Agenda – Standing Policy Committee on Finance and Economic Development – June 12, 2026

REPORTS

Item No. 6 Financial Status and Forecast Report of March 31, 2026

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That, in the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund transfer to the General Revenue Fund the amount required to avoid a deficit, provided the amount required does not exceed the balance in the Financial Stabilization Reserve at the time of the transfer.

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 March 31, 2026

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	M. Dryburgh, acting for J. Dunford

EXECUTIVE SUMMARY

This is the first of four updates provided each year to the Standing Policy Committee (the SPC).

As of March 31, 2026, the City is forecasting a year end consolidated shortfall of $14.0 million. This is only an approximation of the year-end results for the General Revenue Fund ("GRF"), Utilities, and Special Operating Agencies. Forecasted amounts do not include results from:

- the capital fund;
- reserves;
- reporting entities;
- partnerships; or
- elimination of inter-company transactions; or
- other adjusting entries included in the City's annual audited financial statements.

The forecasted results for the Funds in this report, as of March 31, 2026, are as follows:

- The GRF is forecasting a shortfall of $20.4 million. This is equivalent to 1.4 percent of the overall expense budget of $1.493 billion.

- Utilities are forecasting a positive result of $8.9 million. This increase is applied to the Utilities retained earnings, which support capital projects and operations in future years.

- Special Operating Agencies ("SOA") are forecasting a shortfall of $2.5 million. Forecasted expenditure includes a dividend to the GRF.

The attached Schedules 1 to 3 provide further details regarding the unaudited results for the quarter.

As of March 31, 2026, the City expects to achieve $39.4 million in savings targets and vacancy management.

The forecasted year-end balance in the Financial Stabilization Reserve Fund ("FSR") is $24.2 million, after accounting for the above shortfall in the GRF. Additional details are provided in Schedule 3.

RECOMMENDATIONS

1. That, in the event the General Revenue Fund reports a deficit at year-end, the Financial Stabilization Reserve Fund transfer to the General Revenue Fund the amount required to avoid a deficit, provided the amount required does not exceed the balance in the Financial Stabilization Reserve at the time of the transfer.

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 March 31, 2026. This is the first of the four quarterly reports, which will be presented to the committee for 2026.

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 Standing Policy Committee will be informed of the financial status of the City as of March 31, 2026.

HISTORY/DISCUSSION

Efficiency Management Targets

The 2026 budget includes $58.4 million in savings targets (i.e. efficiency management targets). See below for a breakdown:

Type	Budget	Forecast	Remaining
Realized Efficiencies	$15.0 million	$15.0 million	$0.0 million
Unidentified Efficiencies	15.5 million	1.1 million	14.4 million
Sub-Total Corporate Efficiencies	$30.5 million	$16.1 million	$14.4 million
Police efficiencies	7.0 million	2.4 million	4.6 million
Vacancy management	20.9 million	20.9 million	0.0 million
Total	**$58.4 million**	**$39.4 million**	**$19.0 million**

As of March 31, 2026:

- The City is forecasting efficiencies of $16.1 million. $15.0 million has been achieved through the 2026 budget and $1.1 million is a settlement related to the police headquarters received in early 2026.
- Police forecasted efficiencies includes salary and benefit savings due to vacancies.
- Vacancy management is forecasted to be achieved due to vacancies and timing of hiring.

The forecasted savings above are specifically identified savings noted within the Department and do not indicate the Department is in a surplus position. Departments may still have a shortfall at year-end due to other cost pressures or reductions in revenue outside of these identified savings areas.

FINANCIAL FORECAST

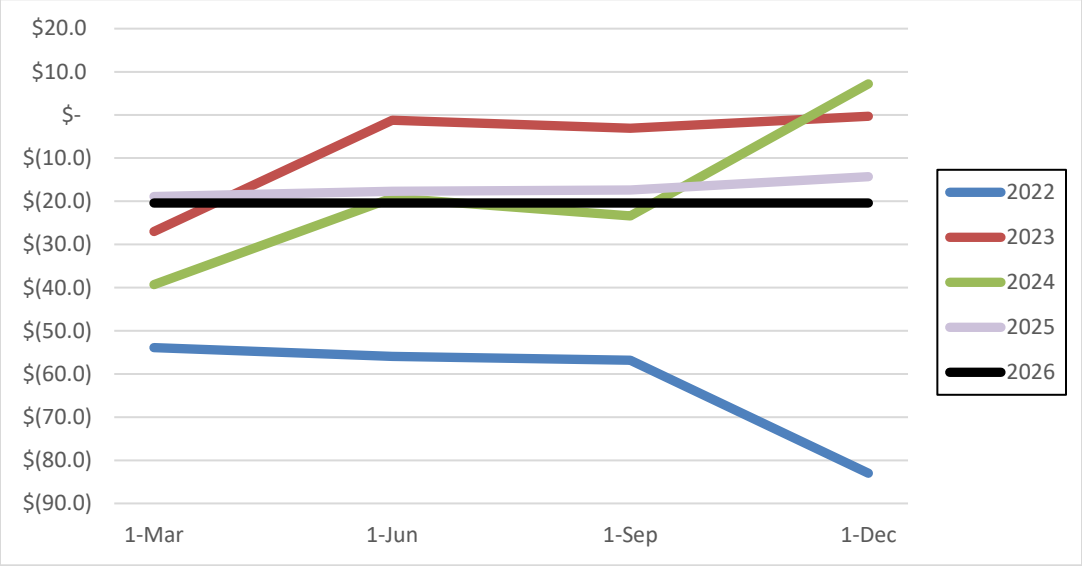
The following is a summary of the first quarter results by fund

