previously presented to conform to the presentation of the 2025 financial statements.

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

2. Contributions to related parties

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

Contributions made and included in expenses in the statement of operations	2025	2024
	(\$000s)	(\$000s)
Grand River Conservation Authority	6,960	6,710
Waterloo Region Municipalities Insurance Pool	3,392	3,242
Waterloo Economic Development Corporation	1,450	1,400
	11,802	11,352

3. 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.

Issuer	2025	2025	2024	2024
	Cost	Market Value	Cost	Market Value
Long-term:				
Schedule I Canadian Banks	130,643	125,610	127,596	121,370
Canadian Municipalities	93,994	93,455	94,838	93,542
Provincial Governments	96,411	95,116	94,504	94,311
Investment Funds	39,065	35,798	16,223	15,200
	360,113	349,979	333,161	324,423

The fixed income investments mature from June 1, 2026 to September 5, 2045 with interest rates from 1.55% 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.

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

4. 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, 2024	Inflows	Revenue Recognized	Balance at December 31, 2025
Development Charges	171,824	105,961	(96,724)	181,061
Other Deferred Revenue	44,190	28,158	(17,279)	55,069
Canada Community-Building Fund	9,990	19,900	(9,215)	20,675
Total	226,004	154,019	(123,218)	256,805

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 2025 ending balance for development charges includes \$75,620 (2024 - \$34,552) 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.

5. 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 2025 was \$47,841 (2024 - \$49,973) for current service of 5,259 eligible employees and is included as an expense on the statement of operations and accumulated surplus. Contributions were made in 2025 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, 2025. At that time the plan reported a \$1,322,000 (2024 - \$2,913,000) actuarial deficit, based on actuarial liability of \$151,365,000 (2024 - \$142,489,000) and actuarial assets of \$150,043,000 (2024 - \$139,576,000). The OMERS funded ratio of plan assets to pension obligations for 2025 is 99% (2024 - 98%). 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 Financial Statements

December 31, 2025

(in thousands of dollars)

6. Net long-term liabilities

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

	2025	2024
	(\$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	1,049,546	958,726
Total unamortized debenture costs	(5,135)	(5,244)
Total long-term liabilities	1,044,411	953,482
Total value of the Region's own sinking fund	(91,008)	(79,123)
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	(275,700)	(173,789)
Total long-term receivables from individuals who have assumed responsibility for paying principal and interest charges on tile drainage loans	(71)	(78)
Total long-term receivables	(275,771)	(173,867)
Net long-term liabilities, end of year	677,632	700,492

- 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)
2026 – 2030	283,468
2031 – 2035	195,160
2036 – 2040	119,790
2041 – 2045	66,331
2046 – 2050	12,883
Total	677,632

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

	2025	2024
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	363,006	365,787
Development charge collections	246,550	264,729
Wastewater rate revenue	68,076	69,976
Total	677,632	700,492

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

6. Net long-term liabilities (continued)

- d) Long-term liabilities include sinking fund debentures issued in the amount of \$287,026 (2024 - \$242,262) of which \$249,232 (2024 - \$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 \$91,008 (2024 \$79,123).
- 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, 2025 the amount of future principal payments remaining is \$110,810 (2024 - \$113,603) 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.

	2025	2024
	(\$000s)	(\$000s)
City of Kitchener	153,935	78,954
City of Cambridge	79,189	60,630
Township of Wilmot	13,551	14,206
Township of Wellesley	10,066	10,584
City of Waterloo	11,435	3,564
Township of Woolwich	6,154	3,173
Waterloo Region District School Board	1,370	2,678
Property owners (Tile Drainage)	71	78
Total long-term liabilities assumed by others	275,771	173,867

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

7. Payments for net long-term liabilities

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

	2025	2024
	(\$000s)	(\$000s)
Principal payments including contributions to the sinking fund	60,623	58,618
Interest	29,627	28,397
	90,250	87,015

The interest rates on debt outstanding at December 31, 2025 ranged from 0.30% to 6.00%.

The following revenues were collected to meet these payments:

	2025	2024
	(\$000s)	(\$000s)
Property taxes and general municipal revenue	49,876	47,220
Development charge collections	28,867	28,174
Wastewater rate revenue	11,507	11,621
	90,250	87,015

8. 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 2025 of 3.95% (2024 - 4.95%) per annum. At December 31, 2025, the Region's bank indebtedness using the operating credit facility was \$0 (2024 - \$0).

