Agenda – Standing Policy Committee on Finance and Economic Development – September 14, 2026

REPORTS

Item No. 3 Financial Status and Forecast Report of June 30, 2026

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Financial Status and Forecast Report, to June 30, 2026, be received as information.

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 June 30, 2026

Critical Path: Standing Policy Committee on Finance and Economic Development

AUTHORIZATION

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

EXECUTIVE SUMMARY

This report is the second of four updates the Public Service provides annually to the Standing Policy Committee.

As of June 30, 2026, the City is forecasting consolidated results of $18.8 million below budget, which represents an increase of $4.8 million from the Q1 forecast. This amount is only an approximation of the year-end results for the General Revenue Fund, Utilities and Special Operating Agencies as 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 June 30, 2026, are as follows:

1. The General Revenue Fund ("GRF") is forecasting a shortfall of $28.9 million, which is equivalent to 2.0 percent of the overall expense budget of $1.493 billion and is a $8.5 million increase in the shortfall from the Q1 forecast.

2. Utilities are forecasting a positive result of $12.5 million, which is an improvement of $3.6 million from the Q1 forecast. This increase is applied to the Utilities retained earnings, which support capital projects and operations in future years.

3. Special Operating Agencies ("SOA") are forecasting a shortfall of $2.4 million, which is consistent with the Q1 forecast. Forecasted expenditures include dividends to the GRF.

The attached Schedules 1 – 3 provide further details on the unaudited results for the quarter.

As of June 30, 2026, the City expects to achieve $55.1 million in savings targets and vacancy management.

The forecasted year-end balance in the Financial Stabilization Reserve Fund (“FSR”) is $15.6 million, after accounting for the above shortfall in the GRF. Additional details are provided on Schedule 3 attached.

RECOMMENDATIONS

1. That the Financial Status and Forecast Report, to June 30, 2026, be received as information.

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

This is the second of four quarterly reports to be presented to the committee for 2026.

As per clause 9.1 of City Organization By-Law No. 7100/97, the Standing Policy Committee on Finance and Economic Development may approve additional appropriations to an operating budget.

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 June 30, 2026.

On June 25, 2026, Council approved that the FSR can be used to cover the City’s deficit, if required.

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	Difference
Realized Efficiencies – Budget 2026	$15.0 million	$15.0 million	$0.0 million
Corporate Efficiencies[1]	15.5 million	16.7 million	1.2 million
Sub-Total Corporate Efficiencies	$30.5 million	$31.7 million	$1.2 million
Police efficiencies	7.0 million	2.5 million	(4.5 million)
Vacancy management	20.9 million	20.9 million	0.0 million
Total	**$58.4 million**	**$55.1 million**	**$3.3 million**

1. The Budget includes $15.3 million in GRF and $0.2 million in Water and Waste.

As of June 30, 2026, the City is forecasting efficiencies of $55.1 million. $15.0 million in corporate efficiencies has been achieved through the 2026 budget.

The City is forecasting $16.7 million in corporate efficiencies, which is $1.2 million higher than the budget. The savings are as follows:

- $6.1 million settlement related to the police headquarters
- $10.3 million in debt and finance savings

Police efficiencies include salary and benefit savings due to vacancies. Vacancy management is forecasted to be achieved due to vacancies and timing of hiring.

The City continues to apply continuous improvement practices throughout the organization, which may result in further savings, including vacancy management, by the end of 2026.