Department	Net Variance ($)	Type
General Revenue Fund		
Assessment and Taxation	1.3	↑
Assets and Project Management	(2.1)	↓
Community Services	1.2	↑
Corporate Finance	1.2	↑
Fire Paramedic Service	(7.2)	↓
Planning, Property and Development	(3.4)	↓
Winnipeg Police Service	(4.6)	↓
Public Works	(6.8)	↓
Total General Revenue Fund	**(20.4)**	
Utilities		
Municipal Accommodations	0.00	-
Transit	(17.8)	↓
Water and Waste	26.7	↑
Total Utilities	**8.9**	
Special Operating Agencies		
Animal Services	0.00	-
Golf Services	0.00	-
Fleet Management Agency	(1.0)	↓
Parking Authority	(1.5)	↓
Total Special Operating Agencies	**(2.5)**	
Consolidated Results	**(14.0)**	

Consolidated results are an approximation of year-end results as this report does not include results from the capital fund, reserves, reporting entities, partnerships or elimination of inter-company transactions or other adjusting entries included in the City's annual audited financial statements.

General Revenue Fund

The following chart shows the historic performance of the GRF over the past five years by quarter:



The following explains the General Revenue Fund variances noted in the table above. Revenue and expense details by Department can be found in Schedule 2.

Assessment and Taxation **($1.3M↑)**
Assessment and Taxation is forecasting a favourable variance of $1.3 million mainly due to an increase in penalties on outstanding taxes and salary savings due to vacancies.

Assets and Project Management **($2.1M↓)**
Assets and Project Management is forecasting a shortfall to budget of $2.1 million due to a reduction in the transfer from Municipal Accommodations ("MA") due to higher service and material costs in MA.

Community Services **($1.2M↑)**
Community Services ("CmS") is forecasting a favourable variance to budget of $1.2 million due to a lower transfer to MA and salary savings primarily due to some facility closures and vacancies. These savings are partially offset by lower recreation services revenues, primarily in fitness pass sales. The transfer to MA is forecasted to be lower as MA is expecting to deploy resources budgeted for CmS facilities to other higher priority needs.

General Revenue Fund (continued)

Corporate Finance **($1.2M↑)**
The Corporate Finance Department is forecasting a favourable variance of $1.2 million mainly due to an increase in capital construction interest due to expected increases in construction work and sales taxes recovered as part of an annual review process.

Fire Paramedic Service **($7.2M↓)**
The Winnipeg Fire Paramedic Service ("WFPS") forecasts a shortfall of $7.2 million. This is primarily due to increased vacancies which require the use of overtime to maintain staffing levels for shifts. The Department is also forecasting increased expenditures related to fuel and maintenance for ageing fire apparatus and equipment, which are offset by various other expenditures savings within the Department.

Planning, Property and Development **($3.4M↓)**
The Planning, Property and Development department is forecasting a shortfall of $3.4 million, mainly due to lower-than-budget regulation fee revenue and sub-division filing fee revenues. Regulation fee revenues are expected to have an improvement over the prior year; however, this improvement will not meet current budget levels. The shortfall in revenues is partially offset by salary savings due to vacancies.

Winnipeg Police Service **($4.6M↓)**
The Winnipeg Police Service ("WPS") is forecasting a shortfall of $4.6 million. This is mainly due to achieving only a portion of the $7.0 million expenditure management target included in their 2026 budget. Their target has been partially offset this quarter with salary savings due to vacancies in hiring offset by increased costs of goods and services. Included in the services results are costs related to various provincial initiatives. These are offset directly with funding from the Province, so these costs have no impact on the Services results.

Public Works Department **($6.8↓)**
The Public Works department is projecting a shortfall of $6.8 million primarily due to higher than budget costs for snow removal and ice control expenditures, due to a significant number of snow events in January and February. This shortfall is partially offset through salary savings primarily due to vacancies and additional sales of sandbags to the Province of Manitoba during the quarter.