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

9. Employee future benefits liabilities

Summary of employee future benefits

(\$000s)	Region (excluding WRPS)	WRPS	2025	2024
Future payments required for:				
Post-employment benefits	31,492	180,125	211,617	201,035
Sick leave	27,199	39,807	67,006	63,905
Workplace Safety & Insurance Board	23,649	64,577	88,226	53,672
Total	82,340	284,509	366,849	318,612

Information about liabilities for defined benefits plans is as follows

(\$000s)	Post- employee benefits	Sick leave	Workplace Safety & Insurance Board	2025	2024
Accrued benefit liability, beginning of year	184,159	61,297	53,672	299,128	266,493
Current period benefit cost	8,183	7,865	48,146	64,194	48,154
Interest accrued	8,365	2,794	2,455	13,614	11,957
Actual gain/(loss) - end of Year	(7,675)	70	(1,652)	(9,257)	16
Benefit payments	(7,015)	(7,031)	(14,395)	(28,441)	(27,492)
Increase due to survivor claims/plan amendments					
Accrued benefit liability, end of year	186,017	64,995	88,226	339,238	299,128
Unamortized actuarial gain/(loss) - end of year	25,600	2,011	-	27,611	19,484
Actuarial update, end of year	211,617	67,006	88,226	366,849	318,612

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, 2024 and extrapolated to December 31, 2025 to determine that the liability for present and future benefits is \$211,617 (2024 - \$201,035). The calculations were based on a discount rate of 4.68% (2024 - 4.43%) and a general inflation rate of 2.0% (2024 - 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, 2025

(in thousands of dollars)

9. 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, 2025, 14% (2024 - 14%) of employees are entitled to this benefit. The actuarial liability at the end of the year for accumulated days, assuming a 4.68% discount rate, 2.0% inflation and to the extent that they have vested was \$67,006 (2024 - \$63,905). Approximately 29% of this amount is eligible to be paid upon employee termination and the remaining 71% would be taken in the form of future year absences. The amount paid to employees who left the Region's employment in 2025 amounted to \$747 for the Region portion (2024 - \$1,255) and \$688 for WRPS (2024 - \$913) totaling \$1,435 (2024 - \$2,168).

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 \$1,447 (2024 - \$1,068) to partially provide for the Region portion of this liability is included in the accumulated surplus (note 15). WRPS sick leave reserve fund and its balance as at December 31, 2025 is \$2,853 (2024 - \$2,603).

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

(\$000s)	Region (excluding WRPS)	WRPS	2025
2026	854	1,030	1,884
2027	821	1,032	1,853
2028	638	1,283	1,921
2029	603	1,628	2,231
2030	543	2,002	2,545
	3,459	6,975	10,434

Workplace Safety & Insurance Board (WSIB)

The Region is responsible for costs awarded under the Workplace Safety and Insurance Act. During 2025, the Region paid \$6,848 (2024 - \$6,090) in such costs. The liability for present and future awards is \$88,226 (2024 - \$53,671). The calculations were based on a discount rate of 4.68% (2024 - 4.43%) and an inflation rate of up to 2.0% (2024 - 2.0%). An amount of \$27,187 (2024 - \$23,253) has been provided for current and future awards, of which \$22,318 was for the Police and \$4,869 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 15.

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

10. 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 28% or 5.5 million m³ and has an estimated life expectancy of 20-25 years. These costs were discounted to December 31, 2025 using a discount rate of 4.68%. 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.

Asset Retirement Obligations	Landfill closure	Asbestos removal	Water & Wastewater Decommission	Balance at December 31, 2025
Opening balance	77,787	57,631	44,363	179,781
Additions	-	225	34	259
Accretion expense	3,640	-	-	3,640
In year change estimate	4,530	-	-	4,530
In year payments	(1,695)	(56)	(305)	(2,056)
Closing balance	84,262	57,800	44,092	186,154

Asset Retirement Obligations	Landfill closure	Asbestos removal	Water & Wastewater Decommission	Balance at December 31, 2024
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)
Closing balance	77,787	57,631	44,363	179,781

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

11. 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 \$2,913 (2024 - \$2,233) 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.

12. 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 262 (2024 - 181) claims were settled for \$604 (2024 - \$334) the cost of which has been provided for from the General Insurance Reserve Fund, which has a balance of \$5,603 as at December 31, 2025 (2024 - \$5,454).

13. Contingent liabilities

Legal claims

As of December 31, 2025, 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.

