

# Annual Financial Report

Fiscal Year Ended  
December 31, 2019





# Annual Financial Report

Fiscal Year Ended December 31

# 2019

Deposited at the City Clerk's office of  
Ville de Montréal on April 15, 2020

Montréal 



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Introduction

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## WORD FROM THE MAYOR AND THE CHAIRMAN OF THE EXECUTIVE COMMITTEE



Dear Montrealers,

The current global health crisis and the resulting economic impacts, which will be felt for months if not years, will present major budgetary challenges.

Fortunately, while this is a critical period in our history, we are poised to come out of it in a good economic position. Our positive results are due to the sound management of operations being carried out in boroughs and to optimization efforts by our various central departments to ensure that each dollar is properly spent.

This positive outlook is of the utmost importance under the current circumstances. At this time of great economic uncertainty, we are proud to have managed the city's finances in a responsible manner over the last year.

In its Annual Financial Report and its Financial Accountability Report for the 2019 financial year, the city posted an overall budgetary surplus of \$250.9 million, an increase of \$38.2 million compared to the year 2018.

Moreover, in spite of the health crisis, the climate emergency continues unabated. We have thus set ambitious objectives for all the city's departments with the intention of speeding up the ecological transition.

This report therefore features a section dedicated solely to financial information on climate change, which marks a first for a Québec-based city!

As always, our administration has chosen to support Montrealers, regardless of the outcome, and to redouble its efforts to meet the needs of residents, particularly in these difficult times.

We are increasing our investments aimed at shoring up the city ageing infrastructures, notably by tackling the maintenance deficit in the water service and road networks.

Additionally, we are stepping up our efforts to support diverse, adequate and affordable residential housing, and we're developing projects that promote sustainable mobility.

We are supporting and working with Montréal companies and businesses in order to ensure the city's prosperity and position it favourably on the world stage in high-potential sectors.

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As well, we are investing in social development, culture and sports, but we're also working to ensure that the city offers public services that live up to residents' expectations, whether in terms of snow removal and public safety, or by modernizing the city's water service and sewer networks.

Lastly, the COVID-19 global pandemic has clearly shown us that in order to address issues related to health, the economy and the environment, a collective response is required. Fortunately, recent weeks have also shown that we have the ability to work shoulder to shoulder to achieve a greater shared future.

We intend to galvanize all our vital resources and stakeholders, together with Montrealers of all stripes, to ensure that our city remains a model when it comes to quality of life, economic dynamism and prosperity.

We believe it: ça va bien aller! (Everything will be alright!)

The Mayor of Montréal,



Valérie Plante

Chairman of the Executive Committee,



Benoit Dorais



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## MESSAGE FROM THE TREASURER

Ladies,  
Gentlemen,

Ville de Montréal has unveiled its 2019 annual financial report. This report consists of two parts: a consolidated version of the city's financial information and an analysis of the municipal administration's financial information. The second part excludes the organizations included in Ville de Montréal's reporting entity.

Fiscal year 2019 ended with a non-consolidated operating surplus for tax purposes of \$250.9 million, which represents 4.4% of the city's total revenues. These results are the result of a multitude of factors, including sound management and respecting the 2019 financial outlook.

The \$250.9 million surplus is a result of revenues exceeding the previously submitted operating budget. This surplus consists of the following: a \$191.0 million surplus from local responsibilities (\$228.3 million in 2018) and a \$59.9 million surplus (\$15.6 million deficit in 2018) from urban agglomeration responsibilities. This surplus is the result of \$86.2 million in revenue from specific quota shares used to make up the agglomeration deficit from previous years. Without these quota shares, the 2019 operating result for urban agglomeration responsibilities would have resulted in a deficit of \$26.3 million. With respect to the boroughs' management surplus, (included in the surplus of local responsibilities), it amounts to \$72.6 million compared to \$73.7 million in 2018.

Revenues totalled \$5,692.2 million, up \$143.0 million (2.6%) from the operating budget. This increase was due, among other factors, to a strong real estate market that alone generated \$94.6 million in additional revenues through property transfer fees and through issuances of building permits totalling \$26.3 million. Favourable economic activity and interest income also contributed \$51.1 million compared to the amount established in the 2019 budget. However, this increase was tempered by changes in the other tax revenue categories, in particular a \$29.0 million change in fines and penalties.

The city's operating expenditures, financing expenses, and allocation expenditures stood at \$5,441.3 million, a decrease of \$107.9 million (1.9%) compared to the established budget. This decrease is mainly the result of \$131.4 million in lower allocations and a \$2.5 million decrease in debt repayment. However, these decreases

were offset by a \$26.0 million increase in operating expenditures, mainly as a result of the following increases:

- total compensation of \$51.8 million, including \$48.5 million for overtime;
- \$15.2 million in professional and technical services, mainly from snow removal activities.

On the other hand, some savings were made in the following operating expenditures:

- a \$38.3 million decrease in contributions to organizations and other items;
- a \$17.2 million decrease in leasing, maintenance and repair expenditures;
- a \$7.7 million decrease in financing expenses.

Given the significant impacts that each city will have to face in the coming years as a result of various disruptions and climate change, the city's financial report will now include an unaudited section allowing for transparency in the financial information related to climate change.

In closing, it should be noted that the professionalism of the city's employees, who work daily to provide municipal services. These women and these men helped to achieve these results.

Treasurer of Ville de Montréal,



Yves Courchesne, CPA, CGA

## Introduction – Financial Information of the Municipal Administration

### Fiscal Year Ended December 31, 2019

#### NON-CONSOLIDATED OPERATING SURPLUS FOR TAX PURPOSES BY RESPONSIBILITY

(in thousands of dollars)

	2019						2018		
	Local responsibilities		Urban agglomeration responsibilities		Eliminations		Total		Total
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual
<b>Revenues</b>									
Taxes	3,529,327	3,504,898	48,300	49,385	-	-	3,577,627	3,554,283	3,482,078
Payments in lieu of taxes	275,845	274,855	-	-	-	-	275,845	274,855	264,417
Quota shares	-	-	2,482,954	2,480,633	(2,056,824)	(2,054,697)	426,130	425,936	418,105
Transfers	191,981	206,162	128,363	152,506	-	-	320,344	358,668	283,068
Services rendered	262,314	254,509	56,150	62,053	(1,926)	(2,568)	316,538	313,994	313,510
Fee collection	246,449	367,494	1,969	1,838	-	-	248,418	369,332	318,973
Fines and penalties	105,916	94,430	102,497	85,033	-	-	208,413	179,463	189,033
Interest	77,323	88,902	74,355	83,824	-	-	151,678	172,726	160,802
Net effect of restructuring operations	-	8,472	-	-	-	-	-	8,472	-
Other revenues	22,035	32,195	2,175	2,286	-	-	24,210	34,481	52,145
	4,711,190	4,831,917	2,896,763	2,917,558	(2,058,750)	(2,057,265)	5,549,203	5,692,210	5,482,131
<b>Operating expenditures</b>									
General administration	486,303	415,257	279,675	286,917	(657)	(584)	765,321	701,590	673,533
Public security	8,543	10,555	1,034,073	1,086,838	(505)	(636)	1,042,111	1,096,757	1,077,332
Transportation	426,221	459,298	621,585	564,534	(70)	(353)	1,047,736	1,023,479	1,016,709
Environmental hygiene	203,077	213,725	229,799	229,452	(334)	(708)	432,542	442,469	466,652
Health and welfare	65,973	61,624	49,134	62,352	-	-	115,107	123,976	94,991
Urban planning and development	160,405	185,588	97,887	92,913	(293)	(281)	257,999	278,220	200,721
Recreation and culture	479,247	496,505	110,421	121,102	(67)	(6)	589,601	617,601	597,210
Financing expenses	273,877	271,449	134,800	129,534	-	-	408,677	400,983	397,165
	2,103,646	2,114,001	2,557,374	2,573,642	(1,926)	(2,568)	4,659,094	4,685,075	4,524,313
<b>Quota shares for financing urban agglomeration activities</b>	2,056,824	2,054,697	-	-	(2,056,824)	(2,054,697)	-	-	-
<b>Operating surplus before financing and allocations</b>	550,720	663,219	339,389	343,916	-	-	890,109	1,007,135	957,818
<b>Financing</b>									
Repayment of long-term debt	(332,427)	(332,940)	(165,998)	(163,021)	-	-	(498,425)	(495,961)	(473,756)
<b>Allocations</b>									
Capital asset activities	-	(8,899)	-	(1,632)	-	-	-	(10,531)	(17,704)
Restricted operating surplus	110,000	159,091	(86,170)	18	-	-	23,830	159,109	117,980
Financial reserves and reserved funds	(287,043)	(285,283)	(147,618)	(152,029)	-	-	(434,661)	(437,312)	(354,486)
Recognized expenditures to be taxed or funded	(41,250)	(4,155)	60,397	32,574	-	-	19,147	28,419	(17,158)
	(218,293)	(139,246)	(173,391)	(121,069)	-	-	(391,684)	(260,315)	(271,368)
<b>Operating surplus for tax purposes for the year</b>	-	191,033	-	59,826	-	-	-	250,859	212,694









# The Municipal Organization

The affairs of the city are administered through divided urban agglomeration and local powers. Montréal, in its capacity as the central city, continues to provide services and manage common equipment for all residents of the Island of Montréal, both within city territory and within the territory of its 15 reconstituted municipalities.

Collective services are provided by Ville de Montréal employees. Since 2009, Montréal's 16 related municipalities have been funding all urban agglomeration collective services through quota shares. This approach to funding the urban agglomeration of Montréal was introduced by the *Act to amend various legislative provisions concerning Montréal* (Bill 22), adopted in June, 2008.

The act also amends other elements under urban agglomeration council authority pertaining to thoroughfares and the arterial road system across the urban agglomeration territory. Thus the central municipality's exclusive responsibility over thoroughfares and roads is limited to determining standards for harmonizing the rules governing traffic, signals and traffic control, the general system planning, as well as some work covered by the *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (RLRQ, c.E-20.001). Other activities related to arterial thoroughfares on urban agglomeration territory that are not covered by the Act, remain under local power.

Moreover, several items were removed from the list of equipment, infrastructure and activities of collective interest provided in the schedule to the *Order in council concerning the urban agglomeration of Montréal* (1229-2005 and amendments). The items removed include large parks, cultural facilities, festivities and festivals. Also, following the adoption of the *Act to amend various legislative provisions concerning municipal affairs* (Bill 120), as of January 1, 2017, Ville de Montréal assumes the repayment of loans contracted by the urban agglomeration council of Montréal to finance expenditures incurred in the exercise of the urban agglomeration power relating to the development and redevelopment of public lands in the urban agglomeration sector designated as the downtown area.

Following the adoption of the *Act to increase the autonomy and powers of Ville de Montréal, the metropolis of Québec* (Bill 121) amending the *Act respecting the exercise of certain municipal powers in certain urban agglomerations* (RLRQ, c.E-20.001), road service and vehicle towing and impounding are now under urban agglomeration jurisdiction. Vehicle towing related to snow removal operations have, however been delegated to every related municipality on April 18, 2019, under the *Urban agglomeration council by-law concerning the delegation of powers to related municipalities regarding towing* (RCG 19-016).

## Urban agglomeration powers

Urban agglomeration powers pertain to services provided to the population of the island of Montréal, and are exercised by the urban agglomeration council. In regard of collective services, this political entity may adopt by-laws, authorize taxes and impose quota shares across the territory of the Island of Montréal. The structure of the urban agglomeration council is light and participatory. The mayor of Montréal designates councillors who sit on the urban agglomeration council, as mandated by city council. City council determines the orientations of elected officials on the urban agglomeration council. The same applies to all mayors of reconstituted municipalities, who represent the orientations of their respective city or town council.

The urban agglomeration council of Montréal is made up of 31 elected officials:

- The mayor of Montréal, who is also the chair;
- 15 elected officials from Montréal's city council, as designated by the mayor;
- 14 mayors of Montréal's reconstituted municipalities including an appointed vice-chair (L'Île-Dorval and Dorval share a single representative);
- An additional elected official is designated by the mayor of Dollard-des-Ormeaux to represent that municipality (due to the size of its population).

The urban agglomeration council provides proportional representation to the 16 related municipalities, according to their demographic share: 87.8% for Montréal and 12.2% for the 15 reconstituted municipalities.

## Local powers

In accordance with the *Charter of Ville de Montréal, Metropolis of Québec*, the city's local powers are shared between city council and borough councils.

Montréal city council holds local powers across the territory of Montréal, which includes 19 boroughs. Borough councils ensure the provision of local services on their respective territories.

City council is made up of the mayor of Montréal, who is also ex-officio mayor of Ville-Marie borough, and of 64 city councillors, including 18 borough mayors. Borough councils, constituted under the *Order in council 645-2005*, are made up of a minimum of 5 members, including the borough mayor, city councillor or councillors, and, as the case may be, borough councillors representing that borough. Overall, the 19 boroughs are represented by 46 councillors who also sit on city council, and by 38 borough councillors.

The cost inherent to local services provided on the Montreal territory is paid from local property taxes imposed. 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

## Urban Agglomeration Powers

- Property assessment
- Police, fire department and public safety
- First responder services, except in the case of the City of Côte Saint-Luc
- The 911 emergency centre
- The development and adoption of the civil protection plan and the fire safety cover plan
- The Municipal Court
- Social housing
- Assistance intended for the homeless
- The prevention and eradication of drug addiction and prostitution
- The disposal and reclamation of residual materials and any other aspect of their management if they are dangerous
- The development and adoption of a residual waste management plan
- Municipal lakes and watercourses
- Water supply and water purification equipment and infrastructure, except local conduits
- Passenger transportation
- Determining standards for harmonizing the rules governing the general system planning, as well as some specific work
- Economic promotion, including the promotion of tourism, when it is done outside the territory of a related municipality;
- Tourist services
- Industrial parks
- The Conseil des arts de Montréal
- Equipment, infrastructure and activities of collective interest provided in the schedule to the *Order in council concerning the urban agglomeration of Montréal* (1229-2005 and amendments)
- The contribution towards the deficit of Espace pour la vie
- All other powers formerly under the responsibility of the Communauté urbaine de Montréal now under the authority of the city

## Local Powers

- Urban planning
- By-laws concerning construction, nuisances and sanitation
- Housing
- Fire and public safety prevention
- The collection and transportation of residual waste
- The management of local streets and thoroughfares
- Conduits which, within the waterworks and sewer systems, are local in nature
- Local sports and recreation equipment
- Local libraries
- Local parks
- Local economic, community, cultural and social development
- Heritage
- The Commission des services électriques
- Commercial development organizations
- The industrial parks listed in By-law RCG 06-020
- Organization of elections

Consolidated  
Financial  
Information

2019



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## Management Responsibility for Financial Reporting

The consolidated financial statements in this report are prepared in accordance with Canadian public sector accounting standards, as described in Note 2 to the consolidated financial statements.

The consolidated financial statements and all other information in this annual financial report are the responsibility of management. Management has also ensured consistency between the consolidated financial statements and all other information disclosed in the annual financial report.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the city's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the consolidated financial statements are based on reliable accounting records.

The city's powers and responsibilities are exercised either by the Urban Agglomeration Council, the City Council, or by the borough councils.

The Audit Committee is made up of eight members, two of which are members of the council representing the reconstituted municipalities and three are external members. Its responsibilities include overseeing financial reporting and presentation procedures, which includes reviewing the consolidated financial statement and other information contained in this annual financial report.

The Auditor General of Ville de Montréal and the independent auditor, Deloitte LLP, have audited the consolidated financial statements and presented the following reports.



Yves Courchesne  
Treasurer of Ville de Montréal



Serge Lamontagne  
Acting City Manager

April 14, 2020

# INDEPENDENT AUDITORS' REPORT

To the Mayor,  
The Chairman and the Members of the Executive Committee,  
The Members of the Council of Ville de Montréal,  
The Members of the Montreal Agglomeration Council

## Opinion

We have audited the consolidated financial statements of Ville de Montréal (the « City »), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, notes and explanatory information to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as the « financial statements »).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2019, and the results of its operations, the changes in its net debt and its cash flows for the year the ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (« CGAAS ») of Canada. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Emphasis of Matter-Financial Information Presented for Tax Purpose

We draw attention to the fact that the City includes in its financial statements certain financial information which is not required under Canadian public sector accounting standards prepared for tax purposes in its financial statements. This information is presented in Note 14 of the financial statements. Management has decided to present this information, as it deems it necessary for a more in-depth and relevant analysis of the activities carried out. Our opinion is not modified in respect of this matter.

## Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, include in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibilities is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.



