Agenda – Standing Policy Committee on Finance and Economic Development – December 10, 2025

REPORTS

Item No. 5 Financial Status and Forecast Report of September 30, 2025

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Chief Financial Officer be delegated authority to transfer budgets, up to a maximum of $250,000, between departments to cover over-expenditures that occur at year-end.

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

ADMINISTRATIVE REPORT

Title: Financial Status and Forecast Report of September 30, 2025

Critical Path: Standing Policy Committee on Finance and Economic Development – Executive Policy Committee - Council

AUTHORIZATION

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

EXECUTIVE SUMMARY

This report is the third of four updates the public service provides annually to the Standing Policy Committee on Finance and Economic Development ("the Committee") on the financial forecast and other key information.

As of September 30, 2025:

- The General Revenue Fund ("GRF") is forecasting a shortfall from budget of $17.4 million, which is equivalent to 1.2 percent of the overall expense budget of $1.419 billion and is a $0.3 million improvement over the Q2 forecast.
- Utilities are forecasting an increase to budget of $78.7 million, which is an increase of $17.4 million from the Q2 forecast. Increases are applied to the Utilities retained earnings, which support capital projects and operations in future years.
- Special Operating Agencies ("SOA") are forecasting a shortfall from budget of $3.0 million, This is a improvement of $0.9 million from the Q2 forecast. Forecasted expenditures include a dividend to the GRF.

The attached Schedules 1 – 7 provide further details on the unaudited results for the quarter.

As of September 30, 2025, $51.8 million in savings targets have been recognized. The savings are forecasted in various departments.

The forecasted year-end balance in the Financial Stabilization Reserve Fund ("FSR") is $18.0 million, after accounting for the above shortfall in the GRF. Additional details are provided on Schedule 7 attached. As approved by Council on June 26, 2025, the FSR can be used to cover a shortfall in the GRF at year-end.

At year-end, there can be situations where a department has exceeded their expenditure budget by a relatively small amount (i.e. < $250,000). In these cases, a report must be submitted to the Committee requesting approval for an increase to the expenditure budget. To increase efficiency and reduce the administrative burden on departments and the Committee, the Public Service is recommending that an approval limit of $250,000 be delegated to the CFO to transfer

surplus budget between departments, if they are available. If no surplus budgets are available in other departments, or the amount of over-expenditure exceeds $250,000, then a report will be provided to the Committee as soon as possible after year-end and no later than the March meeting.

The Public Service will provide an update to the Committee on any situations where this delegation was used, in the March report of the following year.

RECOMMENDATIONS

1. That the Chief Financial Officer be delegated authority to transfer budgets, up to a maximum of $250,000, between departments to cover over-expenditures that occur at year-end.

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

REASON FOR THE REPORT

To provide the Standing Policy Committee on Finance and Economic Development with a financial status update as of September 30, 2025. This is the third of the four quarterly reports, which will be presented to the committee for 2025.

Council approval is required to delegate authority to the CFO to transfer budgets between departments, up to a maximum of $250,000, where departments have an over-expenditure at year-end.

On January 17, 2025, the Standing Policy Committee on Finance and Economic Development approved that the Financial Status and Forecast Reports to the Committee be reduced from five reports to four quarterly reports dated March, June, September, and December.

IMPLICATIONS OF THE RECOMMENDATIONS

The recommendations of this report will not have a financial impact as the over-expenditures will only be covered through Council-approved budgets in other departments.

HISTORY/DISCUSSION

Efficiency Management Targets

The 2025 budget includes $51.8 million in savings targets (i.e. efficiency management targets). The following is a summary of the savings targets as of September 30, 2025:

Type	Budget	Forecast	Remaining
Efficiencies/expenditure management	$26.2 million	$26.2 million	On target

Police efficiencies	$5.1 million	$5.1 million	On target
Vacancy management	$20.5 million	$20.5 million	On target
Total	**$51.8 million**	**$51.8 million**	**On target**

As of September 30, 2025, the forecasted efficiencies to be achieved include:

- $13.5 million in debt and finance savings due to debt deferral
- $6.0 million in carbon tax savings
- $3.9 million in additional revenue from short-term interest
- $2.5 million transfer from the Workers' Compensation Reserve
- $0.3 million in other departmental savings.

- Police's efficiency target is estimated to be achieved mainly as a result of salary and benefit savings from delayed hiring, reduced overtime, carbon tax savings and revenue increases.
- Vacancy management targets are on track to being achieved mainly through delays in hiring.

FINANCIAL FORECAST

General Revenue Fund

The results of the General Revenue Fund ("GRF") for the past five years, before final transfers, are:

Year	Surplus /(Shortfall) March 31	Surplus /(Shortfall) June 30	Surplus /(Shortfall) September 30	Surplus /(Shortfall) December 31
	(In millions $)			
2025	($18.9)	($17.7)	($17.4)	TBD
2024	($39.3)	($19.2)	($23.4)	$7.2
2023	($27.0)	($1.2)	($3.1)	($0.3)
2022	($53.9)	($55.9)	($56.8)	($83.0)
2021	($12.7)	($14.3)	($17.3)	($22.3)
2020	($25.8)	($0.7)	$1.1	$2.5

The GRF is forecasting a shortfall from budget of $17.4 million as of Q3, which is a $0.3 million improvement from Q2. The following is a summary of impacts by Department. Details on the variance to budget can be found on Schedule 2. Details on variances from last quarter can be found on Schedule 3.

