



HIGHLIGHTS OF THE FINANCIAL REPORT AND EXTERNAL AUDITORS 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, 2020. The report must be made public at a regular Council meeting held no later than in June and must be made available throughout the Town.

Overview

Town of Mount Royal ended its 2020 fiscal year with an operating surplus for fiscal purposes of \$6,833,711.

Operating revenues	\$97,588,656
Operating expenses	\$(98,252,991)
Amortization of capital assets	\$5,836,834
Repayment of long-term debt	\$(4,589,183)
Appropriations	\$6,250,395
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Operating surplus for the year for fiscal purposes	\$6,833,711

COVID-19 pandemic

The negative climate created by the pandemic means we cannot ignore the significant impact of the protracted fight against COVID-19 on the Town's finances. The effects are most apparent in a decrease in revenue from local sources, an increase in unplanned expenditures and the rationalization of certain operating expenses.

The drop in revenue related to construction permits, fines, statements of offence, interest and recreational and cultural activities is evaluated at \$6.2 million.

- Revenue from construction permits was down \$3.7 million, most notably due to the slowing down or postponement of certain commercial sector real estate development projects;

- The necessary reductions in the recreation, sports and cultural offer and the cancellation of several activities resulted in a \$1.3 million decrease in revenue;
- Revenue from fines and statements of offence declined by \$0.6 million;
- Also, lower market interest rates resulted in a \$0.5 million reduction in revenue in the interest on municipal taxes and investments;
- Lastly, revenue from other services fell \$0.1 million.

Added to the above were unplanned expenditures directly related to the pandemic. This spending was necessary to be able to continue providing as many services as possible to citizens, ensure employees' safety and comply with all the public health guidelines. Expenditures were made to purchase personal protective, cleaning and disinfecting equipment and IT hardware for teleworking, specifically to alter workspaces and common spaces. Additional maintenance services and security personnel were hired to enforce health measures and monitor buildings. Lastly, new, pandemic-appropriate communication tools were put into use.

On the operating expenses side, the cancellation of various activities and events and the closing of the recreational, sports and cultural facilities resulted in the laying off or limited use of temporary and seasonal employees and a reduction in the expenditures related to the cancelled activities. Also, the postponement of various projects and studies and lower use of external services resulted in positive variations in this area.

On a positive note, the Quebec government supported the Town by providing financial assistance totalling \$3,568,066, which was used to offset the pandemic-related drop in revenues and increase in costs. The assistance allowed the Town to stay out of a deficit situation, protect the services provided to citizens and avoid significant municipal tax increases in 2021.

Revenues and expenses

Here the Town managed to stay on course in 2020. Operating revenues, including Quebec government assistance, totalled \$97.6 million or 99% of the amount budgeted for fiscal 2020. For their part, the operating expenses actually incurred totalled \$97.0 million or 94% of the amount budgeted, including \$4.6 million in principal repayments on the long-term debt.

Despite the operating revenues lost to the pandemic, revenues generated by real estate transfer taxes totalled \$7.8 million or \$1.7 million more than budgeted. The positive difference is attributable to the dynamic real estate market and impressively high increase in sale prices for single-family homes. We can only conclude that Town of Mount Royal remains a municipality much appreciated for its quality living environment, available services and geographic location.

Overall, the Town's operating expenses, which were well under the budgeted amounts, were another significant factor contributing to the positive result in 2020. Specifically, operating expenses before amortization totalled \$92.4 million or \$7.6 million (7.6%) less than the 2020 budget forecast. The main factors explaining the positive difference are overall remuneration, recreational and cultural activities, snow-removal operations, road maintenance, water distribution and sewer system maintenance, limited use of external technical and professional services and building maintenance.

Infrastructures

In 2020, the municipal administration invested \$9.2 million in Town infrastructures.

