Agenda – Executive Policy Committee – May 19, 2026

AUDIT COMMITTEE

Item No. 1 Annual Audited Consolidated Financial Statements of The City of Winnipeg for the year ended December 31, 2025

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the attached consolidated financial statements of The City of Winnipeg for the year ended December 31, 2025 be approved, and the Chief Financial Officer be directed to submit these audited consolidated financial statements to Council with the City's Annual Report for information, prior to June 30, 2026.

2. That the Chief Financial Officer submit the audited consolidated financial statements of The City of Winnipeg to the Province of Manitoba prior to June 30, 2026.

3. That the attached Audit Findings Report prepared by KPMG LLP be received as information.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

ADMINISTRATIVE REPORT

Title: Annual Audited Consolidated Financial Statements of The City of Winnipeg for the year ended December 31, 2025

Critical Path: Audit Committee

AUTHORIZATION

Author	Department Head	CFO	CAO
J. Speidel	T. Graham	T. Graham	J. Dunford

EXECUTIVE SUMMARY

The City's 2025 audited consolidated financial statements reflect the financial position and the results of operations of the City of Winnipeg. The statements demonstrate Council's fiscally prudent and responsible plans to deliver services daily to the residents of Winnipeg and invest in key infrastructure.

The statements are prepared in accordance with Canadian public sector accounting standards. As such, the statements include all activities under the control of the City of Winnipeg. This includes, but is not limited to:

- Tax-supported departments
- Water and Waste utilities
- Transit
- Special Operating Agencies
- Capital Assets
- Reserves
- Reporting entities and partnerships

The statements are prepared on a full accrual basis. This means unfunded liabilities are included in the results, such as employee benefits and asset retirement obligations.

The audited consolidated financial statements are attached as Appendix 1. They report an annual surplus of $106.6 million before capital-related revenues primarily a result of higher water rate revenue that will be used to fund capital in the water and waste utility. Capital revenues are $384.4 million. This results in an overall 2025 surplus of $491.0 million.

The City's consolidated revenues totaled $2.3 billion (increase of $218 million or 11 percent over 2024). Consolidated expenses totaled $2.2 billion (increase of $73 million or 3.5 percent over 2024).

Investments in capital assets totaled $788 million in 2025 (2024 - $689 million). See schedule 2 in Appendix 1 attached for a breakdown of additions by asset type.

The City's net financial liabilities have remained the same as 2024 at $1.2 billion. These liabilities can indicate how much the City will rely on future revenues to fund current services and infrastructure. The City's credit ratings affirm solid fiscal performance (S&P Global: AA+; Moody's as Aa2). S&P Global noted Winnipeg's diversified economy and supportive and predictable institutional framework. Moody's noted that Winnipeg has sector diversity, high levels of long-term liquidity, and strong debt affordability.

Certain 2024 expenses have been reclassified to conform to the presentation in 2025. The restatements do not impact the surplus or deficit.

RECOMMENDATIONS

1. That the attached consolidated financial statements of The City of Winnipeg for the year ended December 31, 2025 be approved, and the Chief Financial Officer be directed to submit these audited consolidated financial statements to Council with the City's Annual Report for information, prior to June 30, 2026.

2. That the Chief Financial Officer submit the audited consolidated financial statements of The City of Winnipeg to the Province of Manitoba prior to June 30, 2026.

3. That the attached Audit Findings Report prepared by KPMG LLP be received as information.

4. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

REASON FOR THE REPORT

Section 100(i) of *The City of Winnipeg Charter* requires the Chief Financial Officer to submit to Council, within six months of the fiscal year-end of the City, a report on the financial position of the City for the end of its fiscal year. Further, under section 100(j), the Chief Financial Officer will submit that report to the Province of Manitoba, also within six months of the fiscal year end.

IMPLICATIONS OF THE RECOMMENDATIONS

The City will comply with the requirements of *The City of Winnipeg Charter.*

HISTORY/DISCUSSION

The City of Winnipeg prepares consolidated financial statements annually, including notes and schedules. These statements are prepared in accordance with Canadian public sector accounting standards recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The statements are also audited annually by an external auditor. KPMG LLP, the City's current external auditor, will be issuing an unqualified audit (clean) opinion on the consolidated financial statements.

At the Standing Policy Committee on Finance and Economic Development meeting on April 17, 2026, the General Revenue Fund showed an unaudited deficit of $14.3 million on December 31, 2025.

The consolidated financial statements attached to this report include all activities under the control of the City of Winnipeg (e.g. Water and Waste utilities, Capital, Transit, Special Operating Agencies, partnerships etc.). They are prepared on a full accrual basis meaning unfunded liabilities, such as employee benefits and asset retirement obligations are included in the results.

The consolidated annual surplus is $491.0 million compared to $271.6 million in 2024.

The following information provides details on the changes by type:

Revenues

The City's consolidated revenues (excluding other capital-related revenues) increased $217.9 million from 2024 (2025 - $2.257 billion; 2024 - $2.039 billion), which is a 10.7 percent increase. The following outlines some reasons for the changes by category:

Taxation revenues increased $67 million from 2024, primarily due to a 5.95 percent property tax increase and assessment roll growth.