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

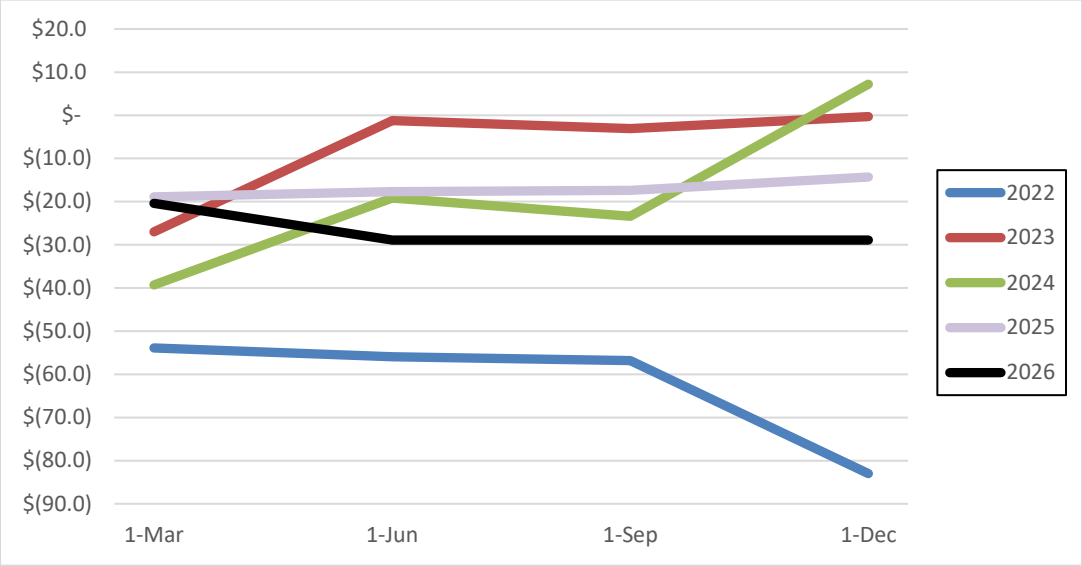
The following is a summary of the second quarter results by fund:

Department	Q1 Variance to Budget (In million $)	Q2 Variance to Budget (In million $)		Variance to Previous Quarter (In million $)
General Revenue Fund				
Assessment and Taxation	1.3	2.1	↑	0.8
Assets and Project Management	(2.1)	(3.0)	↓	(0.9)
Community Services	1.2	1.0	↑	(0.2)
Corporate	(0.2)	1.7	↑	1.9
Corporate Finance	1.2	1.1	↑	(0.1)
Fire Paramedic Service	(7.2)	(7.4)	↓	(0.2)
Planning, Property and Development	(3.4)	(4.3)	↓	(0.9)
Winnipeg Police Service	(4.5)	(4.5)	↓	0.0
Public Works	(6.8)	(16.1)	↓	(9.3)
Others	0.1	0.5	↑	0.4
Total General Revenue Fund	**(20.4)**	**(28.9)**		**(8.5)**
Utilities				
Municipal Accommodations	0.0	0.0	-	0.0
Transit	(17.8)	(20.7)	↓	(2.9)
Water and Waste	26.7	33.2	↑	6.5
Total Utilities	**8.9**	**12.5**		**3.6**
Special Operating Agencies				
Animal Services	0.0	0.0	-	(0.0)
Golf Services	0.0	(0.2)	↓	(0.2)
Fleet Management Agency	(1.0)	(1.1)	↓	(0.1)
Parking Authority	(1.5)	(1.1)	↓	0.4
Total Special Operating Agencies	**(2.5)**	**(2.4)**		**0.1**
Consolidated Results	**(14.0)**	**(18.8)**		**(4.8)**

Consolidated results approximate 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.
(↑ - Positive variance to budget, ↓ - Unfavourable variance to budget)

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 **$2.1M↑ to adopted budget / $0.8M↑ from Q1 forecast**
Assessment and Taxation is forecasting a favourable variance to budget of $2.1 million, which represents an improvement from the prior forecast of $0.8 million. The $2.1 million increase from budget is primarily due to an increase in penalties on outstanding taxes and salary savings due to vacancies. The $0.8 million improvement from Q1 is primarily due to higher tax revenues and anticipated salary savings, offset by a decrease in sundry fees and services.

Assets and Project Management **($3.0M) ↓ to adopted budget / ($0.9M)↓ from Q1 forecast**
Assets and Project Management is forecasting a shortfall to budget of $3.0 million and an increase in the shortfall from last quarter of $0.9 million. This is primarily due to higher service and material costs in Municipal Accommodations ("MA").

Community Services **$1.0M↑ to adopted budget / ($0.2M)↓ from Q1 forecast**
Community Services ("CmS") is forecasting a favourable variance to budget of $1.0 million which represents a slight decline of $0.2 million from Q1 forecast. The $1.0 million increase from budget is mainly 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 Account **$1.7M↑ to adopted budget / $1.9M↑ from Q1 forecast**
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 $15.3 million for 2026. Forecasted savings are realized through any number of means, including savings in departmental budgets and other funds. For Q2, $16.7 million in savings targets have been achieved.

Corporate Accounts is forecasting a favourable variance to budget of $1.7 million and a $1.9 million improvement from last quarter primarily due to lower debt and finance charges resulting from delays in issuing debt and additional revenues from the Police Headquarters settlement, offset by the efficiency targets being recognized.

