



# 2013

## Introduction



# Message from the Mayor

Dear Montrealers,

The results for the 2013 fiscal year show an overall surplus of \$17.6 million (excluding the organizations controlled by the city). Clearly, this surplus is more modest than in previous years (\$109.1 million in 2012) and reflects a fragile financial balance of our metropolis.

Concrete measures were taken the day following the election to control city finances responsibly. They involved tighter management of expenditures included in the 2014 budget and taking over, in 2013, certain elements, such as an additional \$16-million contribution to the *Société de transport de Montréal (STM)*, as well as absorbing \$27.5 million in financial losses resulting from BIXI. Reporting BIXI's financial impact in 2013 was a sensible decision by the city. However, any gains resulting from BIXI's international component will be shown as income in the year of sale. Our efforts have already generated positive results. For example, in its 2013 results, the city did not use relief measures of approximately \$80 million for pension plan charges.

An administrative reform was undertaken in early 2014 to allow the city flexibility. It includes the creation of an organizational performance department, which will be responsible for examining city expenditures and will impose tighter management of the labour plan.

The city administration will continue its efforts and introduce strategies to support the administrative reform and strengthen Montréal's leadership in the field of economic development.

I would like to conclude by thanking all city employees for helping us to achieve our goals. Their ongoing efforts and resilience to change demonstrate professionalism, versatility and dedication to the municipal organization.



Denis Coderre  
Mayor of Montréal

# Message from the Treasurer

Ladies,  
Gentlemen,

We are pleased to table the Ville de Montréal 2013 Annual Financial Report for the fiscal year ended December 31, 2013. The first section of this report contains a consolidated version of the city's financial data, namely the entity composed of the Ville de Montréal and the organizations under its responsibility. The second section contains an analysis of the city administration's financial information (excluding the organizations it controls).

At the beginning of the fiscal year and periodic reporting time, an analysis of the results indicated a possible tenuous financial balance for the city. To address the situation, a series of measures to control expenditures were implemented. These were successful and led to an overall surplus of \$17.6 million (excluding the organizations that make up the city's reporting entity) in 2013.

The report shows a surplus of \$36.7 million in revenue, including approximately \$22 million regarding items influenced by the Montréal economy, namely \$6.8 million in parking revenue, \$9.3 million from occupancy permits for public property and \$5.6 million in property transfer fees.

Rigorous management of expenditures was maintained throughout the year to balance the 2013 budget. This enabled us to find an additional \$125.0 million in the operating budget. This effort is the result of a reduced use of the amounts allocated to contingencies (\$46.3 million) and tight management of goods and services that helped us find approximately \$80 million in the business units. Noteworthy are savings of \$31.8 million in costs related to the debt following the readjustment of the borrowing program resulting from a reduction in completion of work included in the Three-Year Capital Works Program. However, these savings

were counteracted by excess expenditures, mainly including additional costs of \$32.8 million for snow removal and \$16.0 million for the contribution to the Société de transport de Montréal (STM).

A combination of additional revenues and amounts released from charges enabled the city to forego employing relief measures, representing approximately \$80 million. This enabled us to avoid deferring taxation to the future.

The two independent auditors' reports show a difference of opinion regarding the treatment of the new accounting standard PS 3410 *Government Transfers* that was implemented in 2013. This difference basically concerns the notion of authorization of transfers by the transferor, which is also subject to interpretation within the accounting profession. Clarification will be provided in 2014 by the Public Sector Accounting Board. The city will follow standardization developments closely.

I would like to conclude by thanking all city employees who have helped to achieve these results.



Jacques Marleau  
Deputy Treasurer

## Introduction - Financial Information of the Municipal Administration

Fiscal Year Ended December 31, 2013

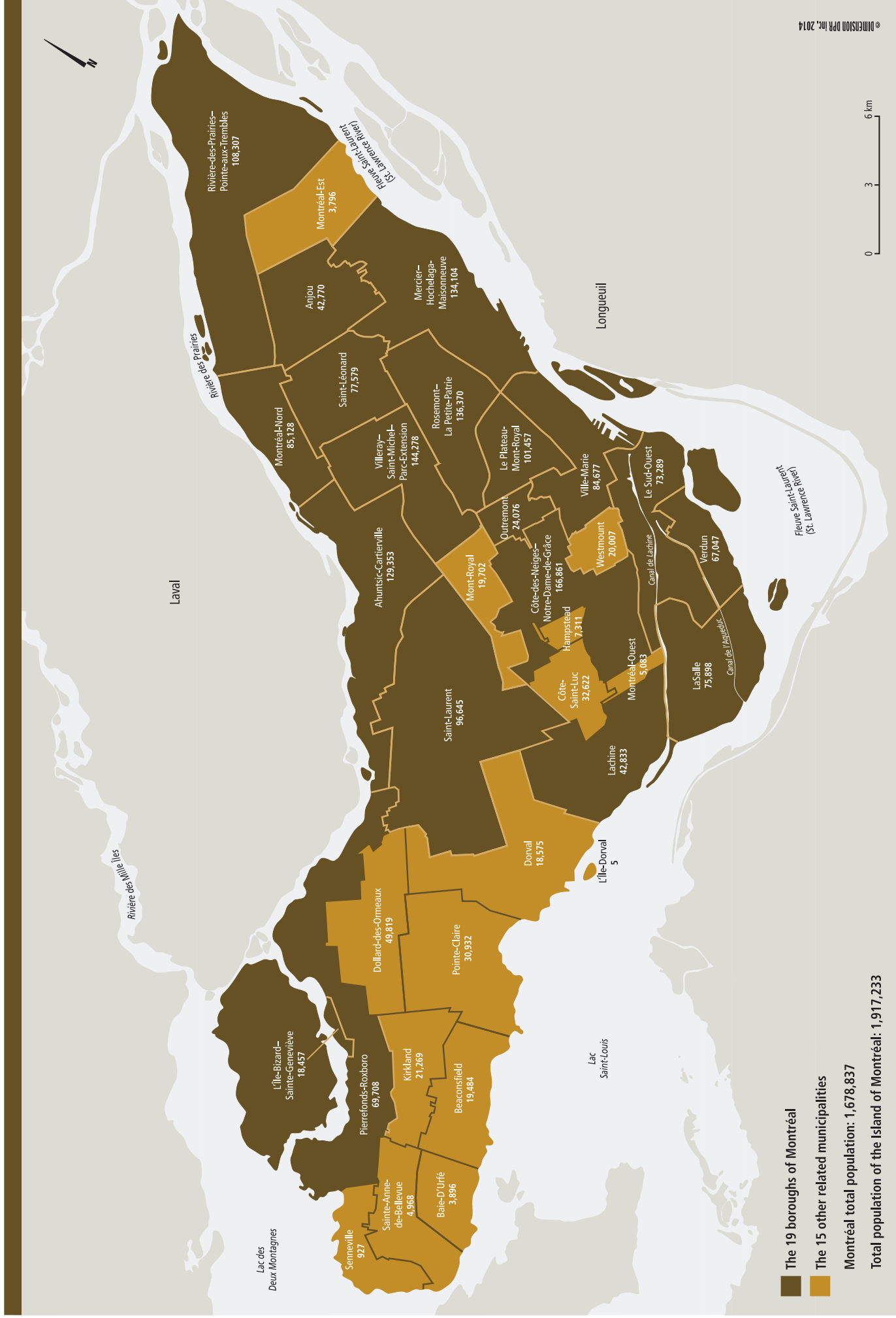
## NON-CONSOLIDATED OPERATING SURPLUS (DEFICIT) FOR TAX PURPOSES BY RESPONSIBILITY

(in thousands of dollars)