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

14. 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, 2024	Asset Retirement Obligations	Additions	Disposals	Balance at December 31, 2025
Land	224,559	-	3,688	-	228,247
Land improvements	284,736	(2,884)	7,803	-	289,655
Buildings	917,730	225	74,404	(1,281)	991,078
Vehicles	356,293	-	76,674	(20,494)	412,473
Machinery and equipment	342,571	-	20,453	(1,589)	361,435
Roads and bridges	1,624,049	-	73,168	(14,149)	1,683,068
Water and wastewater	1,677,398	-	101,208	(5,855)	1,772,751
Transit rail line	641,752	-	13,201	-	654,953
Construction work in progress	364,309	-	(67,995)	-	296,314
Total Cost	6,433,397	(2,659)	302,604	(43,368)	6,689,974
(\$000s) Accumulated Amortization	Balance at December 31, 2024	Asset Retirement Obligations	Amortization Expense	Disposals	Balance at December 31, 2025
Land improvements	133,816	142	14,390	-	148,348
Buildings	400,193	1,442	24,519	(631)	425,523
Vehicles	166,663	-	25,740	(20,090)	172,313
Machinery and equipment	195,549	251	22,165	(1,560)	216,405
Roads and bridges	452,907	-	36,264	(13,941)	475,230
Water and wastewater	754,504	40	48,170	(4,854)	797,860
Transit rail line	87,427	-	12,892	-	100,319
Total Accumulated Amortization	2,191,059	1,875	184,140	(41,076)	2,335,998
(\$000s) Net Book Value	Balance at December 31, 2024	Asset Retirement Obligations	Net Additions/ (Amortization)	Net Disposals	Balance at December 31, 2025
Land	224,559	-	3,688	-	228,247
Land improvements	150,920	(3,026)	(6,587)	-	141,307
Buildings	517,537	(1,217)	49,885	(650)	565,555
Vehicles	189,630	-	50,934	(404)	240,160
Machinery and equipment	147,022	(251)	(1,712)	(29)	145,030
Roads and bridges	1,171,142	-	36,904	(208)	1,207,838
Water and wastewater	922,894	(40)	53,038	(1,001)	974,891
Transit rail line	554,325	-	309	-	554,634
Construction work in progress	364,309	-	(67,995)	-	296,314
Total Net Book Value	4,242,338	(4,534)	118,464	(2,292)	4,353,976

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

14. Tangible capital assets (continued)

(\$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
Total Cost	6,055,352	(604)	407,781	(29,132)	6,433,397
(\$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
Total Accumulated Amortization	2,042,173	1,874	173,674	(26,662)	2,191,059
(\$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
Total Net Book Value	4,013,179	(2,478)	234,107	(2,470)	4,242,338

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

14. 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, 2025

(in thousands of dollars)

15. Accumulated surplus

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

As at December 31	2025	2024
	(\$000s)	(\$000s)
Surplus:		
Invested in tangible capital assets	3,665,143	3,541,847
Unexpended capital financing	(49,116)	(38,516)
General deficit	(22,067)	(23,177)
Unfunded liabilities		
Post employee benefits and long-term disability liabilities	(226,688)	(215,441)
Sick leave and WSIB liabilities	(108,173)	(75,996)
Asset retirement obligations	(186,154)	(179,781)
Contaminated sites	(2,913)	(2,233)
Total Surplus	3,070,032	3,006,703
Reserves set aside by Council for:		
Capital infrastructure	312,158	261,196
Equipment replacement	63,155	58,467
Contingencies and stabilization	71,215	51,195
Other	1,905	2,198
Total Reserves	448,433	373,056
Reserve Funds set aside for specific purposes by Council for:		
Regional transportation master plan	14,059	14,328
Benefits and insurance	14,896	8,512
Brownfield financial incentives	7,524	5,881
Emergency Services Cooperative Ontario Reserve	3,706	1,089
Total Reserve Funds	40,185	29,810
Accumulated Surplus	3,558,650	3,409,569

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

16. Commitments and contractual obligations

Lease commitments

At the end of 2025, the Region is responsible for total lease commitments of approximately \$6,439 (2024 - \$6,860) relating to equipment and buildings.

	Maturity Date	Amount
		(\$000s)
Office space	Varying maturities to 2031	2,450
Other	Varying maturities to 2040	3,989
Total commitments		6,439

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 \$18,403 (2024 - \$20,317) 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 2025 were \$35,199 (2024 - \$35,029). In 2025, \$32,406 (2024 - \$32,367) 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 6(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 \$32,175 will be paid over a period from 2026 to 2036 (2025 to 2035 - \$32,639). TIGs are funded from the BFIP Reserve fund and future property tax revenue. The Brownfield Incentive Reserve Fund balance is \$7,524 (2024 - \$5,881).

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, 2025

(in thousands of dollars)

17. 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 3. 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 2024.

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 \$201,142 (2024 - \$164,009) are mainly due from governments of which \$12,962 (2024 - \$13,232) 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, 2025

(in thousands of dollars)

18. 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 2025 budget was approved by Regional Council on December 20, 2024. 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.

	2025	2024
	(\$000s)	(\$000s)
Budgeted operating surplus	-	-
Add: Revenues not included in budgeted operating surplus		
Development charges	96,724	82,495
Canada Community-Building fund revenue	9,215	11,177
Capital grants (federal and provincial)	82,208	36,385
Interest revenue for reserves and reserve funds	22,746	22,529
Less: Revenues not included in PSAB		
Internal transfers to reserves	(34,951)	(44,121)
Add: Operating expenses not in PSAB		
Sick leave, insurance and other transfers	204,672	179,703
Principal repayments	59,723	58,129
Less: Expenses not included in budgeted operating surplus:		
Amortization of tangible capital assets	(186,015)	(175,548)
Operating expenses in capital	(90,039)	(54,966)
Change in actuarial estimates	(48,237)	(34,771)
Change in asset retirement obligations	(3,032)	2,675
Change in contaminated sites	(680)	420
Financial statement budget surplus	112,334	84,107

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

19. Reconciliation of Regional Operating Budget Surplus and Financial Statement Annual Surplus

	2025	2024
	(\$000s)	(\$000s)
Operating surplus		
Regional programs and services	5,194	13,404
Region of Waterloo Library Board	81	101
Waterloo Regional Police Services Board	3,049	785
Total operating surplus	8,324	14,290
Add: Revenues not included in operating surplus		
Development charges	96,724	82,495
Canada Community-Building fund revenue	9,215	11,177
Capital grants (federal and provincial)	82,208	36,385
Add: Expenses included in operating surplus, but not in statements		
Transfers to reserves and reserve funds	223,865	187,768
Principal repayments	56,748	55,441
Less: Expenses not included in operating surplus:		
Amortization of tangible capital assets	(186,015)	(175,548)
Operating expenses in capital	(90,039)	(54,966)
Change in actuarial estimates	(48,237)	(34,771)
Change in asset retirement obligations	(3,032)	2,675
Change in contaminated sites estimate	(680)	420
Financial statement surplus	149,081	125,366

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

20. 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, 2025

(in thousands of dollars)

20. Segmented disclosure (continued)

										2025
(\$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	54,401	254,650	82,698	152,149	61,587	53,081	46,964	119,131	32,117	856,778
Government transfers	1,066	13,043	8,717	61,364	988	69,197	345,127	62,470	3,622	565,594
User fees, fines and service charges	4,696	28,356	14,301	51,984	190,750	669	9,525	22,521	2,350	325,152
Development charges earned	7,592	1,886	48,104	11,030	27,431	369	-	-	312	96,724
Investment income	6,812	800	2,299	1,697	6,597	354	249	746	463	20,017
Other	311	47	-	-	-	-	-	-	1	359
	74,878	298,782	156,119	278,224	287,353	123,670	401,865	204,868	38,865	1,864,624
Expense										
Salaries and Benefits	61,777	264,931	33,066	101,285	31,419	97,759	81,394	11,258	13,582	696,471
Goods and Services	34,809	29,001	35,287	77,152	141,410	15,050	41,102	46,054	5,412	425,277
Interest	1,724	1,637	2,811	13,027	8,142	523	625	791	347	29,627
Amortization	6,753	13,057	44,971	47,550	59,557	4,684	2,040	5,482	1,921	186,015
Transfers and Other	(37,935)	8,568	(6,106)	4,962	23,751	7,083	278,031	95,264	4,535	378,153
	67,128	317,194	110,029	243,976	264,279	125,099	403,192	158,849	25,797	1,715,543
Annual surplus (deficit)	7,750	(18,412)	46,090	34,248	23,074	(1,429)	(1,327)	46,019	13,068	149,081

The Regional Municipality of Waterloo

Notes to the Financial Statements

December 31, 2025

(in thousands of dollars)

20. 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
Revenue										
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
	71,277	268,639	142,879	239,893	266,207	111,550	355,141	170,232	30,967	1,656,785
Expense										
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
	58,144	287,350	103,151	236,641	207,811	114,330	356,807	141,098	26,087	1,531,419
Annual surplus (deficit)	13,133	(18,711)	39,728	3,252	58,396	(2,780)	(1,666)	29,134	4,880	125,366