



HIGHLIGHTS OF THE FINANCIAL REPORT AND EXTERNAL AUDITOR'S REPORT

Dear Fellow Citizens,

In conformity with section 105.2.2 of the *Cities and Towns Act*, I am pleased to present to you the highlights of the financial report for the fiscal year ended December 31, 2018.

Overview

Town of Mount Royal ended its 2018 fiscal year with an operating surplus for fiscal purposes of \$9,183,518.

Operating revenues	\$99,094,714
Operating expenses	(\$94,886,338)
Amortization of capital assets	\$5,063,961
Repayment of long-term debt	(\$3,829,198)
Appropriations	\$3,740,379
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Operating surplus for the year for fiscal purposes	\$9,183,518

Expenses and revenues

The surplus of \$9,183,518 is attributable to higher revenues combined with savings in operating expenses, compared with the 2018 budget adopted by Council in January 2018.

Overall, operating revenues totalled \$99.1 million, \$7.8 million (8.5%) more than the 2018 budget forecast. This increase is due largely to additional revenues generated by real estate transfer taxes, the sale of land in the industrial sector, the taxation of new housing units, increased property values from improvements made to buildings, water billing, the issuing of construction permits and additional interest income.

On the other hand, revenue from recreational and cultural activities were under budget forecasts.

The Town's operating expenses, which were less than budgeted for, were another significant factor contributing to the positive result for 2018. Specifically, operating expenses before amortization totalled \$93.7 million, \$1.3 million (1.4%) less than the 2018 budget forecast. The main factors explaining the positive difference include total remuneration, mandatory employer costs and employee benefits, tree maintenance operations, limited use of external professional services and debt servicing. On the other hand, the Town acquired land that will eventually be resold and its water spending was higher than planned.

Infrastructures

In 2018, the municipal administration invested \$9.9 million in Town infrastructures.

Category	2018
Sewer and water main rehabilitation	\$4,095,254
Reconstruction, repair and resurfacing of streets and sidewalks	\$2,969,891
Renovation/improvement of municipal buildings (recreational and administrative)	\$1,223,612
Replacement of Public Works gasoline tanks	\$458,038
Repaving of parking lots	\$427,987
Furniture and office equipment	\$255,208
Parks and other green spaces	\$174,743
Replacement of machinery and heavy vehicles	\$124,676
Vehicle replacement	\$102,503
Other	\$68,939
Repair of vehicle and pedestrian overpasses	(\$43,201)
TOTAL	\$9,857,650

Accumulated surplus, financial reserves and reserved funds

As at December 31, 2018, the accumulated surplus, financial reserves and reserved funds totalled \$35.5 million.

Category	2018
Non-appropriated surplus	\$11,919,644
Appropriated surplus	\$17,298,377
Financial reserves	\$4,451,035
Reserved funds	\$1,877,967
TOTAL	\$35,547,023

Debt load

The long-term debt as at December 31, 2018, totalled \$25.2 million. Investments to be funded at year-end totalled \$7.6 million. Also, the amounts appropriated for repayment of the long-term debt and the unused portion of the contracted long-term debt totalled \$6.7 million. All these items brought the Town's total net debt to \$26.1 million as at December 31, 2018. This debt load corresponds to 0.38% of the standardized property value.

Additional considerations

Beyond the aforementioned, in 2018 I was especially pleased to join all Townies in celebrating the concrete steps taken in preparation for the new sports and community complex. From the start of their work last summer, the architects have exercised great care in drawing up plans that will give our new municipal building a distinctive architectural signature while also being in harmony with the built heritage around it. This is only the beginning of an exceptional project for our Town.

Notable on the cultural front were :

- The installation of four temporary public artworks designed by the members of the Townschool Council. Four giant character sets—sculptures of the hashtags #TMR and #VMR—were placed at various locations around Town;
- The creation of an artistic mural on one of the Curling Club's outside walls in recognition of the importance of sports in the Town's development and culture. The mural is the work of a top Montreal artist, Cécile Gariépy ;
- The debut of food trucks in the Town, a community-building and very popular event.

Accomplishments on the environment and sustainable development fronts included:

- Implementing additional measures to help trees live longer;
- Urban Planning and Inspection's adoption of a paper-free permit-issuing process.

Similarly, Public Security can boast of several accomplishments, including:

- Relaunching the Neighbourhood Watch Program;
- Holding six citizen meetings to speak with and listen to residents in each of the Town's six electoral districts. Subjects included the actions taken to fight home burglaries and tips on how to avoid becoming a break-in victim;
- Holding the 2018 TMR Security Expo, the first edition of a day that brings together, at a single site, several of the main players in public and civil security to the benefit of residents.

In addition, throughout the year, the municipal administration has closely monitored developments in major projects that involve external partners and have serious potential implications for the Town. Whether it is the Réseau express métropolitain (REM) commuter train project, the Royalmount development, financial issues with the aliquot share paid to the Urban Agglomeration of Montreal or the issue of noise pollution from aircraft as raised by the Les Pollués Montréal-Trudeau group, our administration made every effort to represent and defend the Town's interests.

External auditor's report

Our financial report was audited by Deloitte S.E.N.C.R.L./s.r.l. The auditor's report contains no reservations and indicates that, in all material respects, the financial results present an accurate picture of Town of Mount Royal's financial position as at December 31, 2018, the results of its activities, the change in its net financial assets (net debt) and the cash flows for the fiscal year ended on that date, in conformity with Canadian public sector accounting standards.

It should also be noted that, based on the auditor's recommendations and in compliance with the statement-of-income criteria, the financial statements for the fiscal year ended December 31, 2017, have been restated to include duties on the transfer of immovables that were charged in 2018 but whose taxable event took place in 2017. In addition, expenses related to a government transfer and recognized in 2017 were accounted for. The details of these corrections are provided in the 2018 financial report.

Conclusion

Looking back on fiscal 2018, we can once again conclude that the Town remains in enviable financial health. Our net financial assets (net debt) remain positive and our long-term debt and overall debt load are shrinking while the surplus and financial reserves are growing. Discipline, vigilance and mindfulness of the future are key to our financial decision-making and, this year yet again, the results prove that this approach continues to be advantageous for all Townies.

Given at Mount Royal, this thirteenth day of May in the year two thousand and nineteen.



Philippe Roy
Mayor