We obtained the Annual Financial Report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue its operations, disclosing, as applicable, matters related to going concern and using the going concern basis accounting unless the management either attend to liquidate the City or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CGAAS of Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CGAAS of Canada, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue its operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease its operations.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities and activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Michèle Galipeau, CPA auditeur, CA* *Deloitte LLP*

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Michèle Galipeau, CPA auditor, CA  
Auditor General of the Ville de Montréal

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<sup>1</sup> CPA auditor, CA, public accountancy permit No.A116207

Montréal  
April 14, 2020

## Consolidated Statement of Financial Position

As at December 31, 2019

		<i>(in thousands of dollars)</i>	
	Notes	2019	2018
<b>Financial assets</b>			
Cash and cash equivalents	3	902,734	563,290
Investments	4	2,739,808	2,880,376
Accounts receivable	5	5,057,134	4,773,083
Assets held for sale		1,970	1,592
Loans receivable	6	57,600	37,587
		<b>8,759,246</b>	<b>8,255,928</b>
<b>Liabilities</b>			
Temporary loans	7	578,396	456,280
Accounts payable, provisions and accrued liabilities	8	2,313,560	2,024,366
Deferred revenues	9	577,139	318,613
Long-term debt	10	12,980,955	12,342,217
Employee future benefits liability	11	308,651	316,864
		<b>16,758,701</b>	<b>15,458,340</b>
<b>Net debt</b>		<b>(7,999,455)</b>	<b>(7,202,412)</b>
<b>Non-financial assets</b>			
Capital assets	12	18,288,245	16,606,212
Assets held for sale		157,844	133,716
Inventories		98,134	92,911
Other non-financial assets	13	131,551	161,278
		<b>18,675,774</b>	<b>16,994,117</b>
<b>Accumulated surplus</b>	14	<b>10,676,319</b>	<b>9,791,705</b>
Contractual rights and obligations	18		
Contingent assets	19		
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Transfer of assets, liabilities, obligations and responsibilities between organizations included in the consolidation group	23		

The accompanying schedules, notes and tables are an integral part of the consolidated financial statements.

## Consolidated Statement of Operations

Fiscal Year Ended December 31, 2019

(in thousands of dollars)

	Notes	2019	2019	2018
		Consolidated budget <sup>1</sup>	Actual	Actual
<b>Revenues</b>				
Taxes		3,554,693	3,529,631	3,460,181
Payments in lieu of taxes		275,845	274,855	264,417
Quota shares		426,130	425,936	418,105
Transfers	15	1,301,698	1,233,622	1,506,828
Services rendered		1,807,738	1,812,902	1,725,422
Fee collection		248,418	369,332	318,973
Fines and penalties		208,413	179,463	189,033
Interest	16	130,520	167,133	144,364
Other revenues		110,296	97,592	121,294
		8,063,751	8,090,466	8,148,617
<b>Expenditures</b>				
General administration		772,875	706,143	678,195
Public security		1,071,467	1,123,864	1,105,533
Transportation		2,912,408	2,885,702	2,642,669
Environmental hygiene		668,089	665,280	688,239
Health and welfare		176,496	182,698	149,178
Urban planning and development		303,306	323,907	244,862
Recreation and culture		768,794	807,605	782,920
Financing expenses		536,514	510,653	500,709
		7,209,949	7,205,852	6,792,305
<b>Surplus for the year</b>		853,802	884,614	1,356,312
<b>Accumulated surplus at beginning of year</b>		9,791,705	9,791,705	8,435,393
<b>Accumulated surplus at end of year</b>		10,645,507	10,676,319	9,791,705

<sup>1</sup> Table 5 provides budget data information.

The accompanying schedules, notes and tables are an integral part of the consolidated financial statements.

**Consolidated Statement of the Change in Net Debt**  
Fiscal Year Ended December 31, 2019

*(in thousands of dollars)*

	<i>Note</i>	<b>2019</b>	<b>2019</b>	<b>2018</b>
		<b>Consolidated budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Surplus for the year</b>		853,802	<b>884,614</b>	1,356,312
Change in capital assets				
Acquisition	12	(3,015,347)	<b>(2,747,389)</b>	(2,911,897)
Proceeds from sale		6,701	<b>21,652</b>	29,925
Amortization	12	1,070,928	<b>1,054,966</b>	1,016,695
Gain on sale		(6,701)	<b>(11,262)</b>	(16,449)
		(1,944,419)	<b>(1,682,033)</b>	(1,881,726)
Change in assets held for sale		-	<b>(24,128)</b>	(3,133)
Change in inventories		-	<b>(5,223)</b>	(7,329)
Change in other non-financial assets		-	<b>29,727</b>	107,309
		-	<b>376</b>	96,847
<b>Change in net debt</b>		(1,090,617)	<b>(797,043)</b>	(428,567)
<b>Net debt at beginning of year</b>		(7,202,412)	<b>(7,202,412)</b>	(6,773,845)
<b>Net debt at end of year</b>		(8,293,029)	<b>(7,999,455)</b>	(7,202,412)

The accompanying schedules, notes and tables are an integral part of the consolidated financial statements.

## Consolidated Statement of Cash Flows

Fiscal Year Ended December 31, 2019

		<i>(in thousands of dollars)</i>	
	Note	2019	2018
<b>Operating activities</b>			
Surplus for the year		884,614	1,356,312
Items not affecting cash			
Amortization of capital assets	12	1,054,966	1,016,695
Gain on sale of capital assets		(11,262)	(16,449)
		<b>1,928,318</b>	<b>2,356,558</b>
Change in non-cash items			
Accounts receivable		(284,051)	(567,308)
Assets held for sale		(24,506)	766
Loans receivable		(20,013)	(4,757)
Accounts payables, provisions, and accrued liabilities <sup>1</sup>		234,999	94,208
Deferred revenues		258,526	155,782
Employee future benefits liability		(8,213)	(142,052)
Inventories		(5,223)	(7,329)
Other non-financial assets		29,727	107,309
		<b>2,109,564</b>	<b>1,993,177</b>
<b>Capital investing activities</b>			
Acquisition of capital assets <sup>1</sup>		(2,693,194)	(2,815,718)
Proceeds from sale of capital assets		21,652	29,925
		<b>(2,671,542)</b>	<b>(2,785,793)</b>
<b>Other investing activities</b>			
Acquisition of investments		(691,647)	(562,448)
Proceeds from sale of investments		832,215	756,191
		<b>140,568</b>	<b>193,743</b>
<b>Financing activities</b>			
Proceeds from long-term debt		1,946,086	2,110,169
Repayment of long-term debt, net of refinancings		(1,204,321)	(847,473)
Bond redemption by refinancing		(103,027)	(198,144)
Net change in temporary loans		122,116	(182,019)
		<b>760,854</b>	<b>882,533</b>
		<b>339,444</b>	<b>283,660</b>
<b>Increase in cash and cash equivalents</b>			
<b>Cash and cash equivalents at beginning of year</b>		<b>563,290</b>	<b>279,630</b>
<b>Cash and cash equivalents at end of year</b>		<b>902,734</b>	<b>563,290</b>

<sup>1</sup> The cost of unpaid capital assets is \$660.3 million as at December 31, 2019 (\$606.1 million in 2018). The change in this cost between 2019 and 2018 is subtracted from accounts payable, provisions and accrued liabilities as well as from acquisitions since there is no impact on cash flows.

The accompanying schedules, notes and tables are an integral part of the consolidated financial statements.

## Segment Disclosures

As at December 31, 2019

### SCHEDULE 1 – CONSOLIDATED FINANCIAL POSITION BY ORGANIZATION

(in thousands of dollars)

	2019			2018	
	Municipal administration	Controlled organizations	Eliminations	Total	Total
<b>Financial assets</b>					
Cash and cash equivalents	786,817	115,917	-	902,734	563,290
Investments	2,292,332	447,476	-	2,739,808	2,880,376
Accounts receivable	3,166,130	3,044,763	(1,153,759)	5,057,134	4,773,083
Assets held for sale	1,592	378	-	1,970	1,592
Loans receivable	55,718	1,882	-	57,600	37,587
	6,302,589	3,610,416	(1,153,759)	8,759,246	8,255,928
<b>Liabilities</b>					
Temporary loans	199,385	379,011	-	578,396	456,280
Accounts payable, provisions and accrued liabilities	1,803,411	569,820	(59,671)	2,313,560	2,024,366
Deferred revenues	564,107	13,032	-	577,139	318,613
Long-term debt	9,922,209	4,152,834	(1,094,088)	12,980,955	12,342,217
Employee future benefits liability	287,199	21,452	-	308,651	316,864
	12,776,311	5,136,149	(1,153,759)	16,758,701	15,458,340
<b>Net debt</b>	(6,473,722)	(1,525,733)	-	(7,999,455)	(7,202,412)
<b>Non-financial assets</b>					
Capital assets	11,944,998	6,343,247	-	18,288,245	16,606,212
Assets held for sale	157,844	-	-	157,844	133,716
Inventories	46,915	51,219	-	98,134	92,911
Other non-financial assets	51,648	79,903	-	131,551	161,278
	12,201,405	6,474,369	-	18,675,774	16,994,117
<b>Accumulated surplus</b>					
Unrestricted operating surplus (deficit)	246,596	(9,822)	-	236,774	211,925
Restricted operating surplus	417,508	42,269	-	459,777	442,550
Financial reserves and reserved funds	440,531	165,749	-	606,280	239,297
Deficit from capital asset activities	(708,673)	(273,633)	-	(982,306)	(588,221)
Recognized expenditures to be taxed or funded	(1,212,485)	(113,591)	55,864	(1,270,212)	(1,232,778)
Net investment in capital assets	6,544,206	5,137,664	(55,864)	11,626,006	10,718,932
	5,727,683	4,948,636	-	10,676,319	9,791,705

## Segment Disclosures

Fiscal Year Ended December 31, 2019

### SCHEDULE 2 – CONSOLIDATED ITEMIZED OPERATIONS BY ORGANIZATION

(in thousands of dollars)

	2019				2018
	Municipal administration	Controlled organizations	Eliminations	Total	Total
<b>Revenues</b>					
<b>Operating</b>					
Taxes	3,554,283	-	(24,652)	3,529,631	3,460,181
Payments in lieu of taxes	274,855	-	-	274,855	264,417
Quota shares	425,936	-	-	425,936	418,105
Transfers	358,668	143,846	(51,697)	450,817	370,220
Services rendered	313,994	1,580,772	(81,864)	1,812,902	1,725,422
Fee collection	369,332	-	-	369,332	318,973
Fines and penalties	179,463	-	-	179,463	189,033
Interest	172,726	30,569	(36,162)	167,133	144,364
Net effect of restructuring operations	8,472	-	(8,472)	-	-
Other revenues	28,452	57,908	(12,000)	74,360	100,174
	5,686,181	1,813,095	(214,847)	7,284,429	6,990,889
<b>Capital Assets</b>					
Transfers	149,323	633,482	-	782,805	1,136,608
Developers' contributions	9,129	-	-	9,129	7,386
Net effect of restructuring operations	5,047	-	(5,047)	-	-
Other revenues	8,573	5,530	-	14,103	13,734
	172,072	639,012	(5,047)	806,037	1,157,728
	5,858,253	2,452,107	(219,894)	8,090,466	8,148,617
<b>Expenditures</b>					
General administration	715,337	-	(9,194)	706,143	678,195
Public security	1,124,559	-	(695)	1,123,864	1,105,533
Transportation	1,297,569	1,691,394	(103,261)	2,885,702	2,642,669
Environmental hygiene	666,565	-	(1,285)	665,280	688,239
Health and welfare	125,438	71,726	(14,466)	182,698	149,178
Urban planning and development	319,419	10,228	(5,740)	323,907	244,862
Recreation and culture	775,449	67,728	(35,572)	807,605	782,920
Financing expenses	400,983	145,832	(36,162)	510,653	500,709
Net effect of restructuring operations	-	13,519	(13,519)	-	-
	5,425,319	2,000,427	(219,894)	7,205,852	6,792,305
<b>Surplus for the year</b>	432,934	451,680	-	884,614	1,356,312



## Segment Disclosures

### Fiscal Year Ended December 31, 2019

SCHEDULE 3 – CONSOLIDATED OPERATING SURPLUS (DEFICIT) FOR TAX PURPOSES BY ORGANIZATION						<i>(in thousands of dollars)</i>
	2019				2018	
	Consolidated budget	Municipal administration	Controlled organizations	Eliminations	Total	Total
<b>Surplus for the year</b>	853,802	432,934	451,680	-	<b>884,614</b>	1,356,312
Less: revenues from capital asset activities	(919,780)	(172,072)	(639,012)	5,047	<b>(806,037)</b>	(1,157,728)
<b>Operating surplus (deficit) before reconciliation for tax purposes for the year</b>	<b>(65,978)</b>	<b>260,862</b>	<b>(187,332)</b>	<b>5,047</b>	<b>78,577</b>	<b>198,584</b>
<b>Reconciliation for tax purposes</b>						
<b>Capital assets</b>						
Proceeds from sale	6,701	18,576	3,076	-	<b>21,652</b>	29,925
Amortization	1,070,928	740,244	314,722	-	<b>1,054,966</b>	1,016,695
(Gain) loss on sale	(6,701)	(12,547)	1,285	-	<b>(11,262)</b>	(16,449)
Net effect of restructuring operations	-	-	5,047	(5,047)	-	-
	1,070,928	746,273	324,130	(5,047)	<b>1,065,356</b>	1,030,171
<b>Financing</b>						
Repayment of long-term debt	(593,131)	(495,961)	(109,335)	(5,399)	<b>(610,695)</b>	(555,367)
<b>Allocations (Note 14)</b>						
Capital asset activities	(39,744)	(10,531)	(51,143)	-	<b>(61,674)</b>	(60,258)
Restricted operating surplus	23,830	159,109	273	-	<b>159,382</b>	117,980
Financial reserves and reserved funds	(434,661)	(437,312)	(9,095)	-	<b>(446,407)</b>	(496,756)
Recognized expenditures to be taxed or funded	28,046	28,419	3,616	5,399	<b>37,434</b>	(30,522)
	(422,529)	(260,315)	(56,349)	5,399	<b>(311,265)</b>	(469,556)
<b>Operating surplus (deficit) for tax purposes for the year</b>	<b>(10,710)</b>	<b>250,859</b>	<b>(28,886)</b>	<b>-</b>	<b>221,973</b>	<b>203,832</b>

## Segment Disclosures

Fiscal Year Ended December 31, 2019

<b>SCHEDULE 4 – CONSOLIDATED (DEFICIT) SURPLUS OF CAPITAL ASSET ACTIVITIES FOR TAX PURPOSES BY ORGANIZATION</b>						<i>(in thousands of dollars)</i>
	<b>2019</b>				<b>2018</b>	
	<b>Consolidated budget</b>	<b>Municipal administration</b>	<b>Controlled organizations</b>	<b>Eliminations</b>	<b>Total</b>	<b>Total</b>
<b>Revenues from capital asset activities</b>	919,780	172,072	639,012	(5,047)	<b>806,037</b>	1,157,728
<b>Reconciliation for tax purposes</b>						
<b>Capital assets</b>						
Acquisition						
General administration	(148,200)	(111,354)	-	-	<b>(111,354)</b>	(103,581)
Public security	(40,700)	(50,547)	-	-	<b>(50,547)</b>	(58,918)
Transportation	(1,608,247)	(556,672)	(900,682)	-	<b>(1,457,354)</b>	(1,675,434)
Environmental hygiene	(616,800)	(507,446)	-	-	<b>(507,446)</b>	(513,545)
Health and welfare	(41,000)	(2,253)	(28,898)	-	<b>(31,151)</b>	(78,415)
Urban planning and development	(120,800)	(95,905)	(62)	5,047	<b>(90,920)</b>	(66,851)
Recreation and culture	(439,600)	(498,597)	(20)	-	<b>(498,617)</b>	(415,153)
	(3,015,347)	(1,822,774)	(929,662)	5,047	<b>(2,747,389)</b>	(2,911,897)
<b>Financing</b>						
Long-term financing of capital asset activities	1,610,223	1,082,587	268,802	34,267	<b>1,385,656</b>	1,259,974
<b>Allocations (Note 14)</b>						
Operating activities	39,744	10,531	51,143	-	<b>61,674</b>	60,258
Restricted operating surplus	-	15,155	-	-	<b>15,155</b>	10,150
Financial reserves and reserved funds	445,600	84,782	-	-	<b>84,782</b>	426,443
	485,344	110,468	51,143	-	<b>161,611</b>	496,851
<b>(Deficit) Surplus from capital asset activities for tax purposes for the year</b>	-	(457,647)	29,295	34,267	<b>(394,085)</b>	2,656

## Segment Disclosures

### Fiscal Year Ended December 31, 2019

#### SCHEDULE 5 – CONSOLIDATED EXPENDITURES BY ITEM AND BY ORGANIZATION

(in thousands of dollars)

	2019				2018
	Municipal administration	Controlled organizations	Eliminations	Total	Total
<b>Remuneration</b>					
Elected officials	11,198	104	-	<b>11,302</b>	10,045
Employees	1,823,683	781,283	(6,790)	<b>2,598,176</b>	2,506,245
<b>Benefits costs</b>					
Elected officials	4,781	16	-	<b>4,797</b>	4,943
Employees	507,396	239,889	-	<b>747,285</b>	662,371
<b>Transportation and communication</b>	37,413	160,266	-	<b>197,679</b>	193,563
<b>Professional, technical and other services</b>					
Professional fees	66,690	23,806	-	<b>90,496</b>	79,079
Purchase of technical services	357,301	46,416	(16,798)	<b>386,919</b>	360,784
Other	4,880	19,945	-	<b>24,825</b>	23,604
<b>Leasing, maintenance and repair</b>					
Leasing	96,457	19,204	(31,764)	<b>83,897</b>	91,277
Maintenance and repair	93,624	37,856	(28)	<b>131,452</b>	117,963
<b>Durable goods</b>					
Construction	58,262	-	-	<b>58,262</b>	24,134
Other durable goods	6,385	19	-	<b>6,404</b>	7,978
<b>Non-durable goods</b>					
Delivery of public services	83,587	15,433	(4,474)	<b>94,546</b>	95,127
Other non-durable goods	172,215	79,737	(6,629)	<b>245,323</b>	229,149
<b>Financing expenses</b>					
Interest and other charges on long-term debt borne by:					
The municipality	305,492	58,855	-	<b>364,347</b>	342,744
Government of Québec and its enterprises	34,699	80,725	-	<b>115,424</b>	130,436
Other third parties	57,048	-	(36,162)	<b>20,886</b>	18,982
Other financing expenses	3,744	6,252	-	<b>9,996</b>	8,547
<b>Contributions to organizations</b>					
Municipal organizations					
Quota shares - Communauté métropolitaine de Montréal	39,505	-	-	<b>39,505</b>	39,328
Quota shares - Autorité régionale de transport métropolitain	541,829	-	-	<b>541,829</b>	551,450
Other	51,990	-	(51,697)	<b>293</b>	210
Government organizations	16,441	-	-	<b>16,441</b>	15,492
Other organizations	293,575	17,258	-	<b>310,833</b>	208,074
<b>Amortization of capital assets</b>	740,244	314,722	-	<b>1,054,966</b>	1,016,695
<b>Other items</b>					
Doubtful accounts or bad debts	12,351	473	-	<b>12,824</b>	23,678
Net effect of restructuring operations	-	13,519	(13,519)	<b>-</b>	-
Other	4,529	84,649	(52,033)	<b>37,145</b>	30,407
	<b>5,425,319</b>	<b>2,000,427</b>	<b>(219,894)</b>	<b>7,205,852</b>	<b>6,792,305</b>



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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 1. GOVERNING STATUTE

Ville de Montréal (“City”) is a municipal corporation incorporated on January 1, 2002 under the *Charter of Ville de Montréal*, metropolis of Québec (Charter of Ville de Montréal) (CQLR, chapter C-11.4).

On January 1, 2006, following the results of a referendum held in 2004 under *An Act regarding public consultation on the territorial reorganization of certain municipalities* (S.Q. 2003, chapter 14), the former municipalities of Baie-d’Urfé, Beaconsfield, Côte-Saint-Luc, Dollard-Des-Ormeaux, Dorval, Hampstead, Kirkland, L’Île-Dorval, Montréal-Est, Montréal-Ouest, Mont-Royal, Pointe-Claire, Sainte-Anne-de-Bellevue, Village de Senneville and Westmount were reconstituted. As a result, Ville de Montréal now consists of 19 remaining boroughs that comprise 88% of the total population of the island of Montréal. In accordance with the provisions of this Act, all municipalities located on the island of Montréal, however, remain related to one another and form an agglomeration consistent with the territory of Ville de Montréal as it existed on December 31, 2005.

*An Act respecting the exercise of certain municipal powers in certain urban agglomerations* (CQLR, chapter E-20.001), completed by the *Montréal Agglomeration Order* (Order-in-Council No. 1229-2005), and its amendments lists and defines the powers of the urban agglomeration. Under this Act, Ville de Montréal is the central municipality in charge of exercising, in addition to its local powers, the powers of the agglomeration.

The agglomeration is headed by the City’s urban agglomeration council, a political and decision-making body vested with decision-making powers related to urban agglomeration responsibilities. The urban agglomeration council is a central municipal legislative body, separate from city council under Section 14 of *Charter of Ville de Montréal*. It is made up of representatives of each related municipality, with the number of representatives of each municipality being determined proportionately to the relative size of their populations.

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#### 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (“CPSAS”). They contain certain financial information for tax purposes presented in Note 14.

The term “City” as used in the segment disclosures, accompanying notes and tables, refers to the entity made up of Ville de Montréal and the organizations under its control. The term “municipal administration” refers to Ville de Montréal excluding the organizations under its control.

The significant accounting policies are as follows:

##### A) Principles of consolidation

The consolidated financial statements include the accounts of the municipal administration and of the organizations under its control. These organizations include the Société de transport de Montréal (“STM”), the Société d’habitation et de développement de Montréal (“SHDM”), the Technoparc Montréal, the Société du parc Jean-Drapeau, the Conseil des arts de Montréal, the Office de consultation publique de Montréal, Anjou 80, the Société en commandite Stationnement de Montréal (“SCSM”), the Bureau du taxi de Montréal and BIXI Montréal. Transactions concluded between these organizations and reciprocal balances are eliminated.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### B) Use of estimates

Preparation of the consolidated financial statements in accordance with CPSAS requires management to make assumptions and estimates that affect the reported amounts of revenues, expenditures, assets, liabilities, contractual rights and obligations as well as contingent assets and liabilities. Actual results could differ from these estimates.

The main estimates made relate to the following items: the allowance for doubtful accounts on accounts receivable, the net realizable values of assets held for sale, provisions for loan devaluation, the estimated useful lives of capital assets, provisions for salaries and benefits, liabilities for solid waste landfill closure and post-closure costs, environmental liability, contested valuations and legal claims, revenues related to services rendered by the STM to the Autorité régionale de transport métropolitain ("ARTM") and actuarial assumptions for establishing employee future benefits liability and expenditures.

##### C) Financial assets

Financial assets are assets that can be used to repay existing long-term debts or to finance future operations. They are not intended for consumption in the normal course of business.

###### a) Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid investments that expire within three months of the acquisition date.

###### b) Investments

Temporary investments are recorded at the lower of cost and fair value.

Other investments are recorded at cost and written down when there is a permanent decline in value. Discounts or premiums on investments are amortized on a straight-line basis until maturity. Amounts included in the sinking fund are restricted to the repayment of long-term loans that do not require annual repayment.

###### c) Assets held for sale

Assets held for sale are recorded at the lower of cost and net realizable value. The portion of these assets held for selling purposes for the subsequent year is presented in financial assets.

###### d) Loans receivable

Loans are presented at the lower of cost and net recoverable value. Loans with significant concessionary terms are presented at face value discounted by the amount of the grant portion. This is recognized as a contribution in the Consolidated Statement of Operations for the year in which the loan is granted. The discount is amortized over the term of the loan using the effective rate interest method. When events result in the expectation of a loss, a valuation allowance is recognized in the Consolidated Statement of Operations. This allowance may be reduced if the recovery of the loan is subsequently considered probable.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D) Liabilities

###### a) Liabilities for solid waste landfill closure and post-closure costs

The City records a liability for closure and post-closure costs of solid waste landfills that it has operated. The liability provision is an estimate of the discounted costs required to provide final cover for closed landfills and to monitor and maintain the biogas and leachate collection and treatment systems until 2062. These costs are presented net of user fees from biogas processing.

The assumptions used to calculate these costs are periodically reviewed to account for advancements made in solid waste landfill management practices.

###### b) Environmental liability

The City records an environmental liability for remediation of contaminated sites when the following criteria are satisfied: an environmental standard exists; the contamination exceeds this standard; the City is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amounts based on the discounted cash flows presented, if any, on a net basis in transfer revenues, can be made.

###### c) Provision for contested valuations

The provision for contested valuations is an estimate of refunds (both principal and interest) that may result from court decisions on contested real estate valuations or rental values and on contested classifications under the *Act respecting Municipal Taxation*.

###### d) Deferred revenues

Premiums on the issuance of securities are amortized on a straight-line basis over the term of the related loans. The amounts collected for the acquisition and development of parks and playing fields and for Social housing development fund are recognized in the Consolidated Statement of Operations upon the acquisition of properties for these purposes or when the related work is carried out.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D) Liabilities (continued)

###### e) Employee future benefits liability

###### Defined benefit plans

Plan liability reflect the year-end difference existing between the value of the accrued benefit obligations and the value of plan assets, net of unamortized actuarial gains and losses and the valuation allowance. The actuarial valuation of these assets or liabilities is determined using the projected benefit method prorated on years of service with salary projection. It is also based on actuarial assumptions that include management's best estimated on, among other things, discount rates, the expected rate of return on plan assets, and the rate of compensation increase and healthcare costs.

Plan assets are valued using a market-related value, determined over a period not exceeding four years.

Past service costs related to plan amendments are recognized in the year during which the amendments are made.

Actuarial gains and losses resulting from the difference between the actual and the expected rate of return on plan assets or resulting from changes in actuarial assumptions and actual experience of the plans are deferred and amortized over the average remaining service life of active employees. As at December 31, 2019, this weighted average remaining service life is 13 years.

The expenditure for these plans is determined on an accrual basis to attribute the benefit cost to the periods in which the related services are rendered by participating employees. Past service costs, amortization of actuarial gains and losses, interest expenditure resulting from the difference between the interest cost or income on the obligation and the expected rate of return on plan assets, and the change in valuation allowance are the other components of the defined benefit plan expenditure.

###### Defined contribution plans and pension plan for elected officials

The pension expenditure for these plans is recognized when contributions are due.



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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### E) Non-financial assets

The City records capital assets and certain assets as non-financial assets since they can usually be used to provide services in subsequent years. These assets do not provide resources assigned to the settlement of its liabilities unless they are sold.

##### a) Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over the following estimated useful lives:

Infrastructures	10 to 40 years
Metro system - infrastructures	20 to 40 years
Metro system - tunnels	100 years
Metro cars	40 and 60 years
Buildings	20 to 40 years
Leasehold improvements	lease term
Vehicles	5 to 25 years
Office furniture and equipment	5 to 10 years
Machinery, tools and equipment	5 to 25 years
Other	20 to 25 years

Capital assets in the process of completion are only amortized when they can be used in the production of goods or in the provision of services.

Land used as road foundations, otherwise acquired by a purchase contract, is recorded at a nominal value of \$1. Other land is recorded at cost.

When a capital asset no longer has any long-term service potential, the excess of its net carrying amount over any residual value is expensed to the Consolidated Statement of Operations in the period in which impairment is determined. No write-down is subsequently reversed.

##### b) Inventories

Inventories are recorded at lower of cost, which is determined using the average cost method, and replacement value. Obsolete inventory is written off.

##### c) Other non-financial assets

Securities issuance costs are amortized on a straight-line basis over the terms of the related borrowings.

##### F) Revenues

##### a) Tax and payments in lieu of taxes

Except for revenues from the tax on registered vehicles, tax revenues and compensations in lieu of taxes are recognized in the Consolidated Statement of Operations in the year in which they are due. Revenues from the tax on registered vehicles are recognized over a 12-month period from the date they are received.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### F) Revenues (continued)

###### b) Quota shares

The municipal administration's expenditures relating to agglomeration responsibilities are shared among the related municipalities by way of quota shares. These quota shares are reported as revenue in the Consolidated Statement of Operations for the year in which they are due.

###### c) Transfer

Transfer revenues are recognized in the Consolidated Statement of Operations in the year during which they were authorized by the transferor and in which any eligibility criteria are met, if any, unless the transfer stipulations give rise to an obligation that meets the definition of a liability. In such cases, the transfer is recorded under Deferred revenues and is amortized as the stipulations are respected.

Given the transferring governments' payment history, the City considers that transfer revenues are authorized by the transferring government when the underlying agreements are signed.

###### d) Services rendered

Under the *Act to modify mainly the organization and governance of shared transportation in the Montréal metropolitan area* (CQLR, chapter O-7.3), the ARTM's mandate is to finance the public transit service. Services rendered include revenue provided by the ARTM corresponding to the expected compensation in respect of the provision of public transit services on the STM's territory. These revenues are recognized in the Consolidated Statement of Operations based on the amounts agreed upon by the two organizations according to an annual budget.

Revenues from other services are recognized when the services are rendered, give rise to a claim and collection is reasonably assured.

###### e) Fee collection, fines and penalties, interest and other revenues

Revenues from fee collection, fines and penalties, interest and other revenues are recognized in the Consolidated Statement of Operations in the period in which the transactions or events occurred that gave rise to the revenues, amounts can be reasonably estimated, and collection is reasonably assured. Interest income is recognized when earned.

Revenues from fee collection include property transfer fees, which are recognized on the date on which the transfer was recorded by the rights registrar. Any fines and penalties pertaining to the year in question are recognized when infractions are issued.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### G) Other elements

#### a) Sectorization and presentation of operations

The City's financial position, operations, operating and capital asset surplus (deficit) for the year for tax purposes, and by-item expenditures are broken down between the following sectors: municipal administration and controlled organizations.

Expenditures are broken down as follows:

- the "General administration" item refers to all municipal administration and management activity. Expenditures relate primarily to council activities, applications of the law, and financial, administrative and staff management;
- the "Public security" item refers to all activities involving the protection of people and property. It includes all expenditures related to control, prevention and emergency measures regarding emergency preparedness;
- the "Transportation" item refers to all activities related to planning, organizing and maintaining road systems and to the transportation of people and goods;
- the "Environmental hygiene" item refers to all expenditures related to water, sewers, residual materials removal, and environmental protection;
- the "Health and welfare" item refers to all community health and welfare services including social housing and income security;
- the "Urban planning and development" item refers to the development and maintenance of the urban development plan or city plan as well as all expenditures related to developing the City's economic development programs;
- the "Recreation and culture" item refers to all the planning, organizing, and managing of recreational and cultural programs;
- the "Financing expenses" item refers to the interest and other charges involved in financing.

#### b) Contributions to organizations

Contributions to organizations are recognized as expenditures in the Consolidated Statement of Operations in the period in which the transfer payment is authorized and all eligibility criteria are met by the recipient, as necessary.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### G) Other elements (continued)

#### c) Derivative financial instruments

The City uses derivative financial instruments to reduce its currency and interest rate risk exposure on long-term debt and applies hedge accounting in its eligible hedging relationships in order to benefit from hedge accounting. When implemented, the foreign exchange hedging relationships must be fully documented as required under standard PS 2600, *Foreign Currency Translation*, and the City must secure efficient relationships for managing the attendant risks. Then the current hedging relationships are evaluated on an annual basis to ensure that they continue to be efficient, and it is expected that they will remain efficient. The efficiency of a hedging relationship is generally evaluated by analyzing whether the main terms of the swap match those of the debt covered. The City does not use financial instruments for trading nor speculative purposes.

The City uses cross-currency swaps to manage the risk associated with loans denominated in foreign currencies. The value of currency swaps is determined by applying the change between the foreign exchange rates stipulated in the swap contracts and exchange rates in effect on the reporting date of the Consolidated Statement of Financial Position to the notional amounts of the swaps. Those that constitute financial assets are deducted from long-term debt, and those that constitute financial liabilities are added to long-term debt. Gains and losses on these derivatives are recognized in the same period as the exchange gains and losses related to the corresponding debt and are charged against the latter.

Furthermore, the City uses interest rate swaps to manage interest rate risk related to its debt. These contracts result in interest exchanges that are recorded as an adjustment to financing expenses for the year. The amounts payable to counterparties or receivable from counterparties are recorded as an adjustment to the accrued interest on the corresponding debt; otherwise, the value of the interest rate swap contracts is not recorded in the Consolidated Statement of Financial Position.

#### d) Foreign currency translation

Revenues and expenditures related to foreign currency transactions are translated into Canadian dollars using the exchange rates in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate in effect on the reporting date of the Consolidated Statement of Financial Position, and foreign exchange gains or losses are immediately recognized on to the Consolidated Statement of Operations if they are cash items.

#### e) Contingent assets

Contingent assets are possible assets that arise from uncertain situations. The existence of these assets is disclosed in the Notes to the Consolidated Financial Statements if it is probable that the future event resolving the uncertainty will occur.

#### f) Contingent liabilities

Contingent liabilities, including loan guarantees, are recognized in the Consolidated Statement of Financial Position when a future event is likely to confirm the existence of a liability at the financial consolidated statements' date and the amount of loss can be reasonably estimated.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### G) Other elements (continued)

#### g) Urban agglomeration responsibilities

Under *An Act respecting the exercise of certain municipal powers in certain urban agglomerations* (CQLR, chapter E-20.001), the municipal administration, in addition to its local powers, exercises agglomeration powers over the entire territory of related municipalities. The main agglomeration powers cover the following areas: property assessments; public transit; certain functions related to the thoroughfares forming the arterial road system; water supply and water purification; disposal and reclamation of residual materials; municipal watercourses; police, emergency preparedness, fire protection and first responder services (except for the territory of the municipality of Côte-Saint-Luc); the municipal court; social housing and assistance to the homeless; and certain components of economic development. Tables 1 and 2 provide a breakdown of the consolidated operating activities and capital asset surplus (deficit) for tax purposes according to both local and agglomeration responsibilities.

#### h) Budget data information

The Consolidated Statement of Operations and the Consolidated Statement of the Change in Net Debt include a comparison of actual and consolidated budget data.

Budget data on the Consolidated Statement of Operations includes unconsolidated budgets of the municipal administration adopted by city council and by the urban agglomeration council in November 2018 as well as the budgets adopted by the principal organizations under the City's control. It also reflects adjustments made to budget data of the municipal administration, to comply with CPSAS and the elimination of reciprocal transactions. Table 5 presents the reconciliation of operating budgets that have been tabled and the budget included in the Consolidated Statement of Operations.

Budget data pertaining to the acquisition of capital assets in the Consolidated Statement of the Change in Net Debt results from the combination of capital asset budget of the municipal administration adopted by city council and by the urban agglomeration council in November 2018 in addition to the capital asset budgets adopted by the principal organizations under the City's control.

A comparison of actual and budget data is also presented in the schedules and tables for tax purposes.

**Notes and Tables to the Consolidated Financial Statements**  
 Fiscal Year Ended December 31, 2019

**3. CASH AND CASH EQUIVALENTS**  
 (in thousands of dollars)

	2019	2018
Cash	846,398	558,190
Cash equivalents	56,336	5,100
	<b>902,734</b>	<b>563,290</b>

Cash equivalents essentially include notes, bankers' acceptances and deposit certificates. They bear interest at rates varying between 1.89% and 2.40% (a rate of 2.10% in 2018).

**4. INVESTMENTS**  
 (in thousands of dollars)

	2019			2018
	Sinking Fund	Other	Total	Total
Term deposits and other securities	-	106,743	106,743	141,062
Bonds and debentures	2,377,291	255,774	2,633,065	2,739,314
	<b>2,377,291</b>	<b>362,517</b>	<b>2,739,808</b>	<b>2,880,376</b>

As at December 31, 2019, the fair value of investments was \$2,820.8 million (2,913.3 million in 2018).

As at December 31, 2018, the Sinking Fund and other investments totalled \$2,566.7 million and \$313.6 million, respectively.

Bonds and debentures held by the City essentially comprise securities issued by governments and their bodies and by municipalities, school boards, CEGEPs and health and social services institutions. In particular, they include bonds and debentures issued by the Ville de Montréal and the STM totalling \$505.1 million (\$700.0 million in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**4. INVESTMENTS (continued)**  
(in thousands of dollars)

The maturities of investments held by the City are as follows:

	Term deposits and other securities	Bonds and debentures	Total	Weighted nominal interest rate
<b>December 31, 2019</b>				
2020	106,743	394,763	501,506	2.73%
2021	-	211,302	211,302	4.06%
2022	-	143,061	143,061	2.89%
2023	-	193,331	193,331	3.25%
2024	-	409,668	409,668	3.12%
1 to 5 years	106,743	1,352,125	1,458,868	3.12%
6 to 10 years	-	878,991	878,991	3.24%
11 to 15 years	-	212,603	212,603	3.91%
16 to 20 years	-	166,973	166,973	3.91%
More than 20 years	-	22,373	22,373	4.10%
	106,743	2,633,065	2,739,808	3.27%
<b>December 31, 2018</b>				
2019	141,062	385,925	526,987	3.78%
2020	-	417,462	417,462	2.85%
2021	-	191,149	191,149	4.09%
2022	-	135,342	135,342	2.91%
2023	-	191,895	191,895	3.29%
1 to 5 years	141,062	1,321,773	1,462,835	3.41%
6 to 10 years	-	976,515	976,515	3.42%
11 to 15 years	-	237,121	237,121	3.68%
16 to 20 years	-	181,010	181,010	3.62%
More than 20 years	-	22,895	22,895	4.10%
	141,062	2,739,314	2,880,376	3.45%

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**5. ACCOUNTS RECEIVABLE**  
(in thousands of dollars)

	2019	2018
Taxes	100,505	119,208
Government of Canada and its enterprises	273,690	256,620
Government of Québec and its enterprises <sup>1</sup>	4,199,872	3,970,088
Municipal organizations	56,063	57,694
Services rendered and other	427,004	369,473
	<b>5,057,134</b>	<b>4,773,083</b>

<sup>1</sup> Includes receivables restricted to repayment of long-term debt of \$2,886.2 million (\$2,862.8 million in 2018) with fair value established at \$2,990.9 million (\$2,912.1 million in 2018).

An allowance for doubtful accounts of \$134.9 million (\$128.5 million in 2018) has been deducted from accounts receivable.

Accounts receivable restricted to the repayment of long-term debt, for which repayment terms were determined as at December 31, 2019, are as follows:

		Weighted nominal		
		Receipts	interest rate	Refinancing
<b>December 31, 2019</b>				
	2020	325,596	3.33 %	4,175
	2021	284,389	3.22 %	21,268
	2022	253,989	3.19 %	13,358
	2023	217,214	3.16 %	62,206
	2024	149,867	3.25 %	99,262
	1 to 5 years	1,231,055	3.24 %	200,269
	6 to 10 years	335,381	2.77 %	525,728
	11 to 15 years	151,421	2.71 %	377,173
	16 to 20 years	45,778	2.79 %	19,352
		<b>1,763,635</b>	<b>3.09 %</b>	<b>1,122,522</b>
<b>December 31, 2018</b>				
	2019	334,482	3.65 %	14,590
	2020	296,647	3.43 %	4,249
	2021	255,019	3.32 %	21,565
	2022	224,618	3.30 %	13,656
	2023	188,572	3.27 %	62,504
	1 to 5 years	1,299,338	3.42 %	116,564
	6 to 10 years	359,742	3.05 %	460,697
	11 to 15 years	140,343	2.75 %	403,364
	16 to 20 years	54,109	2.92 %	28,677
		<b>1,853,532</b>	<b>3.28 %</b>	<b>1,009,302</b>



**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**6. LOANS RECEIVABLE**  
(in thousands of dollars)

	2019	2018
Loans to PME MTL	45,493	29,080
Loans to a municipal housing corporation	5,691	5,376
Loans to non-profit organizations	4,534	2,303
Balances of sales prices	1,882	828
	<b>57,600</b>	<b>37,587</b>

Loans to PME MTL, ending in 2021, do not bear interest. An amount of \$2.3 million (\$2.7 million in 2018) has been deducted from the value of these loans in order for them to be presented at the discounted nominal value.

Loans to a municipal housing corporation, which mature from 2020 to 2033, do not bear interest. An amount of \$1.9 million (\$2.3 million in 2018) was deducted from the value of these loans to present them at their discounted nominal value.

Loans to non-profit organizations, which mature from 2033 to 2034, do not bear interest. An amount of \$4.0 million (\$1.5 million in 2018) was deducted from the value of these loans to present them at their discounted nominal value.

As at December 31, 2019, no provision for valuation allowance was recognized (none in 2018).

**7. TEMPORARY LOANS**

	2019		2018	
	Authorized	Used	Authorized	Used
Demand lines of credit	312,000	-	319,100	66,500
Securities <sup>1</sup>	1,781,500	578,396	1,762,200	389,780
	<b>2,093,500</b>	<b>578,396</b>	<b>2,081,300</b>	<b>456,280</b>

<sup>1</sup> The \$1,781.5 million (\$1,762.2 million in 2018) total amount of authorized securities comprises the STM's authorized limit of \$750.0 million and \$1,031.5 million under the Charter of Ville de Montréal, which authorizes up to 20% of the budgetary appropriations for the issuance of temporary securities. The City may borrow, in whole or in part, through notes, bankers' acceptances, commercial paper or other securities that may be negotiated with chartered banks or on the open market for short-term borrowings.

As at December 31, 2018, the weighted average rate of lines of credit used was 2.39%.

As at December 31, 2019, the weighted average rate of securities issues was 1.87% (2.17% in 2018).

## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 8. ACCOUNTS PAYABLE, PROVISIONS AND ACCRUED LIABILITIES (in thousands of dollars)

	2019	2018
Trade accounts payable	835,248	708,693
Remuneration and benefits costs	586,547	567,554
Deposits and holdbacks	256,812	230,631
Accrued interest payable on long-term debt	92,506	88,398
Provisions		
Solid waste landfill closure and post-closure costs <sup>1</sup>	83,141	83,907
Environmental liability <sup>2</sup>	77,227	99,367
Contested valuations	40,708	39,153
Other	108,473	89,747
Government of Québec and its enterprises <sup>3</sup>	51,015	54,469
Autorité régionale de transport métropolitain	96,987	10,744
Other	84,896	51,703
	<b>2,313,560</b>	<b>2,024,366</b>

<sup>1</sup> The City records a liability for solid waste landfill closure and post-closure cost. Estimated total undiscounted expenditures amounted to \$145.2 million (\$153.2 million in 2018) and the discount rate used was 3.5% (3.5% in 2018).

<sup>2</sup> The City records an environmental liability in respect of the clean-up of contaminated sites. Based on information currently known, this liability comprises costs directly attributable to remediation activities. These costs include those associated with operating activities as well those related to the construction of infrastructure used solely for cleaning up the sites. Once the period for the remediation work can be determined the City discounts the costs. As at December 31, 2019, the liability associated with the sites whose clean-up costs have been discounted amounted to \$54.1 million (\$76.9 million in 2018); estimated total undiscounted expenditures, which are expected to be realized until 2045, amount to \$73.5 million (\$96.5 million in 2018); and the discount rate used was 3.5% (3.5% in 2018). The liability related to sites for which the period of work cannot be determined was \$23.1 million (\$22.5 million in 2018). Potential cost recoveries related to government transfers and the invoicing of partners involved in cleaning up the sites, are recorded as a reduction in liability if they are confirmed and are meeting all recognition criteria. Cost recoveries of \$9.8 million (\$9.8 million in 2018) reduced the liability as at December 31, 2019.

<sup>3</sup> In 2017, the Government of Québec and the Société nationale du cheval de course (national racehorse society) sold to the City certain lots in a location known as the Hippodrome de Montréal. This sale was concluded without immediate monetary consideration but in exchange for the selling price of the land being shared between the City and the Government. As at December 31, 2019, the amount payable to the Government of Québec recorded in the City's books totals is estimated at \$39.3 million (\$39.7 million in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
 Fiscal Year Ended December 31, 2019

**9. DEFERRED REVENUES**  
 (in thousands of dollars)

	2019	2018
Transfers	384,806	160,972
Premium upon issuance of securities	74,856	62,651
Acquisition and development of parks and playing fields	55,421	34,795
Automobile registration taxes	16,170	16,185
Social housing development fund	22,205	18,198
Other	23,681	25,812
	<b>577,139</b>	<b>318,613</b>

**10. LONG-TERM DEBT**  
 (in thousands of dollars)

	2019	2018
Bonds and bank loans <sup>1</sup>	12,779,514	12,224,323
Term loans and mortgages <sup>2</sup>	177,972	90,645
Other long-term debt	23,469	27,249
	<b>12,980,955</b>	<b>12,342,217</b>

<sup>1</sup> Includes the long-term debt related to repaying the net pension plan obligation totalling \$1,294.9 million (\$1,294.9 million in 2018).

<sup>2</sup> Mortgages in the amount of \$5.1 million (\$11.1 million in 2018) are guaranteed by properties with a carrying value of \$20.6 million (\$33.3 million in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**10. LONG-TERM DEBT (continued)**  
(in thousands of dollars)

The repayment of the long-term debt is allocated as follows:

	2019	2018
Chargeable to taxpayers		
Of the central municipality	4,753,298	4,276,154
Of the agglomeration	2,583,345	2,281,092
Sinking Fund investments	2,377,291	2,566,743
Receivables restricted to repayment long-term debt	2,886,157	2,862,834
Amount recoverable through user fees	380,864	355,394
	<b>12,980,955</b>	<b>12,342,217</b>

The City uses currency and interest-rate swap agreements for loans totalling \$278.5 million (\$183.5 million in 2018). The financial liabilities associated with these swaps are included in the long-term debt amount.

Considering the existence of these swaps, all of the loans contracted by the City bear interest at a fixed rate. As at December 31, 2019, all loans in foreign currencies are hedged.

Estimated payments on long-term debt are as follows:

	2019			2018		
	Canadian dollars	Refinancing	Net Amount	Canadian dollars	Refinancing	Net Amount
2019				1,301,788	242,780	1,059,008
2020	628,915	57,431	571,484	587,777	88,011	499,766
2021	1,031,474	297,167	734,307	964,097	297,167	666,930
2022	814,822	461,024	353,798	748,637	461,023	287,614
2023	1,453,541	579,812	873,729	1,319,772	507,072	812,700
2024	1,201,192	203,102	998,090	-	-	-
1 to 5 years	5,129,944	1,598,536	3,531,408	4,922,071	1,596,053	3,326,018
6 to 10 years	4,217,670	1,377,610	2,840,060	4,261,707	1,119,630	3,142,077
11 to 15 years	1,234,463	93,321	1,141,142	722,607	80,365	642,242
16 to 20 years	1,345,148	191,183	1,153,965	1,382,102	151,811	1,230,291
2043	934,556	-	934,556	934,556	-	934,556
2045	119,174	-	119,174	119,174	-	119,174
<b>TOTAL</b>	<b>12,980,955</b>	<b>3,260,650</b>	<b>9,720,305</b>	<b>12,342,217</b>	<b>2,947,859</b>	<b>9,394,358</b>

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## Notes and Tables to the Consolidated Financial Statements

Fiscal Year Ended December 31, 2019

### 10. LONG-TERM DEBT (continued)

(in thousands of dollars)

#### Interest rates

The interest rates shown in the table take into account the nominal interest rate and impact of interest rate swaps.

	2019	2018
<b>Maturity</b>	<b>Weighted average</b>	<b>Weighted average</b>
1 to 5 years	3.57%	3.75%
6 to 10 years	3.15%	3.59%
11 to 15 years	4.13%	4.13%
16 to 20 years	3.36%	3.60%
2043	6.00%	6.00%
2045	6.00%	6.00%
	3.66%	3.89%

#### Fair value

The fair value of the debt was \$14,255.7 million (\$13,109.1 million in 2018). Fair value includes the net financial liabilities associated with foreign currency and interest-rate swaps of \$28.0 million (\$17.6 million in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**11. EMPLOYEE FUTURE BENEFITS LIABILITY**  
(in thousands of dollars)

	2019	2018
Defined benefit pension plans	31,445	28,003
Other plans	277,206	288,861
<b>Employee future benefits liability</b>	<b>308,651</b>	<b>316,864</b>

Expenditures for the defined benefit plans totalled \$329.5 million (\$258.9 million in 2018). Expenditures for the defined contribution plans and the pension plans of elected officials totalled \$1.5 million (\$1.3 million in 2018) and \$2.9 million (\$2.8 million in 2018).

**Defined benefit plans**

a) **Description of plans**

The City offers various defined benefit pension plans to most of its employees. Under these plans, benefits paid to employees are based on the number of years of service and the average salary for the highest paid years. The City's contributions are determined according to various actuarial methods.

Other retirement benefits, including life insurance and insurance coverage for medical and dental costs, are also provided to certain employees. Certain post-employment benefits are also provided and include, in particular, income replacement benefits, supplemental unemployment benefits, maintenance of coverage during periods of temporary absence and certain termination allowances. These plans are not funded.

The most recent actuarial valuation available covers fiscal year 2016 to fiscal year 2018.

b) **Reconciliation of the funded status of the benefit plans with the amounts recorded in the Consolidated Statement of Financial Position**

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Actuarial value of plan assets	20,741,485	-	19,741,973	-
Accrued benefit obligation	(20,583,458)	(292,262)	(19,391,122)	(299,862)
Surplus (Deficit)	158,027	(292,262)	350,851	(299,862)
Unamortized actuarial losses (gains)	(51,711)	15,056	(42,526)	11,001
Accrued benefit asset (liability)	106,316	(277,206)	308,325	(288,861)
Valuation allowance	(137,761)	-	(336,328)	-
<b>Employee future benefits liability</b>	<b>(31,445)</b>	<b>(277,206)</b>	<b>(28,003)</b>	<b>(288,861)</b>

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)**  
(in thousands of dollars)

c) Plans in which the accrued benefit obligation exceeds the plan assets

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Accrued benefit obligation	(8,746,045)	(292,262)	(6,787,150)	(299,862)
Actuarial value of plan assets	8,235,411	-	6,208,473	-
Deficit	(510,634)	(292,262)	(578,677)	(299,862)

d) Actuarial value of plan assets

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Balance at beginning	19,741,973	-	19,018,793	-
Expected return on plan assets	1,164,263	-	1,136,308	-
Gains during the year on the expected return on plan assets	347,775	-	20,142	-
Actual return on plan assets	1,512,038	-	1,156,450	-
Employer contributions	327,976	9,689	391,010	9,987
Employee contributions	233,696	-	209,706	-
Benefits paid	(1,074,198)	(9,689)	(1,033,986)	(9,987)
Balance at end	20,741,485	-	19,741,973	-
Fair value of plan assets <sup>1</sup>	21,318,594	-	19,427,822	-

<sup>1</sup> The fair value of assets includes the bonds issued directly by the City to its pension plans, reported at a cost of \$303.7 million (\$303.7 million in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)**  
(in thousands of dollars)

e) Accrued benefit obligation

	2019		2018	
	Pension plans <sup>1</sup>	Other plans	Pension plans <sup>1</sup>	Other plans
Balance at beginning	19,391,122	299,862	18,893,396	304,886
Current service cost	510,410	10,105	470,637	9,953
Past service cost	333,524	(20,285)	607	(532)
Benefits paid	(1,074,198)	(9,689)	(1,033,986)	(9,987)
Interest cost on the obligation	1,152,421	10,463	1,082,913	10,907
Loss (Gain) on the obligation during the year	270,179	1,806	(22,445)	(15,365)
Balance at end	20,583,458	292,262	19,391,122	299,862

<sup>1</sup> As at December 31, 2019, the accrued benefit obligation of the pension plans includes a constructive obligation of \$2,196.1 million (\$1,771.1 million in 2018) arising from the adoption, in 2014, of *the Act to foster the financial health and sustainability of municipal defined benefit pension plans (S.Q.2014, Chapter 15)*.

f) Components of the expenditure for defined benefits plans

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Current service cost	510,410	10,105	470,637	9,953
Past service cost	333,524	(20,285)	607	(532)
Employee contributions	(233,696)	-	(209,706)	-
Unamortized actuarial gains recognized upon plan amendments	(134,220)	(2,580)	-	(4)
Amortization of actuarial losses	65,809	331	96,031	1,743
Retirement benefits expense	541,827	(12,429)	357,569	11,160
Interest cost on the obligation	1,152,421	10,463	1,082,913	10,907
Expected return on plan assets	(1,164,263)	-	(1,136,308)	-
Interest cost (income)	(11,842)	10,463	(53,395)	10,907
Change in valuation allowance	(198,567)	-	(67,296)	-
Total expenditure	331,418	(1,966)	236,878	22,067



## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 11. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

(in thousands of dollars)

##### g) Principal assumptions

The principal assumptions used are as follows:

	2019		2018	
	Pension plans	Other plans	Pension plans	Other plans
Discount rate	5.70% to 6.20%	3.00% to 3.50%	5.90% to 6.20%	3.5%
Rate of expected return on plan assets	5.70% to 6.25%		5.90% to 6.50%	
Inflation rate	2.00% to 2.10%	2.10%	2.00% to 2.10%	2.25%
Salary escalation rate	2.20% to 2.75%	2.20% to 2.50%	2.50% to 2.85%	2.50% to 3.10%
Initial growth rate for healthcare costs		3.00% to 7.50%		3.00% to 7.50%
Ultimate growth rate for healthcare costs		3.00% to 5.00%		3.00% to 5.00%
Years when rate is expected to stabilize		2027 and 2028		2027 and 2028

##### Mortality tables

For its main pension plans, except for the plan for police officers, the City uses mortality table CPM-2014 combined with the CPM-B scale and adjustment factors based on the provisioning reports. For the police officers pension plan, the City uses mortality table CPM-2014Publ combined with the CPM-B scale and adjustment factors based on the provisioning reports.

#### Defined contribution plans and plans of elected officials

##### a) Description of plans

Some employees are members of defined contribution plans, under which the City's contribution represents a percentage of pay. Elected officials are members of defined benefit pension plans administered by Retraite Québec. The City's contributions are determined by the government.

##### b) Employer contributions

	2019	2018
Defined contribution plans	1,460	1,277
Pension plans of elected officials	2,902	2,777

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**12. CAPITAL ASSETS**  
(in thousands of dollars)

	Balance, January 1	Increase	Disposals / Write offs	Balance, December 31
<b>COST</b>				
Infrastructures	13,144,042	1,203,507	797,927	13,549,622
Metro system - infrastructures	2,691,757	267,443	12,913	2,946,287
Metro system - tunnels	328,081	-	-	328,081
Metro cars	1,964,959	104,565	-	2,069,524
Buildings	4,120,244	546,976	14,727	4,652,493
Leasehold improvements	131,831	19,005	352	150,484
Vehicles	1,721,213	220,588	89,053	1,852,748
Office furniture and equipment	652,540	170,937	66,654	756,823
Machinery, tools and equipment	473,580	58,818	40,797	491,601
Land	1,396,431	151,534	2,895	1,545,070
Other	13,089	4,016	-	17,105
	26,637,767	2,747,389	1,025,318	28,359,838
<b>ACCUMULATED AMORTIZATION</b>				
Infrastructures	5,558,715	517,650	797,906	5,278,459
Metro system - infrastructures	775,855	99,769	12,913	862,711
Metro system - tunnels	107,062	3,398	-	110,460
Metro cars	286,249	42,741	-	328,990
Buildings	1,733,675	125,028	14,515	1,844,188
Leasehold improvements	73,916	11,831	274	85,473
Vehicles	988,001	114,438	82,409	1,020,030
Office furniture and equipment	294,429	98,174	66,132	326,471
Machinery, tools and equipment	213,447	41,866	40,779	214,534
Other	206	71	-	277
	10,031,555	1,054,966	1,014,928	10,071,593
<b>NET CARRYING VALUE</b>	16,606,212	1,692,423	10,390	18,288,245

The cost of the capital assets in the process of completion totalling \$1,115.7 million as at December 31, 2019 (\$1,231.8 million in 2018). There were no write-downs during the year (none in 2018).

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**13. OTHER NON-FINANCIAL ASSETS**  
(in thousands of dollars)

	2019	2018
Deposits to purchase metro cars and buses	54,523	92,400
Deposits to purchase other assets	5,169	-
Securities issuance costs	60,182	60,011
Other	11,677	8,867
	<b>131,551</b>	<b>161,278</b>

**14. ACCUMULATED SURPLUS**  
(in thousands of dollars)

	2019	2018
Unrestricted operating surplus	236,774	211,925
Restricted operating surplus	459,777	442,550
Financial reserves and reserved funds	606,280	239,297
Deficit of capital asset activities	(982,306)	(588,221)
Recognized expenditures to be taxed or funded	(1,270,212)	(1,232,778)
Net investment in capital assets	11,626,006	10,718,932
	<b>10,676,319</b>	<b>9,791,705</b>

In accordance with the model developed by the Ministère des Affaires municipales et de l'Habitation of the Government of Québec, the City presents certain financial information prepared for tax purposes in its annual financial report. Besides a breakdown of the accumulated surplus in various items defined in the following paragraphs, the financial information is presented in Schedules 3 and 4, as well as in Tables 1 to 11.

**Restricted operating surplus**

The restricted operating surplus is the portion of the accumulated surplus whose use is reserved under the *Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and Outaouais* (S.Q. 2000, chapter 56), under resolutions adopted by the city council, the urban agglomeration council and the borough councils. It also includes the excess of operating activities in organizations under the City's control.

**Financial reserves and reserved funds**

Financial reserves and reserved funds are the portion of the accumulated surplus for limited purposes under statutory and contractual provisions. The reserves and reserved funds are used for the development and maintenance of parking areas, the provision of water, road network services and the acquisition of capital assets.

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## Notes and Tables to the Consolidated Financial Statements

Fiscal Year Ended December 31, 2019

### 14. ACCUMULATED SURPLUS (continued) (in thousands of dollars)

#### Deficit of capital asset activities

The deficit of capital assets activities consists of the difference between the cost of capital assets and the total of capital resources.

#### Recognized expenditures to be taxed or funded

Recognized expenditures to be taxed or funded is equal to the net balance of the expenditures recognized in the Consolidated Statement of Operations that will be subject to future revenues. Except for the balance related to the initial obligation as at January 1, 2007 for other retirement benefits and other post-employment employee future benefits, this net balance is transferred by allocating it to the unrestricted operating surplus based on budgeted amounts or resolutions adopted by the city council and the urban agglomeration council. The recognized expenditures to be taxed or funded results from the following:

- the application of relief measures related to employee future benefits (allocations over an estimated period through to 2025);
- the application of relief measures to mitigate the impact of the 2008 financial crisis in the defined benefit pension plans (allocations over an estimated period until 2022);
- the application of relief measures related to the environmental liability (allocations over an estimated period through to 2042);
- the application allowed during the 2014 to 2017 period of relief measures relating to the change in the treatment of the Québec sales tax (QST) refund, (allocations over a maximum 10-year period);
- the long-term financing of certain operating expenditures, essentially related to the 2003 and 2005 refinancing of notarized deeds relating to certain pension plans (allocations over an estimated period through to 2045).

#### Net investment in capital assets

The net investment in capital assets is equal to the net carrying value of capital assets, minus the debt portion related to these assets, plus Sinking Fund investments and receivables restricted to repayment of long-term debt.

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**15. TRANSFER REVENUES**  
(in thousands of dollars)

	2019	2018
Transfers - Operating activities		
Government of Canada	5,596	5,488
Government of Québec	402,233	327,129
Communauté métropolitaine de Montréal	42,988	37,603
	450,817	370,220
Transfers - Capital asset activities		
Government of Canada		
Canada/Québec Infrastructure program	28,874	34,378
Gas tax program and the Québec government contribution	163	25,502
Government of Québec		
Government public transit assistance program	275,391	526,522
Public transit infrastructure assistance program	320,620	251,325
Canada/Québec Infrastructure program	31,613	168,296
Québec/Municipalities Infrastructure program	45,806	38,743
Gas tax program and the Québec government contribution	30,237	44,002
Other	50,101	47,840
	782,805	1,136,608
	1,233,622	1,506,828

**16. INTEREST INCOME**  
(in thousands of dollars)

	2019	2018
Sinking Fund investments	96,471	78,926
Cash, cash equivalents and other	56,141	49,475
	152,612	128,401
Tax arrears	14,521	15,963
	167,133	144,364

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 17. FINANCIAL INSTRUMENTS

##### Use of derivative instruments

The City uses derivative financial instruments to reduce its exposure to changes in cash flows associated with changes in foreign exchange rates and interest rates of its long-term debt. It does not use derivative financial instruments for trading nor speculative purposes.

##### Exchange and interest positions

As at December 31, 2019, considering the use of currency and interest-rate swaps, all of the City's loans are denominated in Canadian dollars and bear interest at a fixed rate.

##### Credit risk

In using derivative financial instruments, the City is exposed to credit losses arising from third-party defaults on payment. The City believes these parties will be able to meet their obligations.

##### Fair value

The fair value of cash and cash equivalents, accounts receivable other than those used to repay long-term debt, temporary loans, and accounts payable, provisions and accrued liabilities approximate their carrying values due to the short maturities of these financial instruments.

The following table shows the fair values and carrying values of other financial instruments:

(in thousands of dollars)	2019		2018	
	Fair value	Carrying value	Fair value	Carrying value
Investments	2,820,754	2,739,808	2,913,333	2,880,376
Receivables restricted of repayment of long-term debt	2,990,942	2,886,157	2,912,118	2,862,834
Long-term debt	14,255,749	12,980,955	13,109,158	12,342,217

The fair value of investments is the amount at which they could be exchanged on the market between parties at arm's length. The fair value of the receivables amount to be used to repay long-term debt and the long-term debt is essentially based on a discounted cash flows calculation that uses rates of return or the year-end market price of similar instruments with the same maturity. The fair value of swaps is the amount the City would receive or pay if these contracts closed at that date. As at December 31, 2019, the fair value of financial liabilities associated with swaps stood at \$28.0 million (\$17.6 million in 2018). It is included in the long-term debt amounts.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 18. CONTRACTUAL RIGHTS AND OBLIGATIONS

##### a) Contractual obligations

The City has contractual obligations relating primarily to property leases, equipment and machinery rentals, and snow-removal and garbage collection services. Under these obligations, the City has committed to paying a total amount of \$3,069.0 million. The estimated amounts payable over the coming years are as follows:

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025-2050</u>	<u>Total</u>
\$704.6M	\$424.0M	\$339.7M	\$262.8M	\$201.4M	\$1,136.5M	\$3,069.0M

Capital activity commitments total \$5,617.6 million including \$821.9 million to purchase buses and \$482.1 million to purchase metro cars.

##### b) Contractual rights

Contractual rights related to operating activities, estimated to total \$1,138.5 million, represent future revenue that the City will be eligible to receive under existing agreements. They consist of transfer revenues totalling \$578.9 million and revenues related to services rendered in an amount of \$559.6 million pertaining to the rental of premises and lending of employees.

The timing of contractual rights is as follows:

<u>2020<sup>1</sup></u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025-2065</u>	<u>Total</u>
\$301.4M	\$147.3M	\$128.1M	\$58.1M	\$46.3M	\$457.3M	\$1,138.5M

<sup>1</sup> Includes contractual rights relating to open-ended agreements for an amount of \$114.3 million. They pertain to transfer revenues in an amount of \$97.7 million and revenues for services rendered totalling \$16.6 million relating to the lending of employees.

Contractual rights related to capital asset activities amount to \$1,994.7 million, including \$811.4 million for the acquisition of buses and \$392.1 million for the purchase of metro cars.

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#### 19. CONTINGENT ASSETS

To avoid any negative consequences from the outcome of the legal actions it has filed, the City has chosen not to disclose the amount that it considers likely to be recovered.

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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 20. CONTINGENT LIABILITIES

##### a) Claims and insurance

Claims pending against the City amount to \$2,451.8 million (\$2,074.7 million in 2018).

They include a \$1,500.0 million class-action suit brought on by RAPLIQ (Regroupement des activistes pour l'inclusion au Québec) and authorized by the Superior Court on May 26, 2017. RAPLIQ is an organization whose mission is to promote and defend the human rights of those who have a disability. According to the group, the public transit network run by the STM, the Agence métropolitaine de transport (AMT) (and its successors) and the Municipal Administration are inaccessible and violate the rights and freedoms of people with physical disabilities. The claims also include a \$171 million class-action suit brought by the Black Coalition of Quebec and authorized by the Superior Court on August 7, 2019. This class action involves all individuals from the black and cultural communities who allegedly suffered racial profiling between August 14, 2017 and January 11, 2019. At this time, the City is not in a position to determine the outcome of these class actions.

In the opinion of the City's legal counsel, the resolution of other claims will not materially impact the City's financial position.

The Municipal Administration has not contracted any risk insurance. However, it has budgeted, for tax purposes, an amount of \$32 million for the settling of claims and payment of judgments and expenditures not forecasted in the budget.

##### b) Act fostering the financial health of defined benefit pension plans

Since the *Act to foster the financial health and sustainability of municipal defined benefit pension plans* (S.Q.2014, Chapter 15) was assented to, applications instituting proceedings to declare the Act unconstitutional and invalid have been filed with the Superior Court of Québec by labour unions in opposition to this Act. Since the result of these proceedings and the amounts involved cannot be determined, the possible impacts of these publications have not been considered as at December 31, 2019.

##### c) Environment

The City, as an owner of contaminated land, may be required to perform certain acts to comply with, in particular, the *Act to amend the Environment Quality Act* (S.Q. 2002, chapter 11). The City may have to characterize and, if necessary, rehabilitate a parcel of land after it has been used or when its use changes.

##### d) Loan guarantees

Under the provisions of the *Act respecting the Communauté métropolitaine de Montréal* (CQLR, chapter C-37.01) (the CMM), the *Act respecting the Autorité régionale de transport métropolitain* (CQLR chapter A-33.3) (the ARTM) and the *Act respecting the réseau de transport métropolitain* (CQLR chapter R-25.01) (the RTM, also known as EXO), local municipalities whose territories are included in those of the CMM, the ARTM and RTM are guarantors of the obligations and commitments of these bodies. The municipal government's share of their total net long-term debt is shown in Table 4.

As part of the assistance program for the development of cooperative and non-profit housing (AccèsLogis Montréal), the City guarantees loans contracted by non-profit organizations responsible for carrying out projects for a maximum amount of \$150.0 million. As at December 31, 2019, the amount of loans guaranteed by the City stood at \$8.6 million. It is expected that a portion of these loans, estimated at \$3.2 million, will be repaid from a future contribution from the City. The contingent liability related to the guaranteed loans is \$5.4 million. No provision for loss has been recorded since none is deemed probable.



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## Notes and Tables to the Consolidated Financial Statements

### Fiscal Year Ended December 31, 2019

#### 21. SUBSEQUENT EVENTS

##### Organization and governance of shared transportation in the Montréal Metropolitan Area

Since June 1, 2017, the STM has been subject to the *Act to modify mainly the organization and governance of shared transportation in the Montréal metropolitan area* (CQLR, chapter O-7.3).

Under this Act, the ARTM must acquire, from the STM and the City, equipment and infrastructures of metropolitan scope. The acquisition contracts must specify the date and terms of transfer of the property. Those assets are expected to be acquired at their net carrying value, net of all government assistance received. Conversely, the assets previously designated as being metropolitan, which are exclusively for STM users, will be transferred to the STM. STM is expected to transfer reserved lanes, incentive parking facilities and terminals to ARTM while ARTM is expected to transfer the incentive parking facilities and terminals.

##### COVID-19 (Coronavirus disease 2019)

After the close of the fiscal year, on March 11, 2020, the World Health Organization announced that COVID-19 could be qualified as a “pandemic.” This announcement triggered a series of public health and emergency measures to fight the spread of the virus. Furthermore, on March 23, 2020, with the exception of certain essential services, the Government of Québec ordered the closure of all companies and businesses in Québec until May 4, 2020.

In the face of this pandemic, the City has adopted several specific measures, which include the cancellation of festivals, sporting events and public gatherings throughout Montréal until July 2, as well as the closure, until further notice, of several cultural and sports facilities, Accès Montréal offices and various service offices. The City also postponed the second payment of property taxes until July 2, and suspended the annual increase in parking meter rates. The City has also implemented aid measures for vulnerable people as well as companies and businesses. The City continues to provide essential municipal services, such as access to drinking water, emergency services, public transit, and garbage and recycling collection.

Also, COVID-19 has significant financial impacts such as the decrease in the market value of pension plan assets, which could have an effect on the financial results of future years. However, the duration and impact of COVID-19 remain unknown and it is impossible to reliably estimate the impact that the duration and severity of the pandemic could have on the consolidated financial results and financial position of the City in future years.

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#### 22. RELATED PARTY DISCLOSURES

The City is related to its key management personnel and their close family members and entities in which one or more of these persons has the power to determine financial and operating decisions. The City’s key management personnel includes the mayor, other Executive Committee members, the City Manager and Assistant City Managers of the municipal administration and management personnel in the other entities included in the consolidation group.

During fiscal year 2019, the City did not enter into any significant transactions with related parties at a different value from that which would have been arrived at if the parties were unrelated.

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## Notes and Tables to the Consolidated Financial Statements

Fiscal Year Ended December 31, 2019

### 23. TRANSFER OF ASSETS, LIABILITIES, OBLIGATIONS AND RESPONSIBILITIES BETWEEN ORGANIZATIONS INCLUDED IN THE CONSOLIDATION GROUP

As at December 31, 2019, the municipal administration had begun or completed steps to transfer assets, liabilities and responsibilities between organizations included in the City's consolidation group.

#### Year ended December 31, 2019

##### Technoparc Montréal

Under an agreement reached on December 19, 2019, Technoparc Montréal transferred all of its assets to the municipal administration, without monetary compensation, in consideration for the assumption by the municipal administration of its liabilities, obligations and responsibilities. The assets, with a net book value of \$18.5 million, consist of assets held for sale and capital assets. Liabilities, in the amount of \$4.4 million, are primarily related to assets held for sale.

The transfer of these assets and liabilities was made at the net carrying value on the transfer date. It has no effect on the City's consolidated financial statements. As of January 1, 2020, the activities associated with the management of the transferred assets will be carried out by the municipal administration. The process of dissolving Technoparc Montréal will continue in 2020.

#### Subsequent year

##### Société en commandite Stationnement de Montréal

On December 31, 2019, the municipal administration terminated its 1995 agreement in which it tasked the SCSM with managing metered parking activities on its territory. This termination led to the signing of a deed of assignment in which the municipal administration becomes the owner, on January 1, 2020, of the real estate and other movable assets related to the operation of metered parking activities. This transfer is made without monetary compensation but in consideration of the takeover by the municipal administration of certain contracts, claims and recourses of the SCSM. On January 1, 2020, the net carrying value of the transferred assets totalled \$12.4 million.

##### Agence de mobilité durable

The Agence de mobilité durable, a new organization of the reporting entity, was constituted on February 13, 2019 under Appendix C of the Charter of Ville de Montréal. As of January 1, 2020, in accordance with an agreement between the parties, the municipal administration has entrusted it with the management, development and promotion of metered parking and has transferred certain assets for a consideration equal to their net carrying value of \$7.4 million. This transaction, recorded at the net carrying value, will have no effect on the City's consolidated financial statements for the year ending December 31, 2020.

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### 24. PRIOR YEAR

Certain comparative figures have been reclassified to conform to the current year's presentation.



**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**TABLE 1 – CONSOLIDATED OPERATING SURPLUS (DEFICIT) FOR TAX PURPOSES BY RESPONSIBILITY**

	2019	
	<b>Local responsibilities</b>	
	<b>Budget</b>	<b>Actual <sup>1</sup></b>
<b>Revenues</b>		
Taxes	3,529,327	3,504,898
Payments in lieu of taxes	275,845	274,855
Quota shares	-	-
Transfers	204,804	219,457
Services rendered	422,454	414,483
Fee collection	246,449	367,494
Fines and penalties	105,916	94,430
Interest	77,873	89,959
Net effect of restructuring operations	-	8,472
Other revenues	22,540	36,791
	<b>4,885,208</b>	<b>5,010,839</b>
<b>Operating expenditures</b>		
General administration	759,921	688,875
Public security	883,985	885,997
Transportation	1,002,058	1,030,282
Environmental hygiene	464,931	473,452
Health and welfare	135,438	129,891
Urban planning and development	218,736	247,664
Recreation and culture	576,701	593,959
Financing expenses	277,358	274,413
Net effect of restructuring operations	-	8,472
	<b>4,319,128</b>	<b>4,333,005</b>
<b>Surplus before financing and allocations</b>	<b>566,080</b>	<b>677,834</b>
<b>Financing</b>		
Repayment of long-term debt <sup>3</sup>	(337,558)	(340,631)
<b>Allocations (Note 14)</b>		
Capital asset activities	(19,744)	(45,230)
Restricted operating surplus	110,000	159,091
Financial reserves and reserved funds	(287,043)	(285,283)
Recognized expenditures to be taxed or funded	(41,250)	(4,155)
	<b>(238,037)</b>	<b>(175,577)</b>
<b>Operating surplus (deficit) for tax purposes for the year</b>	<b>(9,515)</b>	<b>161,626</b>

<sup>1</sup> The transfer revenues, as well as the equivalent operating expenditures presented in environmental hygiene, are reduced by \$5.5 million (\$21.5 million in 2018) equal to the municipal administration specific quota share with respect to the infrastructure work completed under urban agglomeration responsibilities eligible for financial assistance under the gas tax and Québec government contribution program (TECQ) and under the Building Canada Fund - Québec (BCFQ).

<sup>2</sup> Eliminations refer to transactions carried out between organizations included in the financial reporting entity as well as to interjurisdictional transactions.

<sup>3</sup> Repayment of long-term debt includes loan repayments and payments to the Sinking Fund related to loans taken out to finance capital expenditures and for which repayment is not covered by third parties.

(in thousands of dollars)

2019						2018
Urban agglomeration						
responsibilities		Eliminations <sup>2</sup>		Total		Total
Budget	Actual	Budget	Actual	Budget	Actual	Actual
48,300	49,385	(22,934)	(24,652)	3,554,693	<b>3,529,631</b>	3,460,181
-	-	-	-	275,845	<b>274,855</b>	264,417
2,482,954	2,480,633	(2,056,824)	(2,054,697)	426,130	<b>425,936</b>	418,105
257,949	283,057	(44,792)	(51,697)	417,961	<b>450,817</b>	370,220
1,481,782	1,482,851	(96,498)	(84,432)	1,807,738	<b>1,812,902</b>	1,725,422
1,969	1,838	-	-	248,418	<b>369,332</b>	318,973
102,497	85,033	-	-	208,413	<b>179,463</b>	189,033
90,120	113,336	(37,473)	(36,162)	130,520	<b>167,133</b>	144,364
-	-	-	(8,472)	-	-	-
53,713	59,959	(2,000)	(12,000)	74,253	<b>84,750</b>	113,650
<b>4,519,284</b>	<b>4,556,092</b>	<b>(2,260,521)</b>	<b>(2,272,112)</b>	<b>7,143,971</b>	<b>7,294,819</b>	<b>7,004,365</b>
279,675	286,917	(282,300)	(283,396)	757,296	<b>692,396</b>	663,562
1,034,073	1,086,838	(876,616)	(876,773)	1,041,442	<b>1,096,062</b>	1,077,332
1,933,393	1,870,307	(591,697)	(594,157)	2,343,754	<b>2,306,432</b>	2,095,554
229,799	229,452	(263,427)	(261,720)	431,303	<b>441,184</b>	465,835
49,134	62,352	(20,454)	(20,092)	164,118	<b>172,151</b>	140,120
97,887	92,913	(55,636)	(58,308)	260,987	<b>282,269</b>	204,730
159,824	188,812	(132,918)	(133,032)	603,607	<b>649,739</b>	627,768
296,629	272,402	(37,473)	(36,162)	536,514	<b>510,653</b>	500,709
-	-	-	(8,472)	-	-	-
<b>4,080,414</b>	<b>4,089,993</b>	<b>(2,260,521)</b>	<b>(2,272,112)</b>	<b>6,139,021</b>	<b>6,150,886</b>	<b>5,775,610</b>
438,870	466,099	-	-	1,004,950	<b>1,143,933</b>	1,228,755
(250,174)	(264,665)	(5,399)	(5,399)	(593,131)	<b>(610,695)</b>	(555,367)
(20,000)	(16,444)	-	-	-	-	-
(86,170)	291	-	-	(39,744)	<b>(61,674)</b>	(60,258)
(147,618)	(161,124)	-	-	23,830	<b>159,382</b>	117,980
63,897	36,190	5,399	5,399	(434,661)	<b>(446,407)</b>	(496,756)
(189,891)	(141,087)	5,399	5,399	28,046	<b>37,434</b>	(30,522)
(1,195)	60,347	-	-	(422,529)	<b>(311,265)</b>	(469,556)
				(10,710)	<b>221,973</b>	203,832

**Notes and Tables to the Consolidated Financial Statements**  
Fiscal Year Ended December 31, 2019

**TABLE 2 – CONSOLIDATED (DEFICIT) SURPLUS OF CAPITAL ASSET ACTIVITIES FOR TAX PURPOSES BY RESPONSIBILITY**

	2019	
	Local responsibilities	
	Budget	Actual
<b>Revenues</b>		
Transfers	125,000	58,540
Developers contributions	1,100	9,112
Net effect of restructuring operations	-	5,047
Other revenues	-	7,878
	126,100	80,577
<b>Capital expenditures</b>		
General administration	89,200	64,082
Public security	-	1,097
Transportation	668,144	526,718
Environmental hygiene	192,100	238,448
Health and welfare	41,000	29,090
Urban planning and development <sup>3</sup>	110,100	93,135
Recreation and culture	344,900	339,597
	1,445,444	1,292,167
<b>Deficit before financing and allocations</b>	(1,319,344)	(1,211,590)
<b>Financing</b>		
Long-term financing of capital asset activities	1,008,600	885,693
<b>Allocations (Note 14)</b>		
Operating activities	19,744	45,230
Restricted operating surplus	-	15,155
Financial reserves and reserved funds <sup>4</sup>	291,000	63,577
	310,744	123,962
<b>(Deficit) Surplus of capital asset activities for tax purposes for the year</b>	-	(201,935)

<sup>1</sup> The revenues include transfers of \$5.5 million (\$21.5 million in 2018) equal to the municipal administration specific quota share with respect to the infrastructure work completed under urban agglomeration responsibilities eligible for financial assistance under the gas tax and Québec government contribution program (TECQ) and under the Building Canada Fund – Québec (BCFQ).

<sup>2</sup> Eliminations refer to transactions carried out between organizations included in the financial reporting entity.

<sup>3</sup> Includes an amount of \$5.0 million in local responsibilities and an elimination of the same amount from restructuring operations.

<sup>4</sup> The allocation of \$21.2 million (\$171.4 million in 2018) presented in urban agglomeration responsibilities includes an amount of \$2.9 million (\$10.0 million in 2018) from local responsibilities.

(in thousands of dollars)

2019						2018	
Urban agglomeration responsibilities		Eliminations <sup>2</sup>		Total		Total	
Budget	Actual <sup>1</sup>	Budget	Actual	Budget	Actual	Actual	
758,737	724,265	-	-	883,737	<b>782,805</b>	1,136,608	
-	17	-	-	1,100	<b>9,129</b>	7,386	
-	-	-	(5,047)	-	-	-	
34,943	6,225	-	-	34,943	<b>14,103</b>	13,734	
793,680	730,507	-	(5,047)	919,780	<b>806,037</b>	1,157,728	
59,000	47,272	-	-	148,200	<b>111,354</b>	103,581	
40,700	49,450	-	-	40,700	<b>50,547</b>	58,918	
940,103	930,636	-	-	1,608,247	<b>1,457,354</b>	1,675,434	
424,700	268,998	-	-	616,800	<b>507,446</b>	513,545	
-	2,061	-	-	41,000	<b>31,151</b>	78,415	
10,700	2,832	-	(5,047)	120,800	<b>90,920</b>	66,851	
94,700	159,020	-	-	439,600	<b>498,617</b>	415,153	
1,569,903	1,460,269	-	(5,047)	3,015,347	<b>2,747,389</b>	2,911,897	
(776,223)	(729,762)	-	-	(2,095,567)	<b>(1,941,352)</b>	(1,754,169)	
601,623	465,696	-	34,267	1,610,223	<b>1,385,656</b>	1,259,974	
20,000	16,444	-	-	39,744	<b>61,674</b>	60,258	
-	-	-	-	-	<b>15,155</b>	10,150	
154,600	21,205	-	-	445,600	<b>84,782</b>	426,443	
174,600	37,649	-	-	485,344	<b>161,611</b>	496,851	
-	(226,417)	-	34,267	-	<b>(394,085)</b>	2,656	

**Notes and Tables to the Consolidated Financial Statements**  
As at December 31, 2019

**TABLE 3 – CONSOLIDATED ACCUMULATED SURPLUS**

(in thousands of dollars)

	2019	2018
<b>Accumulated surplus</b>		
Unrestricted operating surplus	236,774	211,925
Restricted operating surplus	459,777	442,550
Financial reserves and reserved funds	606,280	239,297
Deficit of capital asset activities	(982,306)	(588,221)
Recognized expenditures to be taxed or funded	(1,270,212)	(1,232,778)
Net investment in capital assets	11,626,006	10,718,932
	<b>10,676,319</b>	<b>9,791,705</b>
<b>Breakdown of different items</b>		
<b>Restricted operating surplus</b>		
Allocation to the following year	12,740	4,800
Restricted surplus - Boroughs	226,117	205,253
Restricted surplus - Specific projects	124,866	107,136
Restricted surplus - Other purposes	96,054	125,361
	<b>459,777</b>	<b>442,550</b>
<b>Financial reserves and reserved funds</b>		
Financial reserves		
Water	27,541	35,337
Road network	26,791	34,538
Capital assets	375,450	282
	<b>429,782</b>	<b>70,157</b>
Reserved funds		
Capital assets	152,692	143,597
Working capital	10,570	10,768
Balance on hand of closed-loan by-laws	6,871	8,240
Parking areas	6,106	6,218
Other	259	317
	<b>176,498</b>	<b>169,140</b>
	<b>606,280</b>	<b>239,297</b>
<b>Recognized expenditures to be taxed or funded</b>		
Employee future benefits		
Pension plans	74,558	99,739
Other plans	(191,827)	(199,140)
	<b>(117,269)</b>	<b>(99,401)</b>
Environmental liability	(35,200)	(36,800)
QST transitional measure	(6,740)	(8,940)
Long-term financing of operating activities	(1,111,003)	(1,087,637)
	<b>(1,270,212)</b>	<b>(1,232,778)</b>



**Notes and Tables to the Consolidated Financial Statements**  
As at December 31, 2019

**TABLE 3 – CONSOLIDATED ACCUMULATED SURPLUS (continued)**

(in thousands of dollars)

	<b>2019</b>	<b>2018</b>
<b>Net investment in capital assets</b>		
Assets		
Investments - Sinking Fund	<b>2,377,291</b>	2,566,743
Receivables restricted to repayment of long-term debt	<b>2,795,295</b>	2,756,685
Capital assets	<b>18,288,245</b>	16,606,212
	<b>23,460,831</b>	21,929,640
Liabilities		
Long-term debt	<b>(12,980,955)</b>	(12,342,217)
Debt not affecting the net investment in capital assets	<b>1,146,130</b>	1,131,509
	<b>(11,834,825)</b>	(11,210,708)
	<b>11,626,006</b>	10,718,932

**Notes and Tables to the Consolidated Financial Statements**  
As at December 31, 2019

<b>TABLE 4 – CONSOLIDATED NET TOTAL LONG-TERM DEBT</b>	<i>(in thousands of dollars)</i>	
	<b>2019</b>	<b>2018</b>
<b>Long-term debt of the municipal administration</b>	<b>9,922,209</b>	9,221,042
<b>Add</b>		
Long-term unfunded operating expenditures	<b>74,234</b>	112,634
Long-term unfunded capital expenditures	<b>708,673</b>	251,026
Long-term unfunded acquisitions of assets held for sale	<b>57,147</b>	26,761
<b>Deduct</b>		
Receivables restricted to repayment of long-term debt	<b>1,503,923</b>	1,414,779
Sinking fund investments	<b>1,934,406</b>	1,957,537
Amount recoverable through user fees	<b>391,127</b>	361,503
<b>Net long-term debt of the municipal administration</b>	<b>6,932,807</b>	5,877,644
Quota share in the net total long-term debt of controlled organizations	<b>1,521,828</b>	1,377,794
<b>Consolidated net long-term debt</b>	<b>8,454,635</b>	7,255,438
<b>Quota share in the net total long-term debt of other organizations</b>		
Réseau de transport métropolitain	<b>160,121</b>	169,246
Autorité régionale de transport métropolitain	<b>20,856</b>	23,271
Communauté métropolitaine de Montréal	<b>12,640</b>	9,166
<b>Consolidated net total long-term debt</b>	<b>8,648,252</b>	7,457,121

Net total long-term debt is equivalent to debt whose repayment is to be provided for by tax revenues or other future self-generating revenues.