The property tax increase comprises:

- 1.00 percent tax increase for the renewal of regional streets and sidewalks, and bridges (Regional Street Renewal Program);
- 1.00 percent for the renewal of local streets, lanes and sidewalks (Local Street Renewal Program);
- 1.50 percent dedicated to operating; and
- 2.45 percent dedicated as follows:
    - Reduction in police service expenditures management ($1.9 million)
    - Increase in spring clean-up, snow and ice control budget ($4.0 million)
    - Increase in workers' compensation budget in the Fire Paramedic ($3.0 million) and Transit services ($2.2 million)
    - Increase salary and benefit costs to hire front line staff in Police ($0.6 million) and the Community Safety Team ($0.8 million)
    - Increase in transfer to Transit to cover revenue shortfall ($4.0 million)
    - Add budget for dangerous debris clean-up in City parks ($0.6 million)
    - Add poverty reduction youth programming in high needs neighbourhoods ($1.0 million)

Sales of services and regulatory fees increased $147 million from 2024 mainly due to increases in sewer, water and recycling revenues as a result of rate increases and increased consumption.

Government Transfers increased $33 million from 2024 due to higher operating related grants.

Investment income, land sales and other income decreased $29 million mainly due to the recognition of a receivable for the Police Headquarters building in 2024.

Expenses

The City's consolidated expenses increased $73 million from 2024 (2025 - $2.2 billion; 2024 - $2.1 billion), which is a 3.5 percent increase. The change is a result of increases in most of the functions.

The following is a summary of the impacts:

- Protection and community services – Increase of $30.9 million mainly due to higher salary and benefit costs, including overtime and workers compensation. A portion of these costs are offset by third-party revenues.
- Utilities operations – Increase of $24.2 million mainly due to higher salary and benefit costs and increased costs for services.
- Public works – Increase of $14.4 million mainly due an increase in amortization, increased consulting costs, and higher maintenance costs.
- Finance and Administration – Increase of $22.1 million mainly due to grants issued under the Housing Accelerator Program.
- Civic corporations – Decrease of $8.5 million mainly due lower expenditures in government reporting entities.
- General government – Decrease of $14.3 million mainly due to a decrease in employee benefit obligations offset by payment of a legal settlement in 2025.

Revenues and Contributions related to Capital

Revenues and contributions related to capital have increased $74 million from 2024 mainly due to an increase in government transfers and higher developer contributions. Developer contributions can vary significantly from year to year based on the status of development.

Investments in capital assets totaled $788 million in 2025 (2024 - $689 million). See schedule 2 in Appendix 1 attached for a breakdown of additions by asset type.

Budget

Canadian Public Sector Accounting Standards require actual results to be compared to an approved budget to provide transparency and accountability for governments. The 2025 Adopted Budget, Operating, Reserves and Capital, approved by Council on January 29, 2025, contains the 2025 consolidated budget. For 2025, the budgeted consolidated deficit before "other" was projected to be $13.7 million.

Canadian Award for Financial Reporting

The City received the prestigious Canadian Award for Financial Reporting from the Government Finance Officers Association for the December 31, 2024, report. This is the eighth year in a row that the City has received this award. This award recognizes excellence in government accounting and financial reporting. The award reflects the tremendous effort not only of employees in Corporate Finance, but also all departments, Special Operating Agencies and elected officials in producing high quality documents for use by our community.

FINANCIAL IMPACT

Financial Impact Statement

Date: April 16, 2025

Project Name:
Annual Audited Consolidated Financial Statements of The City of Winnipeg for the year ended December 31, 2025

COMMENTS:
There are no financial implications associated with the recommendations of this report.

Sheri Faderon for R. Bernard
Randy Bernard, CPA, CMA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

All City of Winnipeg Departments and Agencies (in preparing the consolidated financial statements)

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1.1 Organizational Alignment
All City policy implementation and enforcement tools must be aligned with the localized United Nations Sustainable Development Goals framework, consisting of Leadership and Good Governance; Environmental Resilience; Economic Prosperity, Good Health and Well-Being;

1.5 Evidence-Informed Decisions
Invest in data and technology in order to support objective, evidence-informed decision-making; support open government and open data principles for collection and sharing; help coordinate records and information management; and improve process efficiency, results-based service delivery and accountability.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Climate Action Plan (CAP) and it was determined that the (CAP) is not applicable to this specific report.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

Consideration was given as to whether this report connects to the Winnipeg Poverty Reduction Strategy (PRS) and its Goals and Objectives, and it was determined that the PRS is not applicable to this specific report.

SUBMITTED BY

Department: Corporate Finance
Division: Corporate Controller
Prepared by: Helen Hasiuk
Date: April 17, 2026
File No: 2025 Year End

Attachments:

Appendix 1: The City of Winnipeg Consolidated Financial Statements for the year ended December 31, 2025

Appendix 2: KPMG 2025 Audit Findings Report