Corporate Finance **$1.1M↑ to adopted budget / ($0.1M)↓ from Q1 forecast**
The Corporate Finance Department is forecasting a favourable variance to budget of $1.1 million which is 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 **($7.4M)↓ to adopted budget / ($0.2M)↓ from Q1 forecast**
The Winnipeg Fire Paramedic Service ("WFPS") forecasts a shortfall of $7.4 million. This is primarily due to increased vacancies which require the use of overtime to maintain staffing levels for shifts. The WFPS 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 **($4.3M)↓ to adopted budget / ($0.9M)↓ from Q1 forecast**
The Planning, Property and Development department is forecasting a $4.3 million shortfall from the adopted budget, primarily due to lower-than-budget regulation fee revenue and sub-division filing fee revenues. This $0.9 million increase in the shortfall from Q1 reflects the continued trend of lower than anticipated revenue and higher than budgeted salary expenditures.

Winnipeg Police Service **($4.5M)↓ to adopted budget / Nil change from Q1 forecast**
The Winnipeg Police Service is forecasting a shortfall of $4.5 million from the adopted budget. 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 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. The Q2 forecast remains consistent with Q1.

General Revenue Fund (continued)

Public Works Department **($16.1M)↓ to adopted budget / ($9.3M)↓ from Q1 forecast**
The Public Works department is projecting a $16.1 million unfavourable variance primarily due to higher than budgeted expenditures for snow removal and ice control, spring-cleaning activities and roadway construction and maintenance. This represents a $9.3 million increase in their shortfall from the Q1 forecast primarily due to the inclusion of the anticipated costs for these services for the remainder of the year.

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. 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.

Transit **($20.7M)↓ to adopted budget / ($2.9M)↓ from Q1 forecast**
Transit is forecasting year-end results that are $20.7 million below the adopted budget primarily due to higher fuel costs, overtime costs, Worker's Compensation claims and lower ridership. The forecast represents a $2.9 million decline from the Q1 forecast mainly due to higher salary and benefits costs, transfers to reserves, and consulting costs.

Water and Waste Utility **$33.2M↑ to adopted budget / $6.5M↑ from Q1 forecast**
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 $33.2 million, an increase of $6.5 million from Q1 forecast.

Water and Sewer utilities variance to budget of $23.6 million and change from the Q1 forecast of $2.8 million is mainly due to higher revenue from overdue account charges. These savings are offset by a decrease in the industrial waste surcharge and leachate revenues.

The Solid Waste Utility is forecasting a positive variance of $9.6 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. This is an increase of $3.7 million from Q1 forecast.

Special Operating Agencies ($2.4M)↓ to adopted budget / $0.1M↑ from Q1 forecast

The SOAs are forecasting a shortfall of $2.4 million compared to the adopted budget, which is consistent with the Q1 forecast. The shortfall is 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"). SOA's are forecasting a net income of $5.0 million before budgeted dividend payments to the GRF of $8.9 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 June 30, 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 approved by Council, $0.9 million in interest offset by a $13.4 million transfer to the GRF.

The $18.4 million funding, approved by Council, 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.

On June 25, 2026, Council approved that the FSR can be used to cover the $28.9 million deficit, if required. This draw will result in a forecasted balance remaining of $15.6 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 $74.0 million (see Schedule 3 for details) as of December 31, 2026.

Cost Pressures

Volatility in commodity prices caused by the war in Iran have impacted the cost of fuel for City departments. As of June 30, 2026, the City's fuel costs are trending higher than budget and the City is expecting to exceed expected fuel costs in 2026 by approximately $3.5 million, which is relatively consistent from Q1 forecast. The most significant impact is on Transit.

Some cost pressures identified in the 2026 budget are reflected in the forecast such as the risk that annual snow and ice control costs will be higher than budget due to significant snow events and increasing costs for workers' compensation claims and overtime for WFPS, Police and Transit. Also, some revenue budgets have not been adjusted based on reduced trends impacting various departments such as Planning, Property and Development, CmS, WPA and Transit.

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 (CUPE), Manitoba Government Employee Union (MGEU), Winnipeg Police Association (Uniform and Staff). All these agreements have expired as of June 30, 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.

Potential Impacts to Forecasted Results (con't)

- 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: September 1, 2026

Project Name:
Financial Status and Forecast Report of June 30, 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: September 1, 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

Attachments: