



## HIGHLIGHTS OF THE FINANCIAL REPORT AND THE 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 you with the highlights of the financial report for the fiscal year ended December 31, 2023. This 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

The Town of Mount Royal ended its 2023 fiscal year with an operating surplus for fiscal purposes of \$11,654,291 (\$6,437,318 in 2022).

Operating revenues	\$121,235,611
Operating expenses	\$(123,912,562)
Amortization of capital assets	\$7,569,920
Repayment of long-term debt	\$(2,712,610)
Appropriations	\$8,250,687
Other reconciliation items	\$1,223,245
<hr/> Operating surplus for the year for fiscal purposes	<hr/> \$11,654,291

### Expenses and revenues

The \$11,654,291 surplus is attributable to higher revenues combined with savings in operating expenses, compared with the 2023 budget.

Overall, operating revenues totalled \$121.2 million, which is \$5 million more than in the 2023 budget. This positive difference is primarily due to additional revenues generated by the large number of construction permits issued, real estate transfer taxes and interest income. On the other

hand, revenues from taxation were down, mainly due to property assessment reviews. Revenues from recreational and cultural activities were also less than budgeted.

The main differences are explained by the following factors:

- Revenues generated from issuing construction permits totalled \$3.6 million, a healthy increase of \$3.1 million compared with the 2023 budget. The positive difference is mainly due to revenues from permits issued (commercial major project in the industrial sector and new homes);
- Revenues from real estate transfer taxes totalled \$10.4 million, \$2.6 million more than in the 2023 budget. The positive difference is largely due to substantial real estate transactions in the commercial and industrial sectors;
- Interest income was up \$2 million due to higher interest rates;
- Tax revenues were down \$1.5 million, due in large part to the drop in real estate value of certain properties following a review of their property assessment. A provision set aside to offset potential losses from outstanding tax disputes and a drop in revenue from water billing also contributed to the lower tax revenues;
- Revenues from recreational, sports and cultural activities were down \$0.5 million due mostly to lower participation in day camp programs and swimming lessons offered at the pool.

Lower than forecast, the Town's operating expenses were another significant factor contributing to the positive result for 2023. Specifically, operating expenses before amortization totalled \$116.3 million, \$3.7 million (3.1%) less than the 2023 budget forecast. The main reasons for this positive difference include overall compensation and the limited use of external technical and professional services.

The main differences are explained by the following factors:

- Savings of \$2.2 million on overall compensation, employer costs and employee benefits due to vacant positions, long-term sick leave and labour shortages;
- The limited use of external technical and professional services in engineering, urban planning, recreation and administration led to \$1.7 million in savings;
- A positive difference of \$1.4 million through debt-servicing;
- Savings of \$0.7 million on purchases of various materials and equipment;
- Advertising and marketing expenses were down \$0.2 million;
- The provision for claims increased by \$1.2 million;
- Water supply costs were up \$0.2 million.

## Infrastructures

In 2023, the municipal administration invested \$12.6 million in Town infrastructures.

<b>Category</b>	<b>2023</b>
Water main and sewer rehabilitation	\$3,796,379
Reconstruction, repair and resurfacing of streets and sidewalks	\$3,534,614
Replacement of machinery and heavy vehicles	\$1,609,110
Computer equipment	\$894,529
Greening of the Bates-Ekers area	\$764,056
Construction of a slab park between the Cornwall and Graham/Laird bridges	\$704,108
Municipal building renovations and improvements	\$570,474
Upgrading and replacement of park and playground equipment	\$317,432
Equipment for the Public Works Department	\$157,980
Installation of a Bixi station	\$66,756
Park development	\$43,706
Replacement of street lighting	\$42,142
Russell Bridge rehabilitation	\$32,066
Expansion of the Montgomery footbridge	\$30,591
Installation of an indoor parking security system	\$13,645
<b>TOTAL INVESTMENTS before recognition of asset retirement obligations</b>	<b>\$12,576,958</b>
Increase in cost of buildings related to asset retirement obligations (new accounting standard)	\$2,297,336
<b>TOTAL</b>	<b>\$14,874,294</b>

## Accumulated surplus, financial reserves and reserved funds

As at December 31, 2023, the accumulated surplus, financial reserves and reserved funds totalled \$40.5 million.

<b>Category</b>	<b>2023</b>
Non-appropriated surplus	\$11,965,207
Appropriated surplus	\$22,871,855
Financial reserves	\$3,525,235
Reserved funds	\$2,185,620
<b>TOTAL</b>	<b>\$40,547,917</b>

## Debt load

The long-term debt as at December 31, 2023, totalled \$51.4 million. Investments to be funded at year-end totalled \$8.8 million. Also, the amounts appropriated for repayment of the long-term debt and the unused portion of the contracted long-term debt totalled \$7.0 million. All these items brought the Town's total net long-term debt to \$53.2 million as at December 31, 2023. This debt load corresponds to 0.45% of the standardized property value.

## New accounting standards

The Public Sector Accounting Board (PSAB) adopted two new accounting standards for the public sector. They came into force in 2023.

- Section PS 3280 establishes the standards on how to account for and report a liability for asset retirement obligations;
- Section PS 3450 establishes the standards on how to account for and report all types of financial instruments including derivatives.

The municipality has complied with these two new standards, and the 2023 Annual Report contains the appropriate financial information and notes in this regard.

## External 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, 2023, the results of its activities, the change in its net debt and the cash flows for the fiscal year ended on that date, in conformity with Canadian public sector accounting standard.

## **Conclusion**

To conclude, we are very satisfied with the excellent financial results achieved in fiscal 2023, a year highlighted by exceptional revenues. These results come from prudent resource management and a steadfast commitment to our residents' well-being. Building on this solid foundation, our municipality finds itself at a crossroads, ready to meet the challenges ahead and deliver the ambitious projects that have been meticulously planned over the past few months. The surpluses generated will go in part towards funding the new Community and Sports Center. This flagship project will energize our community, strengthening our social and cultural fabric for generations to come. These financial results pave the way for a prosperous and rewarding future for all Townies.

Given in Mount Royal, this eighteenth day of June in the year two thousand and twenty-four.

Peter J. Malouf  
Mayor