Utilities

Utilities and Special Operating Agencies ("SOA") 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. The following is a summary of the variances from budget for Utilities (in millions of dollars):

The following explains the variances for these funds. Details of the forecast by Fund can be found in Schedule 1 and 2.

Utilities (continued)

Transit (**$17.8M↓**)
Transit is forecasting a shortfall of $17.8 million primarily due to higher fuel costs, overtime costs, Worker's Compensation claims and lower ridership. These shortfalls are partially offset by salary savings due to vacancies.

Water and Waste Utility **($26.7M↑)**
The Water and Waste Utility includes the following funds: Waterworks, Sewer, Solid Waste and Land Drainage. The Water and Waste Utility overall forecasts a positive variance of $26.7 million.
Water and Sewer utilities are forecasting a combined positive variance of $20.8 million, which is primarily due to an increase in consumption during the early part of the year, salary savings, higher interest revenue, and a reduction in chemical costs. These savings are offset by a decrease in the industrial waste surcharge revenues.

The Solid Waste Utility is forecasting a positive variance of $5.9 million which is mainly due to lower garbage and recycling bin collection contract costs, higher recycling-related revenues, and salary savings due to vacancies in hiring.

Special Operating Agencies ($2.5M↓)

The SOAs are forecasting a shortfall of $2.5 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, permits and enforcement revenue from the Winnipeg Parking Authority ("WPA"). WPA is forecasting a net income of $5.6 million before its budgeted dividend payment to the GRF of $7.4 million.

Financial Stabilization Reserve Fund

Council established the 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 stabilizing the City's property tax requirements.

The forecasted year-end balance in the FSR as of March 31, 2026, before covering any shortfalls in the GRF is $44.5 million, which includes miscellaneous revenue of $12.7 million, $18.4 million in funding, conditional on approval by Council, $0.9 million in interest offset by a $13.4 million transfer to the GRF.

The $18.4 million funding, subject to Council approval, includes one-time transfers of $3.4 million from the Southwest Rapid Transitway (Stage 2) and Pembina Highway Underpass Payment Reserve and $15.0 million from the City's share of the tri-party funded Accelerated Regional Street Renewal Program.

If approved by Council, the FSR will be used to cover the $20.4 million deficit, if required. This draw will result in a forecasted balance remaining of $24.2 million as of December 31, 2026. The Council-approved minimum balance for the FSR for 2026 is $89.6 million, which is six percent of the tax-supported budgeted expenditures. After this transfer, the forecasted shortfall is $65.4 million (see Schedule 3 for details) as of December 31, 2026.

Cost Pressures

Volatility in commodity prices because of the war in Iran have impacted the cost of fuel for City departments. As of March 31, the City's fuel costs are trending higher than budget and the City is expecting to exceed expected fuel costs in 2026 by approximately $4.2 million. The most significant impact is on Transit, which is forecasting an over-expenditure in fuel of $3.4 million. The forecasted fuel rate used in the forecast is below current fuel rates due to expectations that fuel rates may decrease if the Iran conflict is resolved. A prolonged conflict could increase the impact to departments.

Some of the most significant cost pressures identified in the budget are in Public Works and Transit. In Public Works, annual snow and ice control costs are expected to be higher than budget due to significant snow events in early 2026. Budget 2026 identified a risk in Fare revenues of $11.1 million due to ridership levels. As of the first quarter, Transit is forecasting a reduction in revenues of $18.4 million. Increasing costs for workers' compensation claims and overtime for WFPS, WPS and Transit are also included in the forecast.

In some cases, revenues have not been adjusted based on reduced trends since COVID and these are also impacting departments such as Planning, Property and Development, Community Services, and WPA.

The City continues to monitor these areas and to look for ways to reduce them in future budget years. For example, in recent years the budget for snow and ice control has been increased to better reflect the actual costs of this service.

Potential Impacts to Forecasted Results

Projected year-end results reflect the information available as of March 31, 2026. 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, Manitoba Government Employee Union, Winnipeg Police Association (Uniform and Staff). All these agreements have expired as of March 31, 2026.
- Continued volatility in energy commodity prices may result in increased costs.
- Material and equipment prices may be impacted by delivery timelines, supply-side constraints and/or demand-side fluctuations, resulting in cost variances.
- 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 can cause increased overtime and workers' compensation costs.
- Volatility in the costs of goods and services due to the ongoing trade dispute with the United States.
- New events or transactions which may occur.

FINANCIAL IMPACT

Financial Impact Statement **Date:** June 2, 2026

Project Name:
Financial Status and Forecast Report of March 31, 2026

COMMENTS:

There are no financial implications associated with the recommendations of 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 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: June 2, 2026

Attachments:

- Schedule 1 - Income Statement – General Revenue Fund, Utilities and Special Operating Agencies
- Schedule 2 – Revenue and Expenses by Department / Fund – General Revenue Fund, Utilities and Special Operating Agencies
- Schedule 3 – Financial Stabilization Reserve Fund