Assessment and Taxation **($0.8M↑)**
Assessment and Taxation is forecasting a favourable variance to budget of $0.8 million mainly due to salary savings. This is a $1.1 million improvement from the last quarter, mainly due to a reduction in the appeals allowance offset by a reduction in tax penalty interest due to a legislated rate change.

Asset and Project Management **($3.0M↓)**
Asset and Project Management is forecasting a shortfall to budget of $3.0 million due to a lower transfer from Municipal Accommodations. The reduction in the transfer is mainly due to lower recoveries for maintenance, and higher service and material costs in Municipal

Accommodations, which reduces the available funds for transfer. There is no material change from Q2.

Corporate Accounts **($4.7M↑)**

The Corporate accounts include general revenue and expense/savings budgets not directly allocated to any other public or internal service. Included in these accounts are budgeted efficiency savings of $26.2 million for 2025. Forecasted savings are realized through any number of means, including savings in departmental budgets and other funds. As of Q3, the full amount of savings is forecasted to be achieved.

Corporate Accounts is forecasting a favourable variance to budget of $4.7 million, after budget savings recognized in other departments of $26.1 million. Savings include $13.5 million due to reduced debt and finance charges from delays in issuing debt and $2.0 million in other operating cost savings, such as salaries. This is offset by a $7.0 million legal settlement and a $3.8 million reduction in revenue for the 9-1-1 levy. The levy is no longer in the budget in 2026, but the City is collaborating with the Province on an alternate funding source.

Corporate Accounts' favourable variance decreased from last quarter by $4.4 million as a result of the $7.0 million legal settlement and decrease in revenue of $3.8 million due to the 9-1-1 levy offset by additional debt and finance savings of $5.6 million and $0.8 million in other savings identified from last quarter.

Corporate Finance **($6.7M↑)**

The Corporate Finance Department is forecasting a surplus to budget of $6.7 million, a $4.0 million increase in the surplus from last quarter mainly due to an increase in short-term interest and internal charges.

Fire Paramedic Service **($3.0M↓)**

The Winnipeg Fire Paramedic Service is forecasting a shortfall to budget of $3.0 million primarily due to increased overtime costs. These additional costs have been partially offset by additional revenues from Shared Health and a transfer from the Workers' Compensation Reserve. There is no significant change from the last quarter.

Planning, Property and Development **($4.2M↓)**

The Planning, Property and Development Department is forecasting a shortfall to budget of $4.2 million as of September 30, 2025, mainly due to lower-than-budget regulation revenues. There is no significant change from the last quarter.

Public Works Department **($3.6M↑)**

The Public Works department is projecting a surplus to budget of $3.6 million primarily due to lower than budget costs for snow removal and ice control so far this year. These savings were partially offset with higher than budget costs for roadway construction and maintenance. There is no significant change from the last quarter.

Winnipeg Police Service **($0.0M)**

The Winnipeg Police Service is forecasting to be within budget for Q3. This is a $2.0 million improvement from last quarter due to unexpected reductions in operating costs, additional savings in overtime and an increase in police services revenue.

Utilities

Utilities and SOAs use retained earnings to manage their operations and fund future capital projects. Net increases in the year will be transferred to retained earnings to be used in the future. Deficits will reduce the amount of retained earnings available to fund operations and/or capital projects.

Transit **($0.4M↑)**
Transit is forecasting an increase from budget of $0.4 million, which is a $2.5 million improvement from Q2. This improvement is largely attributed to lower-than-expected fuel costs, reduced bus maintenance expenses and additional salary savings resulting from delay in hiring. These expenditure reductions are partially offset by lower fare revenue, attributed to lower ridership and ongoing challenges with fare evasion.

Water and Waste Department **($78.3M↑)**
Water and Waste Department, overall, is forecasting an increase from adopted budget of $78.3 million, primarily due to revised sewer volume and solid waste utility rates, which are not reflected in the adopted budget. Council approved the revised sewer volume and solid waste rate changes on March 27, 2025, to fund significant future capital investments and to maintain operations.

The Water Utility is forecasting an increase from adopted budget of $9.0 million, which is an increase of $7.2 million from last quarter. This is primarily due to an increase in revenue which reflects actual billed consumption. The increased water utility results are required to fund significant capital investments.

The Sewer Utility is forecasting an increase from adopted budget of $35.5 million, an increase of $8.5 million from last quarter. This is primarily due to an increase in revenue which reflects actual billed consumption. The increased Sewer Utility results are required to fund significant capital investments and maintain operations.

The Solid Waste Utility is forecasting an increase from adopted budget of $33.9 million, which is consistent with previous forecast. This increase will be used to offset the prior year's deficits and support ongoing operations.