## Notes and Tables to the Consolidated Financial Statements

### As at December 31, 2019

TABLE 5 - RECONCILIATION OF BUDGETS TABLED AND CONSOLIDATED BUDGET PRESENTED  
IN THE CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands of dollars)

	Budget tabled				2019
	Municipal administration	Controlled organizations <sup>1</sup>	Adjustments <sup>2</sup>	Eliminations <sup>3</sup>	Consolidated budget
<b>Revenues</b>					
Taxes	3,577,627	-	-	(22,934)	3,554,693
Payments in lieu of taxes	275,845	-	-	-	275,845
Quota shares	426,130	-	-	-	426,130
Transfers	320,344	814,146	212,000	(44,792)	1,301,698
Services rendered	316,538	1,585,772	-	(94,572)	1,807,738
Fee collection	248,418	-	-	-	248,418
Fines and penalties	208,413	-	-	-	208,413
Interest	151,678	16,315	-	(37,473)	130,520
Other revenues	24,210	86,986	1,100	(2,000)	110,296
	5,549,203	2,503,219	213,100	(201,771)	8,063,751
<b>Operating expenditures</b>					
General administration	765,321	-	15,579	(8,025)	772,875
Public security	1,042,111	-	30,025	(669)	1,071,467
Transportation	1,047,736	1,683,395	282,361	(101,084)	2,912,408
Environmental hygiene	432,542	-	236,786	(1,239)	668,089
Health and welfare	115,107	74,550	1,667	(14,828)	176,496
Urban planning and development	257,999	6,100	42,263	(3,056)	303,306
Recreation and culture	589,601	49,418	165,172	(35,397)	768,794
Financing expenses	408,677	165,310	-	(37,473)	536,514
	4,659,094	1,978,773	773,853	(201,771)	7,209,949
<b>Surplus before financing and allocations</b>	890,109	524,446	(560,753)	-	853,802
<b>Financing</b>					
Repayment of long-term debt	(498,425)	-	498,425	-	-
<b>Allocations (Note 14)</b>					
Restricted operating surplus	23,830	-	(23,830)	-	-
Financial reserves and reserved funds	(434,661)	-	434,661	-	-
Recognized expenditures to be taxed or funded	19,147	-	(19,147)	-	-
	(391,684)	-	391,684	-	-
<b>Consolidated budgeted surplus for the year</b>	-	524,446	329,356	-	853,802

<sup>1</sup> Revenues and expenditures of organizations under the City's control have been recorded into the same categories used by the municipal administration. The amortization expenditure, from capital assets of controlled organizations totalling \$297.1 million is allocated as follows: transportation, \$286.3 million, health and welfare, \$10.7 million and urban planning and development, \$0.1 million.

<sup>2</sup> The adjustments are related to municipal administration budget data. They are necessary to calculate the year's budgeted surplus using CPSAS. They consist of including revenues related to capital asset activities of \$213.1 million as well as the amortization expenditure of capital assets in the amount of \$773.8 million. Repayment of long-term debt and appropriations are eliminated since they have no impact on the surplus established using these same standards.

<sup>3</sup> Under the CPSAS, operations between the organizations included in the consolidation group are eliminated.



Municipal  
Administration  
Financial Reporting

2019

Breakdown by  
Responsibility

Water Management

Breakdown of  
Mixed Expenditures



Municipal  
Administration  
Financial Reporting

2019

Breakdown by  
Responsibility

## Financial Information of the Municipal Administration

### Fiscal Year Ended December 31, 2019

**TABLE 6 – NON-CONSOLIDATED OPERATING SURPLUS FOR TAX PURPOSES BY RESPONSIBILITY**

	2019	
	Local responsibilities	
	Budget	Actual <sup>1</sup>
<b>Revenues</b>		
Taxes	3,529,327	3,504,898
Payments in lieu of taxes	275,845	274,855
Quota shares	-	-
Transfers	191,981	206,162
Services rendered	262,314	254,509
Fee collection	246,449	367,494
Fines and penalties	105,916	94,430
Interest	77,323	88,902
Net effect of restructuring operations	-	8,472
Other revenues	22,035	32,195
	<b>4,711,190</b>	<b>4,831,917</b>
<b>Operating expenditures</b>		
General administration	759,921	688,875
Public security	883,985	885,997
Transportation	916,764	949,841
Environmental hygiene	464,931	473,452
Health and welfare	71,599	67,250
Urban planning and development	212,692	237,875
Recreation and culture	576,701	593,959
Financing expenses	273,877	271,449
	<b>4,160,470</b>	<b>4,168,698</b>
<b>Surplus before financing and allocations</b>	<b>550,720</b>	<b>663,219</b>
<b>Financing</b>		
Repayment of long-term debt <sup>3</sup>	(332,427)	(332,940)
<b>Allocations (Note 14)</b>		
Capital asset activities	-	(8,899)
Restricted operating surplus	110,000	159,091
Financial reserves and reserved funds	(287,043)	(285,283)
Recognized expenditures to be taxed or funded	(41,250)	(4,155)
	<b>(218,293)</b>	<b>(139,246)</b>
<b>Operating surplus for tax purposes for the year</b>	<b>-</b>	<b>191,033</b>

<sup>1</sup> The transfer revenues, as well as the equivalent operating expenditures presented in environmental hygiene, are reduced by \$5.5 million (\$21.5 million in 2018) equal to the municipal administration specific quota share with respect to the infrastructure work completed under urban agglomeration responsibilities eligible for financial assistance under the gas tax and Québec government contribution program (TECQ) and under the Building Canada Fund - Québec (BCFQ).

<sup>2</sup> The eliminations refer to interjurisdictional transactions.

<sup>3</sup> Repayment of long-term debt represents loan repayments and payments to the Sinking Fund related to loans taken out to finance capital expenditures and for which repayment is not covered by third parties.



(in thousands of dollars)

		2019				2018	
Urban agglomeration responsibilities		Eliminations <sup>2</sup>		Total		Total	
Budget	Actual	Budget	Actual	Budget	Actual	Actual	
48,300	49,385	-	-	3,577,627	<b>3,554,283</b>	3,482,078	
-	-	-	-	275,845	<b>274,855</b>	264,417	
2,482,954	2,480,633	(2,056,824)	(2,054,697)	426,130	<b>425,936</b>	418,105	
128,363	152,506	-	-	320,344	<b>358,668</b>	283,068	
56,150	62,053	(1,926)	(2,568)	316,538	<b>313,994</b>	313,510	
1,969	1,838	-	-	248,418	<b>369,332</b>	318,973	
102,497	85,033	-	-	208,413	<b>179,463</b>	189,033	
74,355	83,824	-	-	151,678	<b>172,726</b>	160,802	
-	-	-	-	-	<b>8,472</b>	-	
2,175	2,286	-	-	24,210	<b>34,481</b>	52,145	
<b>2,896,763</b>	<b>2,917,558</b>	<b>(2,058,750)</b>	<b>(2,057,265)</b>	<b>5,549,203</b>	<b>5,692,210</b>	<b>5,482,131</b>	
279,675	286,917	(274,275)	(274,202)	765,321	<b>701,590</b>	673,533	
1,034,073	1,086,838	(875,947)	(876,078)	1,042,111	<b>1,096,757</b>	1,077,332	
621,585	564,534	(490,613)	(490,896)	1,047,736	<b>1,023,479</b>	1,016,709	
229,799	229,452	(262,188)	(260,435)	432,542	<b>442,469</b>	466,652	
49,134	62,352	(5,626)	(5,626)	115,107	<b>123,976</b>	94,991	
97,887	92,913	(52,580)	(52,568)	257,999	<b>278,220</b>	200,721	
110,421	121,102	(97,521)	(97,460)	589,601	<b>617,601</b>	597,210	
134,800	129,534	-	-	408,677	<b>400,983</b>	397,165	
<b>2,557,374</b>	<b>2,573,642</b>	<b>(2,058,750)</b>	<b>(2,057,265)</b>	<b>4,659,094</b>	<b>4,685,075</b>	<b>4,524,313</b>	
339,389	343,916	-	-	890,109	<b>1,007,135</b>	957,818	
(165,998)	(163,021)	-	-	(498,425)	<b>(495,961)</b>	(473,756)	
-	(1,632)	-	-	-	<b>(10,531)</b>	(17,704)	
(86,170)	18	-	-	23,830	<b>159,109</b>	117,980	
(147,618)	(152,029)	-	-	(434,661)	<b>(437,312)</b>	(354,486)	
60,397	32,574	-	-	19,147	<b>28,419</b>	(17,158)	
<b>(173,391)</b>	<b>(121,069)</b>	<b>-</b>	<b>-</b>	<b>(391,684)</b>	<b>(260,315)</b>	<b>(271,368)</b>	
-	59,826	-	-	-	<b>250,859</b>	212,694	



# Financial Information of the Municipal Administration

## As at December 31, 2019

**TABLE 7 – NON-CONSOLIDATED DEFICIT OF CAPITAL ASSET ACTIVITIES FOR TAX PURPOSES BY RESPONSIBILITY**

(in thousands of dollars)

	2019						2018
	Local responsibilities		Urban agglomeration responsibilities		Total		Total
	Budget	Actual	Budget	Actual <sup>1</sup>	Budget	Actual	Actual
<b>Revenues</b>							
Transfers	125,000	58,540	87,000	90,783	212,000	149,323	191,429
Developers contributions	1,100	9,112	-	17	1,100	9,129	7,386
Net effect of restructuring operations	-	5,047	-	-	-	5,047	-
Other revenues	-	7,878	-	695	-	8,573	7,752
	126,100	80,577	87,000	91,495	213,100	172,072	206,567
<b>Acquisition of capital assets</b>							
General administration	89,200	64,082	59,000	47,272	148,200	111,354	103,581
Public security	-	1,097	40,700	49,450	40,700	50,547	58,918
Transportation	660,900	519,347	72,300	37,325	733,200	556,672	537,582
Environmental hygiene	192,100	238,448	424,700	268,998	616,800	507,446	513,545
Health and welfare	-	192	-	2,061	-	2,253	25,892
Urban planning and development <sup>2</sup>	110,100	93,073	10,700	2,832	120,800	95,905	66,845
Recreation and culture	344,900	339,597	94,700	159,000	439,600	498,597	415,138
	1,397,200	1,255,836	702,100	566,938	2,099,300	1,822,774	1,721,501
<b>Deficit before financing and allocations</b>	(1,271,100)	(1,175,259)	(615,100)	(475,443)	(1,886,200)	(1,650,702)	(1,514,934)
<b>Financing</b>							
Long-term financing of capital asset activities	980,100	785,693	460,500	296,894	1,440,600	1,082,587	918,781
<b>Allocations (Note 14)</b>							
Operating activities	-	8,899	-	1,632	-	10,531	17,704
Restricted operating surplus	-	15,155	-	-	-	15,155	10,150
Financial reserves and reserved funds <sup>3</sup>	291,000	63,577	154,600	21,205	445,600	84,782	426,443
	291,000	87,631	154,600	22,837	445,600	110,468	454,297
<b>Deficit of capital asset activities for tax purposes for the year</b>	-	(301,935)	-	(155,712)	-	(457,647)	(141,856)

<sup>1</sup> The revenues include transfers of \$5.5 million (\$21.5 million in 2018) equal to the municipal administration specific quota share with respect to the infrastructure work completed under urban agglomeration responsibilities eligible for financial assistance under the gas tax and Québec government contribution program (TECQ) and under the Building Canada Fund – Québec (BCFQ).

<sup>2</sup> Includes an amount of \$5.0 million in local responsibilities from restructuring operations.

<sup>3</sup> The allocation of \$21.2 million (\$171.4 million in 2018) presented in urban agglomeration responsibilities includes an amount of \$2.9 million (10.0 million in 2018) from local responsibilities.

**Financial Information of the Municipal Administration**  
As at December 31, 2019

**TABLE 8 – NON-CONSOLIDATED ACCUMULATED SURPLUS BY RESPONSIBILITY**

	2019		
	Local responsibilities	Urban agglomeration responsibilities	Total
<b>Accumulated surplus</b>			
Unrestricted operating surplus	283,530	(36,934)	<b>246,596</b>
Restricted operating surplus	410,797	6,711	<b>417,508</b>
Financial reserves and reserved funds	280,018	160,513	<b>440,531</b>
Deficit of capital asset activities	(452,725)	(255,948)	<b>(708,673)</b>
Recognized expenditures to be taxed or funded	(1,207,450)	(5,035)	<b>(1,212,485)</b>
Net investment in capital assets			<b>6,544,206</b>
			<b>5,727,683</b>
<b>Breakdown of different items</b>			
<b>Allocated operating surplus</b>			
Allocation to the following year	12,740	-	<b>12,740</b>
Restricted surplus - Boroughs	226,117	-	<b>226,117</b>
Restricted surplus - Special projects	118,155	6,711	<b>124,866</b>
Restricted surplus - Other purposes	53,785	-	<b>53,785</b>
	410,797	6,711	<b>417,508</b>
<b>Financial reserves and reserved funds</b>			
Financial reserves			
Water	10,090	17,451	<b>27,541</b>
Road network	22,922	3,869	<b>26,791</b>
Capital assets	236,963	138,487	<b>375,450</b>
	269,975	159,807	<b>429,782</b>
Reserved funds			
Working capital	3,570	-	<b>3,570</b>
Balance on hand of closed-loan by-laws	108	706	<b>814</b>
Parking areas	6,106	-	<b>6,106</b>
Other	259	-	<b>259</b>
	10,043	706	<b>10,749</b>
	280,018	160,513	<b>440,531</b>
<b>Recognized expenditures to be taxed or funded</b>			
Employee future benefits			
Pension plans	(31,142)	111,817	<b>80,675</b>
Other plans	(91,201)	(7,720)	<b>(98,921)</b>
	(122,343)	104,097	<b>(18,246)</b>
Environmental liability	(35,200)	-	<b>(35,200)</b>
QST transitional measure	(3,000)	(3,740)	<b>(6,740)</b>
Long-term financing of operating activities	(1,046,907)	(105,392)	<b>(1,152,299)</b>
	(1,207,450)	(5,035)	<b>(1,212,485)</b>

(in thousands of dollars)

2018

	Local responsibilities	Urban agglomeration responsibilities	Total
<b>Accumulated surplus</b>			
Unrestricted operating surplus	312,582	(96,760)	215,822
Restricted operating surplus	370,318	6,729	377,047
Financial reserves and reserved funds	55,846	26,797	82,643
Deficit of capital asset activities	(150,790)	(100,236)	(251,026)
Recognized expenditures to be taxed or funded	(1,211,605)	27,539	(1,184,066)
Net investment in capital assets			6,054,329
			5,294,749
<b>Breakdown of different items</b>			
<b>Allocated operating surplus</b>			
Allocation to the following year	4,800	-	4,800
Restricted surplus - Boroughs	205,253	-	205,253
Restricted surplus - Special projects	100,407	6,729	107,136
Restricted surplus - Other purposes	59,858	-	59,858
	370,318	6,729	377,047
<b>Financial reserves and reserved funds</b>			
Financial reserves			
Water	13,751	21,586	35,337
Road network	30,245	4,293	34,538
Capital assets	70	212	282
	44,066	26,091	70,157
Reserved funds			
Working capital	3,768	-	3,768
Balance on hand of closed-loan by-laws	1,477	706	2,183
Parking areas	6,218	-	6,218
Other	317	-	317
	11,780	706	12,486
	55,846	26,797	82,643
<b>Recognized expenditures to be taxed or funded</b>			
Employee future benefits			
Pension plans	(36,443)	142,299	105,856
Other plans	(96,320)	(9,914)	(106,234)
	(132,763)	132,385	(378)
Environmental liability	(36,800)	-	(36,800)
QST transitional measure	(4,000)	(4,940)	(8,940)
Long-term financing of operating activities	(1,038,042)	(99,906)	(1,137,948)
	(1,211,605)	27,539	(1,184,066)

**Financial Information of the Municipal Administration**  
Fiscal Year Ended December 31, 2019

**TABLE 9 – NON-CONSOLIDATED BY-ITEM AMOUNTS FOR TAX PURPOSES BY RESPONSIBILITY**

	2019	
	Local responsibilities	
	Budget	Actual
<b>Remuneration</b>		
Elected officials	10,536	11,198
Employees	851,232	878,290
<b>Benefits costs</b>		
Elected officials	4,276	4,781
Employees	288,638	256,795
<b>Transportation and communication</b>	31,142	29,810
<b>Professional, technical and other services</b>		
Professional fees	46,113	48,213
Purchase of technical services	251,287	265,165
Other	3,681	3,518
<b>Leasing, maintenance and repairs</b>		
Leasing	81,564	74,212
Maintenance and repairs	73,458	66,796
<b>Durable goods</b>		
Construction	31,857	49,537
Other durable goods	1,592	(187)
<b>Non-durable goods</b>		
Delivery of public services	45,843	44,769
Other non-durable goods	114,966	116,254
<b>Financing expenses</b>		
Interest and other charges on long-term debt borne by:		
The municipality	236,082	230,705
Government of Québec and its enterprises	14,737	17,142
Other third parties	21,748	20,858
Other financing expenses	1,310	2,744
<b>Contributions to organizations</b>		
Municipal organizations		
Quota shares - Agglomération de Montréal	2,056,824	2,054,697
Quota shares - Communauté métropolitaine de Montréal	28,309	28,016
Quota shares - Autorité régionale de transport métropolitain	-	-
Other	10,086	13,680
Government organizations	-	-
Other organizations	124,760	166,534
<b>Other items</b>		
Doubtful account or bad debts	9,015	862
Other	(178,586)	(215,691)
	<b>4,160,470</b>	<b>4,168,698</b>

<sup>1</sup> Eliminations refer to interjurisdictional transactions.