Category	2020
Reconstruction, repair and resurfacing of streets and sidewalks	\$3,728,058
Greening of the Bates-Ekers neighbourhood	\$417,115
Sewer and water main rehabilitation	\$400,199
Replacement of street lighting	\$510,011
Preparing plans and specifications for the new sports and community centre	\$856,799
Renovation/improvement of municipal buildings (recreational and administrative)	\$1,262,565
Rehabilitation of chlorine booster stations	\$488,772
IT hardware	\$479,759
Parks and other green spaces	\$407,097
Replacement of machinery and heavy vehicles	\$299,523
Vehicle replacement	\$112,864
Setting up two BIXI stations	\$98,670
Purchase of electric vehicle charging stations	\$15,521
Installation of a wrought iron fence on Rockland Road	\$58,321
Speed display sign	\$15,159
TOTAL	\$9,150,433

Accumulated surplus, financial reserves and reserved funds

As at December 31, 2020, the accumulated surplus, financial reserves and reserved funds totalled \$37.8 million.

Category	2020
Non-appropriated surplus	\$6,351,278
Appropriated surplus	\$25,820,363
Financial reserves	\$3,284,093
Reserved funds	\$2,386,815
TOTAL	\$37,842,549

Debt load

The long-term debt as at December 31, 2020, was \$33.7 million. Investments to be funded at year-end amounted to \$8.6 million. Also, the sums appropriated for repayment of the long-term debt and the unused portion of the contracted long-term debt totalled \$7.2 million. All these items brought the Town's total net debt to \$35.1 million as at December 31, 2020. This debt load corresponds to 0.41% of the standardized property value.

Additional considerations

Beyond the aforementioned, I am especially pleased with the concrete actions taken by our administration during fiscal 2020.

Notable on the cultural and recreational front were:

- the holding of a referendum on Draft By-law No. E-1907 to provide for the construction of a sports and community centre and a loan of \$27,800,000 for that purpose;
- permanently eliminating fines on overdue books and other documents returned to the Reginald J. P. Dawson Library.

Accomplishments on the environmental and sustainable development fronts included:

- installing two new BIXI stations in the Town;
- converting street lighting to LED technology in several areas of the Town;
- announcing a collective reflection on the orientations to adopt when developing the Town's urban agriculture policy;
- installing new 240V charging stations for electric and hybrid vehicles on Dunbar Avenue;
- carrying out tests on using glass powder from recycled glass as a supplementary cementing material;

- installing a washer fluid station in the municipal shops for exclusive use by Town vehicles.

In the area of public security, we note:

- using, for the first time, a radar speed trailer to discourage speeding and collect traffic data, including traffic volume;
- reconfiguring the Lazard and Dunvegan intersection;
- installing 10 permanent speed humps.

Accomplishments in urban planning and development included:

- Organizing a public consultation on the special planning program (PPU) for the Rockland sector;
- taking part in the campaign to support the local front-line businesses and organizations most affected by COVID-19.

In finance, two achievements stand out:

- announcing and implementing fiscal measures to lighten the tax burden on residents, merchants and companies by postponing the property tax payment and interest calculation deadline;

The municipal administration also wants to express its gratitude to the Rossy Foundation for its enormous contribution to the community, which has made possible the construction of an indoor underground parking facility linking the future sports and community centre and Town Hall. This major project will also benefit members of the Mount Royal community by facilitating access to the facilities by the greatest number of people.

Independent Auditor's Report

Our financial report was audited by Deloitte S.E.N.C.R.L./s.r.l. The Independent 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, 2020, the results of its activities, the change in its net financial assets (i.e. its net debt) and the cash flows for the fiscal year ended on that date, in conformity with Canadian public sector accounting standards.

Conclusion

Looking back at the 2020 fiscal year, we can conclude that, despite the pandemic and due largely to assistance provided by the Quebec government, the Town's financial results remain positive and enable us to begin fiscal 2021 with optimism and invest in our infrastructure projects while still having considerable room to manoeuvre. Our net financial assets (net debt) are positive and

surplus and financial reserves are growing. Meanwhile, overall debt is only 0.41% of the Town's property value. This financial latitude will, among other things, help us attenuate the negative financial impacts of the ongoing pandemic and stay on track for the construction of a sports and community centre befitting of our image and meeting our current and future needs. I can therefore only view our Town's future positively.

Given in Mount Royal, this seventeenth day of May in the year two thousand and twenty-one.

Philippe Roy
Mayor