	2013						2012	
	Local responsibilities			Urban agglomeration responsibilities			Eliminations	
	Budget	Actual		Budget	Actual		Budget	Actual
<b>Revenues</b>							<b>Total</b>	<b>Total</b>
Taxes	2 916 433	2 928 839		42 740	44 325		2 959 173	2 973 164
Payments in lieu of taxes	242 990	238 412					242 990	238 412
Quota shares				2 147 598	2 147 738	(1 750 965)		396 633
Transfers	199 531	204 598		149 192	153 730			393 230
Services rendered	263 613	280 292		67 343	56 790			381 638
Fee collection	146 721	155 731		1 969	1 878	(20 732)		294 975
Fines and penalties	105 973	106 453		91 223	89 312		148 690	208 215
Interest	72 867	80 817		34 936	37 985		197 196	181 576
Other revenues	46 810	48 874		22 613	20 561		107 803	117 079
	3 994 938	4 044 016		2 557 614	2 552 319	(1 771 697)	69 423	77 700
							4 780 855	4 817 548
<b>Operating expenditures</b>								
General administration	592 840	530 141		419 354	391 829	(20 439)	991 755	829 589
Public security	18 142	18 310		1 018 010	1 020 752	(335)	1 036 152	1 027 797
Transportation	368 972	397 059		470 198	472 996	(349)	839 170	794 149
Environmental hygiene	199 945	196 790		235 754	222 397	(508)	435 699	402 847
Health and welfare	59 070	57 377		36 207	32 940		95 277	86 971
Urban planning and development	149 657	140 760		75 982	50 218	(293)	225 346	202 965
Recreation and culture	399 649	421 960		81 018	72 628	(25)	480 867	486 773
Financing expenses	252 276	236 568		133 988	129 932		386 264	365 408
	2 040 551	1 998 965		2 470 511	2 393 692	(20 732)	4 490 330	4 196 499
<b>Quota shares for financing</b>								
<b>urban agglomeration activities</b>	1 750 965	1 751 442				(1 750 965)		
<b>Operating surplus before financing and allocations</b>	203 422	293 609		87 103	158 627		290 525	571 023
<b>Financing</b>								
Repayment of long-term debt	(231 792)	(221 347)		(156 725)	(155 169)		(388 517)	(379 014)
<b>Allocations</b>								
Capital asset activities	(20 689)	(25 705)		(14 094)	(23 517)		(34 783)	(41 962)
Restricted operating surplus	75 561	64 757			38		75 561	63 275
Financial reserves and reserved funds	(2 402)	(31 855)		(25 172)	(44 315)		(27 574)	(94 706)
Use of the sinking fund		19 362			633			19 995
Recognized expenditures to be taxed or funded	(24 100)	(72 846)		108 888	55 286		84 788	(9 490)
	28 370	(46 287)		69 622	(11 875)		97 992	(82 883)
<b>Operating surplus (deficit) for tax purposes for the year</b>		25 975			(8 417)		17 558	109 126



# The Island of Montréal and its population





# The Municipal Organization 2013

Pursuant to the *Act respecting the consultation of citizens with respect to the territorial reorganization of certain municipalities* and the *Act respecting the exercise of certain municipal powers in certain urban agglomerations*, and amendments, the city's powers of administration are divided among the urban agglomeration and local authorities. As the central city of this urban agglomeration, Montréal continues to provide services and to manage collective equipment for all island residents, within the city itself and within the 15 reconstituted municipalities.

These common services are provided by Ville de Montréal employees. Since 2009, the Island of Montréal's 16 related municipalities have been required to fund all shared services that fall under the Urban Agglomeration Council's authority with quota shares. This system of funding urban agglomeration responsibilities results from legislative changes introduced by *An Act to amend various legislative provisions concerning Montréal (Bill 22)* that was adopted in June 2008.

This Act also makes changes to items falling under the Urban Agglomeration Council's authority. Arterial road system activities, for example, are now under local authority, except for the definition of management and harmonization standards, general planning of the system and certain work that remains under the urban agglomeration's responsibility.

