VILLE DE MONT-ROYAL — TOWN OF MOUNT ROYAL

HIGHLIGHTS OF THE FINANCIAL REPORT AND THE EXTERNAL AUDITOR'S REPORT

Dear Fellow Citizens,

In accordance 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, 2025.

While financial statements are, by nature, filled with numbers, they tell a much more important story: how your municipal tax dollars are being managed, the investments being made in our community, and how we are preparing TMR for the future.

Overview

Town of Mount Royal ended its 2025 fiscal year with an operating surplus for fiscal purposes of $24.5 million.

Operating revenues	$149,188,329
Operating expenses	$(134,624,902)
Amortization of capital assets	$9,479,454
Repayment of long-term debt	$(2,798,033)
Appropriations	$2,444,825
Other reconciliation items	$797,590
Operating surplus for the year for fiscal purposes	$24,487,263

Although this result is encouraging, it is largely attributable to an exceptional, one-time event, namely the adjustment of the property values for several buildings in the Royalmount sector. Issued in December 2025, the new assessments resulted in retroactive tax adjustments dating back to September 2024, thereby generating significant additional revenue for the Town. It should be noted that this situation is not representative of the usual level of annual surpluses.

Revenue

Operating revenues totalled $149.2 million, $16.8 million above budget. This result was primarily driven by the Royalmount property tax adjustments, together with stronger-than-anticipated transfer taxes, interest income, fines and transfer payments. Strong revenues, combined with prudent financial planning, have allowed the Town to continue investing in infrastructure while maintaining one of the strongest financial positions among Quebec municipalities.

The most significant sources of additional revenue were the following

- Property Taxes: +$15.7 million
- Transfer taxes: +$3.0 million
- Interest income: +$0.5 million
- Fines and penalties: +$0.3 million
- Transfer payments: +$0.2 million

Expenses

Operating expenses before amortization totalled $127.9 million, which is $8.2 million less than budgeted and corresponds to a savings of approximately 6%.

The primary reasons for the main differences are:

- A $2.1 million savings on overall compensation and employee benefits, largely due to vacant positions and long-term leaves of absence;
- Savings of $3.5 million resulting from reduced use of external professional and technical services;
- A positive difference of $1.0 million in debt servicing; and
- Savings of $0.5 million on material and equipment purchases.

These savings reflect disciplined budget management and our commitment to ensuring every taxpayer dollar is used wisely while maintaining the exceptional municipal services residents expect.

Accumulated surplus, financial reserves and reserved funds

As at December 31, 2025, the accumulated surplus, financial reserves and reserved funds totalled $61.6 million.

Category	**2025**
Non-appropriated surplus	$21,949,028
Appropriated surplus	$31,470,752
Financial reserves	$6,194,492
Reserved funds	$2,006,869
TOTAL	**$61,621,141**

Maintaining healthy reserves provides the flexibility to respond to unforeseen events, reduce future borrowing requirements and support strategic investments without placing unnecessary pressure on future taxpayers.

Infrastructures

In 2025, the Town invested $29.1 million in its infrastructures and made a $1.6 million adjustment related to its infrastructure decommissioning obligations, while continuing several transformative projects that will benefit residents for generations.

Investments included the Community and Sports Centre, the new Roosevelt municipal facilities, road and sidewalk reconstruction, bridge rehabilitation, sewer and water infrastructure, modern traffic management systems and other improvements that strengthen the quality of life throughout TMR.

In addition, the Town became the owner of the Royalmount Pedestrian Walkway upon its official transfer in 2025. This structure, estimated to be worth $38.0 million, is now one of the Town's capital assets.

The table below shows all investments by category:

Category	**2025**
Acquisition of the Royalmount Pedestrian Walkway	$37,960,000
Construction of the Sports and Community Complex	$15,933,299
Construction of the new 30/40 Roosevelt building	$1,467,294
Reconstruction, repair and resurfacing of streets and sidewalks	$3,415,835
Repair of bridges and overpasses	$2,840,189
Rehabilitation of sewers and water mains	$1,517,193

Renovation/improvement of municipal buildings	$1,211,580
Replacement of machinery and heavy equipment	$826,209
IT solutions and hardware	$712,575
Repair and lighting of the tennis courts	$583,155
Acquisition of vehicles	$242,870
Modernization of Town centre traffic lights	$119,969
Construction – energy loop (professional services)	$72,504
Tree planting along the railway	$68,921
Replacement of street lighting	$45,057
Acquisition and installation of a generator in the indoor parking facility	$35,442
Charging stations	$19,464
Other	$1,575
TOTAL INVESTMENTS before recognizing the obligation to decommission fixed assets	**$67,071,556**
Increase in the cost of buildings due to the obligation to decommission fixed assets (revaluation)	$1,578,697
TOTAL	**$68,650,253**

Debt load

The long-term debt as at December 31, 2025, was $71.6 million. Investments to be funded at year-end amounted to $16.2 million. The sums appropriated for repayment of the long-term debt and the unused portion of the contracted long-term debt totalled $9.3 million. All these items brought the Town's total net debt to $78.5 million as at December 31, 2025.

This debt load corresponds to 0.61% of the standardized property value. Although the Town continues to invest significantly in renewing its infrastructure, our debt remains well within our financial capacity and continues to compare favourably with municipalities across Quebec. The current debt level reflects strategic investments that will benefit residents for decades while preserving long-term financial sustainability.

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 qualifications and states that the financial statements, in all material respects, present fairly the financial position of the Town of Mont-Royal as of December 31, 2025, as well as the results of its operations, the change in its net debt, and its cash flows for the fiscal year ended on that date, in accordance with Canadian Public Sector Accounting Standards.

In addition, certain comparative information for fiscal year 2024 has been restated in the 2025 financial statements. This restatement has no impact on the auditor's opinion, which remains unqualified.

Conclusion

The 2025 fiscal year was marked by rigorous and responsible management of municipal finances. Notwithstanding the exceptional nature of a significant portion of the revenue recorded in 2025, the Town maintains its solid financial position and has the necessary resources to move forward with its infrastructure projects and meet its residents' needs.

Ongoing investment projects – including the Sports and Community Complex, the 30-40 Roosevelt project and repairs to municipal infrastructure – will modernize the Town's capital assets and bring lasting improvements to services for residents.

The results achieved in 2025 demonstrate the Town's ability to combine sound financial management with infrastructure development. Town Council and the municipal administration are proud of the work accomplished and remain committed to continuing the community's development while ensuring prudent, transparent and responsible management of public funds for the benefit of all Mount Royal residents.

Given in Mount Royal, on June 16, 2026.

Peter J. Malouf
Mayor