Special Operating Agencies ($3.0M↓)

The SOAs are forecasting a shortfall to budget of $3.0 million primarily due to lower revenue from capital leases in Winnipeg Fleet Management due to delays in receiving vehicles and equipment, and lower on-street paid parking revenue from the Winnipeg Parking Authority ("WPA"). WPA is still forecasting a net income of $4.6 million before its budgeted dividend payment to the GRF of $8.3 million. The amounts are consistent with last quarter.

Financial Stabilization Reserve Fund

Council established the Financial Stabilization Reserve Fund ("FSR") to counteract the budgetary effect of fluctuations from year to year in property and business taxes and/or to fund deficits in the GRF to assist in stabilization of the City's property tax requirements.

The forecasted year-end balance in the FSR as of September 30, 2025, before covering any shortfalls in the GRF is $35.4 million, which includes a $0.4 million transfer from the GRF, $6.9 million in funding from the Province of Manitoba for the One Manitoba Growth Program, $0.6 million in interest earnings, and $10.9 million in funding approved by Council on June 26, 2025, offset by a $1.0 million transfer to cover net taxes added.

The Council-approved funding includes a $3.7 million transfer from the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve, a $5.4 million transfer from Winnipeg Transit, and a $1.8 million transfer from Animal Services.

As approved by Council on June 26, 2025, the FSR can be used to cover the $17.4 million deficit, if required. This draw will result in a forecasted balance remaining of $18.0 million as of December 31, 2025. The Council-approved minimum balance for the FSR for 2025 is $85.1 million, which is six percent of the tax-supported budgeted expenditures. After this transfer, the forecasted shortfall is $67.1 million (see Schedule 7 attached) as of December 31, 2025.

Potential Impacts to Forecasted Results

Projected year-end results reflect the information available as of September 30, 2025. Certain items involve a greater degree of uncertainty. The Public Service continues to monitor the following matters:

- Impact of new employee contracts for Canadian Union of Public Employees (CUPE), Winnipeg Association of Public Service Officers (WAPSO), Manitoba Government Employee Union (MGEU), and Winnipeg Fire Paramedic Senior Officers (WFPSO). All these agreements are expired as of September 30, 2025.
- Snow and ice control expenditures are weather dependent and difficult to predict. Greater snowfall than average may further impact the Snow and Ice Control program projected results.
- Vacancies and work absences continue to increase overtime and workers' compensation costs.
- Volatility in the costs of goods and services may be impacted by the ongoing trade dispute with the United States.
- New events or transactions which may occur.

Delegation of Authority

The City has a current standard for situations where departments within the GRF, which have exceeded their budget, can obtain a budget amendment. The following are the methods currently available:

a. Increasing the budget in the division with the over-expenditure with equal under-expenditure in another division.
b. Increasing the expenditure budget in the division with the over-expenditure with an offsetting increase in revenue (actual revenues must be over-budget).
c. Request an increase to the expenditure budget via a report to the Standing Policy on Finance and Economic Development ("Committee")

Within the standard, the Chief Financial Officer can currently approve transfers within department divisions that do not exceed $100,000 as well as transfers of permanent salaries to operating. The CFO can also approve budget increases up to $10,000.

At year-end, there can be situations where a department has exceeded their expenditure budget by a relatively small amount (i.e. < $250,000) and option C above is their only available option to cover the shortfall. To increase efficiency and reduce the administrative burden on departments and the Committee, the Public Service is recommending that an approval limit of $250,000 be delegated to the CFO to transfer surplus budget between departments, if they are available.

If no surplus budgets are available in other departments or the amount of over-expenditure exceeds $250,000, then a report requesting approval of an over-expenditure will be provided to the Committee as soon as possible after year-end and no later than the March meeting.

The Public Service will provide an update to the Committee on any situations where this delegation was used, in the March report of the following year.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 18, 2025

Project Name:
Financial Status and Forecast Report of September 30, 2025

COMMENTS:

There are no financial implications associated with the recommendations in this report.

Randy Bernard

Randy Bernard, CPA
Manager of Finance & Administration (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

- All City of Winnipeg Departments

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; Social Equity; and City Building contained in this Plan.

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 (CLA) and its Goals and Objectives, and it was determined that the CLA 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: November 18, 2025

Attachments:

Attachments:

- Schedule 1 – The City of Winnipeg – General Revenue Fund – Financial Status and Forecast Report
- Schedule 2 – The City of Winnipeg – General Revenue Fund – Budget Variances
- Schedule 3 – The City of Winnipeg – General Revenue Fund - Reconciliation of June 2025 Forecast to the September 2025 Forecast
- Schedule 4 – The City of Winnipeg – Summary of Revenue and Expenses - By Fund
- Schedule 5 – The City of Winnipeg – Net Mill Rate Impact by Fund
- Schedule 6 – The City of Winnipeg – General Revenue Fund – Taxation Revenues
- Schedule 7 – The City of Winnipeg – Forecasted Balance of the Financial Stabilization Reserve Fund