Furthermore, several items have been removed from the list of equipment, infrastructure and activities of collective interest set out in the Appendix to the *Order in Council concerning the urban agglomeration of Montréal* (No. 1229-2005 and amendments), such as several large parks, cultural facilities, celebrations and festivals.

## **Montréal Urban Agglomeration Council**

The urban agglomeration is responsible for services provided to all island residents. These responsibilities are exercised by the Urban Agglomeration Council. This municipal political entity and decision-making body holds the authority to adopt any by-law, to authorize any expenditure and to levy any quota share throughout the Island of Montréal.

The Urban Agglomeration Council is designed to have a simple and democratic structure. Montréal's mayor selects representatives to accompany him to the Urban Agglomeration Council. Their briefs are set by the City Council, which defines the positions to be taken by its elected officials at the Urban Agglomeration Council. The same rule applies for the mayors of the reconstituted municipalities, who are bound by the guidelines of their respective city councils. A total of 31 elected officials sit on the Urban Agglomeration Council.

They are:

- The mayor of Montréal, who is its chair.
- 15 elected officials from Montréal's City Council, who are appointed by the mayor.
- 14 mayors of the reconstituted municipalities (L'Île-Dorval and Dorval share one representative), one of whom is appointed as vice-chair.
- An additional representative from Dollard-Des Ormeaux (because of the size of its population), who is appointed by the mayor of this municipality.

The representation of each of the 16 related municipalities within this council is proportional to its demographic weight. Montréal has a weight of 87% and the 15 reconstituted municipalities have 13%.

## **City Council and Borough Councils**

Furthermore, in accordance with the various areas of activity defined in the *Charter of Ville de Montréal*, the city's local powers are distributed among the City Council and the borough councils.

The Montréal City Council assumes its responsibility toward local powers within the city, which now has 19 boroughs. The borough councils are responsible for delivering local services.

The City Council consists of the mayor of Montréal, also ex-officio mayor of the Ville-Marie borough, plus 64 city councillors, 18 of whom are borough mayors. A borough council has at least five members. These members include the borough mayor, one or more city councillors and any borough councillors. There are 19 boroughs, with 46 councillors, who also sit on the City Council, and 38 borough councillors.

The cost of local service provided on the Montréal territory is covered using revenue from local property taxes, which are paid by all Montréal taxpayers. In some cases, taxpayers in a given borough may, according to decisions by their borough council, be required to pay a borough tax for local services.

# > Summary of Powers Falling under the Urban Agglomeration Council or the City and Borough Councils

## Urban Agglomeration Powers

- Property assessment
- Police, fire and public safety
- First responder services, except in Côte-Saint-Luc
- 9-1-1 emergency centre
- Implementation of fire coverage and public safety plans
- Municipal court
- Social housing
- Assistance to the homeless
- Prevention and fight against substance abuse and prostitution
- Waste disposal, recycling and management of hazardous material
- Development and adoption of a solid waste management plan
- Municipal waterways
- Water supply and purification, except local mains
- Public transit
- Definition of minimum standards for the management and general planning of the arterial road system and work on specified roadways
- Economic and tourist promotion outside the limits of a related municipality
- Tourist information services
- Industrial parks
- *Conseil des arts de Montréal* (arts council)
- Equipment, infrastructure and activities of collective interest designated in the *Order in Council concerning the urban agglomeration of Montréal* (No. 1229-2005 and amendments)
- Contribution to financing the debt of the Nature Museums
- Any other responsibility once within the jurisdiction of the former urban community, now under the authority of the city

## Local Powers

- Urban planning
- Building, public nuisance and public health regulations
- Housing
- Fire protection and public safety
- Solid waste collection and transportation
- Local and arterial road management
- Local water mains and sewer lines
- Local sports and recreational facilities
- Local libraries
- Local parks
- Local economic, community, cultural and social development
- Heritage
- Commission des services électriques (electrical services commission)
- Sociétés de développement commercial (merchants' associations)
- Industrial parks listed in by-law RCG 06 020
- Organization of elections