(in thousands of dollars)

2019						2018	
Urban agglomeration responsibilities		Eliminations <sup>1</sup>		Total		Total	
Budget	Actual	Budget	Actual	Budget	Actual	Actual	
-	-	-	-	10,536	<b>11,198</b>	9,845	
912,149	945,393	-	-	1,763,381	<b>1,823,683</b>	1,774,830	
-	-	-	-	4,276	<b>4,781</b>	4,907	
228,466	250,601	-	-	517,104	<b>507,396</b>	575,752	
7,717	7,603	-	-	38,859	<b>37,413</b>	34,933	
17,293	18,477	-	-	63,406	<b>66,690</b>	57,822	
94,688	93,371	(512)	(1,235)	345,463	<b>357,301</b>	332,248	
1,073	1,362	-	-	4,754	<b>4,880</b>	4,830	
24,032	22,708	(464)	(463)	105,132	<b>96,457</b>	92,756	
29,614	27,673	(897)	(845)	102,175	<b>93,624</b>	78,386	
10,775	8,725	-	-	42,632	<b>58,262</b>	24,134	
553	6,597	(53)	(25)	2,092	<b>6,385</b>	7,929	
39,897	38,818	-	-	85,740	<b>83,587</b>	84,125	
51,349	55,961	-	-	166,315	<b>172,215</b>	154,837	
81,070	74,787	-	-	317,152	<b>305,492</b>	304,529	
16,152	17,557	-	-	30,889	<b>34,699</b>	44,913	
37,473	36,190	-	-	59,221	<b>57,048</b>	46,679	
105	1,000	-	-	1,415	<b>3,744</b>	1,044	
-	-	(2,056,824)	(2,054,697)	-	-	-	
11,633	11,489	-	-	39,942	<b>39,505</b>	39,328	
599,200	541,829	-	-	599,200	<b>541,829</b>	551,450	
38,466	38,310	-	-	48,552	<b>51,990</b>	49,176	
16,407	16,441	-	-	16,407	<b>16,441</b>	15,492	
96,869	127,041	-	-	221,629	<b>293,575</b>	194,012	
14,080	11,489	-	-	23,095	<b>12,351</b>	23,464	
228,313	220,220	-	-	49,727	<b>4,529</b>	16,892	
<b>2,557,374</b>	<b>2,573,642</b>	<b>(2,058,750)</b>	<b>(2,057,265)</b>	<b>4,659,094</b>	<b>4,685,075</b>	<b>4,524,313</b>	





Municipal  
Administration  
Financial Reporting

2019

Water Management

**Financial Information of the Municipal Administration**  
Fiscal Year Ended December 31, 2019

**TABLE 10 – NON-CONSOLIDATED OPERATING (DEFICIT) SURPLUS FOR TAX PURPOSES RELATED TO WATER MANAGEMENT  
BY RESPONSIBILITY**

	2019	
	Local responsibilities	
	Budget	Actual
<b>Revenues</b>		
Quota shares - Water service	-	-
Quota shares - Supply of drinking water	-	-
Quota shares - TECQ Investment Financing	-	-
Quota shares - FCCQ Investment Financing	-	-
Quota shares - Rates	-	-
Wastewater fees and the sale of Charlemagne drinking water	-	-
Water taxe service	374,524	371,865
Flat rate and meter fees	24,513	25,468
Revenues for delegated agglomeration activities	316	317
Other revenues from local sources	1,006	892
Services rendered	225	210
	400,584	398,752
<b>Expenditures</b>		
Quota shares for financing urban agglomeration activities	196,915	194,787
Expenditures	113,482	117,252
	310,397	312,039
<b>Surplus before financing and allocations</b>	90,187	86,713
<b>Financing</b>		
Repayment of long-term debt <sup>1</sup>	(32,092)	(41,207)
<b>Allocations (Note 14)</b>		
Recognized expenditures to be taxed or funded	(384)	(517)
Water financial reserve	(57,711)	(55,231)
	(58,095)	(55,748)
<b>Operating (deficit) surplus for tax purposes for the year</b>	-	(10,242)

<sup>1</sup> Repayment of long-term debt includes loan repayments and payments to the Sinking Fund related to loans taken out to finance capital expenditures and for which repayment is not covered by third parties. For the purpose of this table, the repayment of long-term debt includes financing expenses.

<sup>2</sup> Interjurisdictional transactions have been eliminated.

(in thousands of dollars)

2019

2018

Urban agglomeration responsibilities		Eliminations <sup>2</sup>		Total		Total
Budget	Actual	Budget	Actual	Budget	Actual	Actual
137,142	137,142	(113,663)	(113,662)	23,479	<b>23,480</b>	22,644
91,769	89,414	(79,655)	(77,681)	12,114	<b>11,733</b>	11,906
4,198	4,198	-	-	4,198	<b>4,198</b>	3,919
3,205	3,205	(326)	(326)	2,879	<b>2,879</b>	2,279
3,294	3,328	(3,271)	(3,118)	23	<b>210</b>	286
4,271	3,968	-	-	4,271	<b>3,968</b>	4,346
-	-	-	-	374,524	<b>371,865</b>	336,952
-	-	-	-	24,513	<b>25,468</b>	25,866
-	-	(316)	(317)	-	-	-
304	443	-	(17)	1,310	<b>1,318</b>	1,943
1,167	1,603	-	-	1,392	<b>1,813</b>	845
245,350	243,301	(197,231)	(195,121)	448,703	<b>446,932</b>	410,986
-	-	(196,915)	(194,787)	-	-	-
176,871	175,698	(316)	(334)	290,037	<b>292,616</b>	284,844
176,871	175,698	(197,231)	(195,121)	290,037	<b>292,616</b>	284,844
68,479	67,603	-	-	158,666	<b>154,316</b>	126,142
(57,561)	(53,869)	-	-	(89,653)	<b>(95,076)</b>	(75,251)
-	-	-	-	(384)	<b>(517)</b>	(512)
(10,918)	(13,734)	-	-	(68,629)	<b>(68,965)</b>	(45,486)
(10,918)	(13,734)	-	-	(69,013)	<b>(69,482)</b>	(45,998)
-	-	-	-	-	<b>(10,242)</b>	4,893



# Financial Information of the Municipal Administration

## Fiscal Year Ended December 31, 2019

TABLE 11 – NON-CONSOLIDATED (DEFICIT) SURPLUS OF CAPITAL ASSET ACTIVITIES FOR TAX PURPOSES  
RELATED TO WATER MANAGEMENT BY RESPONSIBILITY

(in thousands of dollars)

	2019						2018
	Local responsibilities		Urban agglomeration responsibilities		Total		Total
	Budget	Actual	Budget	Actual	Budget	Actual	Actual
<b>Revenues</b>							
Transfers	101,326	33,929	38,763	32,684	140,089	66,613	113,999
Other revenues	-	-	-	-	-	-	649
	101,326	33,929	38,763	32,684	140,089	66,613	114,648
<b>Acquisition of capital assets</b>							
Drinking water production	-	-	163,076	115,306	163,076	115,306	148,870
Wastewater treatment	-	-	129,675	87,704	129,675	87,704	103,487
Water and wastewater - Secondary infrastructures	182,651	220,074	6,534	11,836	189,185	231,910	226,205
Buildings	-	15,951	3,713	7,657	3,713	23,608	14,611
	182,651	236,025	302,998	222,503	485,649	458,528	493,173
<b>Deficit before financing and allocations</b>	(81,325)	(202,096)	(264,235)	(189,819)	(345,560)	(391,915)	(378,525)
<b>Financing</b>							
Long-term financing of capital asset activities	81,325	187,389	246,340	77,094	327,665	264,483	29,673
<b>Allocations (Note 14)</b>							
Water financial reserve <sup>1</sup>	-	62,997	17,895	21,205	17,895	84,202	69,576
	-	62,997	17,895	21,205	17,895	84,202	69,576
<b>(Deficit) surplus of capital asset activities for tax purposes for the year</b>	-	48,290	-	(91,520)	-	(43,230)	(279,276)

<sup>1</sup> The allocation of \$21.2 million (\$30.9 million in 2018) presented in urban agglomeration responsibilities includes an amount of \$2.9 million (\$10.0 million in 2018) from local responsibilities.



Municipal  
Administration  
Financial Reporting

2019

Breakdown of  
Mixed Expenditures

## INDEPENDENT AUDITORS' REPORT

To the Mayor,  
The Chairman and the Members of the Executive Committee,  
The Members of the Council of Ville de Montréal,  
The Members of the Montreal Agglomeration Council

### Opinion

We have audited the accompanying Table of Breakdown of Mixed Expenditures of Ville de Montréal («City») between local responsibilities and urban agglomeration responsibilities for the year ended December 31, 2019 and supplementary notes, including a summary of significant accounting policies (hereinafter referred to as the « Table of Breakdown of Mixed Expenditures »).

In our opinion, the financial information presented into the Table of Breakdown of Mixed Expenditures of the City for the year ended December 31, 2019, has been prepared by management, in all material respects, based on by-law RCG06-54 adopted by the Montreal Agglomeration Council on December 13, 2006 and its subsequent changes (hereinafter "the regulatory requirements").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards («CGAAS») of Canada. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Table of Breakdown of Mixed Expenditures* section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the Table of Breakdown of Mixed Expenditures in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter-Basis of Accounting

We draw attention to Note 3 to the Table of Breakdown of Mixed Expenditures, which describes the basis of accounting applied. The Table of Breakdown of Mixed Expenditures has been prepared to assist the City to comply with the regulatory requirements. As a result, the Table of Breakdown of Mixed Expenditures may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### Responsibilities of Management for the Table of Breakdown of Mixed Expenditures

Management is responsible for the preparation of the Table of Breakdown of Mixed Expenditures in accordance with the regulatory requirements and for such internal control as management determines is necessary to enable the preparation of a Table of Breakdown of Mixed Expenditures that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the City's financial reporting process.



### Auditors' Responsibilities for the Table of Breakdown of Mixed Expenditures

Our objectives are to obtain reasonable assurance about whether the Table of Breakdown of Mixed Expenditures are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CGAAS of Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Table of Breakdown of Mixed Expenditures.

As part of an audit in accordance with CGAAS of Canada, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Table of Breakdown of Mixed Expenditures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Michèle Galipeau, CPA auditor, CA  
Auditor General of the Ville de Montréal



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<sup>1</sup> CPA auditor, CA, public accountancy permit No.A116207

Montréal  
April 14, 2020

**Financial Information of the Municipal Administration**  
 Fiscal Year Ended December 31, 2019

**TABLE OF BREAKDOWN OF MIXED EXPENDITURES BY RESPONSIBILITY**

	2019	
	Local responsibilities	
	Budget	Actual
<b>Expenditures</b>		
General administration	150,571	135,841
Transportation	55,390	58,527
Environmental hygiene	18,913	18,322
Health and welfare	985	1,055
Urban planning and development	8,170	8,222
Recreation and culture	21,689	22,187
<b>Total expenditures</b>	<b>255,718</b>	<b>244,154</b>

<sup>1</sup> Eliminations refer to interjurisdictional transactions.

(in thousands of dollars)

2019							2018
Urban agglomeration responsibilities		Eliminations <sup>1</sup>		Total		Actual	
Budget	Actual	Budget	Actual	Budget	Actual		
159,432	167,972	(149)	(147)	309,854	<b>303,666</b>	292,214	
1,634	1,843	-	(4)	57,024	<b>60,366</b>	63,023	
7,430	7,680	(1)	(1)	26,342	<b>26,001</b>	27,984	
2,572	2,253	-	-	3,557	<b>3,308</b>	3,121	
4,978	5,458	-	-	13,148	<b>13,680</b>	12,720	
7,391	7,143	-	(3)	29,080	<b>29,327</b>	29,570	
183,437	192,349	(150)	(155)	439,005	<b>436,348</b>	428,632	

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## **Municipal Administration – Breakdown of Mixed Expenditures – Supplementary Notes**

December 31, 2019

### **1. MIXED EXPENDITURES**

*An Act respecting the exercise of certain municipal powers in certain urban agglomerations* (CQLR, chapter E-20.001), completed by the *Montréal Agglomeration Order* (Order-in-Council No. 1229-2005) and the orders that amended it thereafter, lists and defines the urban agglomeration responsibilities. Under this Act, expenditures incurred by the Ville de Montréal in carrying out by the municipal administration an act that falls within the exercise of an agglomeration power and, at the same time, another power, are considered mixed expenditures; these mixed expenditures are subject to a by-law of the urban agglomeration council that sets out criteria for establishing which portion of the mixed expenditure is an expenditure related to the exercise of an agglomeration power.

The term “municipal administration” refers to Ville de Montréal excluding the organizations under its control.

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### **2. BREAKDOWN OF MIXED EXPENDITURES**

The mixed expenditures of the municipal administration are broken down between local and agglomeration powers in accordance with the criteria and calculation method defined in by-law RCG06-054, adopted by the urban agglomeration council on December 31, 2006 and its subsequent changes.

Therefore, the portion of a mixed expenditure related to transportation, environmental hygiene, health and welfare, urban planning and development, as well as recreation and culture, which constitutes an expenditure incurred in exercising agglomeration powers, is determined using factual quantitative data or a quantitative measure of the human or financial resources allocated to the expenditure.

Also, the portion of a mixed expenditure that is a general administrative expenditure incurred by one or more support units in the exercise of agglomeration powers is determined using an administrative expenditure rate applied to the agglomeration expenditures, excluding debt service expenditures, contribution expenditures, contingency expenditures and mixed general administrative expenditures. The administrative expenditure rate is calculated annually on the basis of criteria set out in the above-mentioned by-laws. The rate applicable in 2019 was 9.88%.

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

The expenditures presented in the Breakdown of Mixed Expenditures Table are extracted from the consolidated financial statements of the Ville de Montréal for the year ended December 31, 2019, which are prepared in accordance with CPSAS. Note 2 to the Consolidated Financial Statements describes the accounting policies applied.

By their very nature, the mixed expenditures for the municipal administration do not include any tax reconciliation items.



Unaudited  
Climate-related  
Financial  
Disclosure

2019



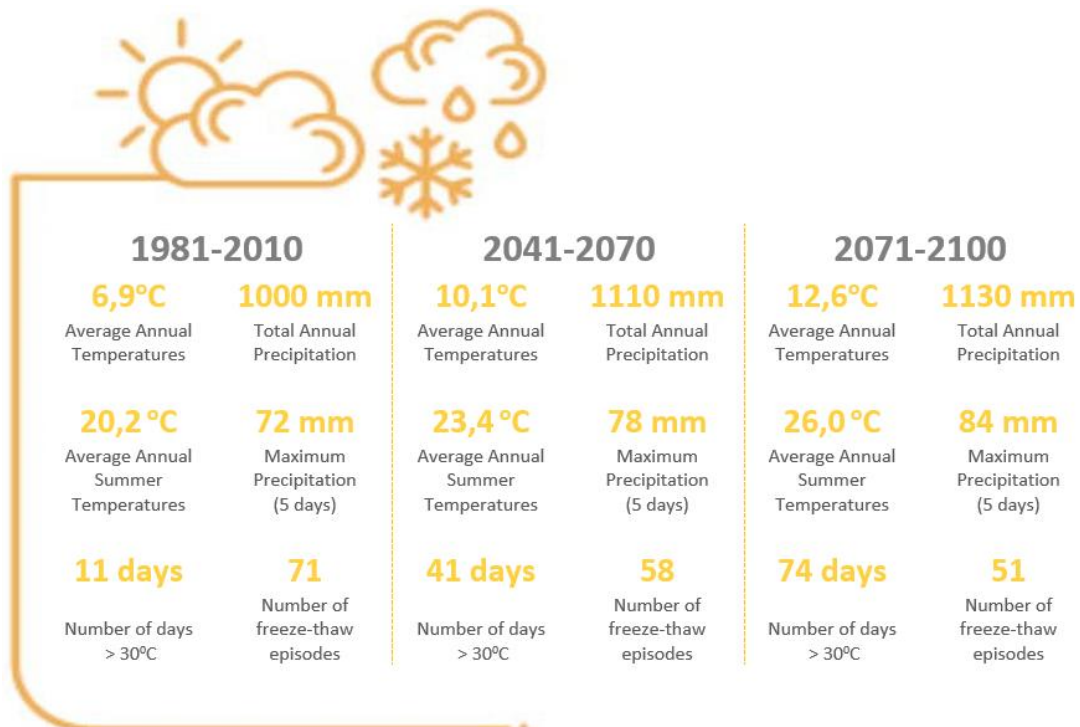
The “unaudited” section of Montréal’s annual financial report for 2019 includes information for different stakeholders such as investors, citizens, lenders, and insurance underwriters to appropriately assess and price climate-related risks and opportunities. This initiative is drafted according to the voluntary recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) defined by the Financial Stability Board in 2015. Objectives of this financial disclosure include:

- Improve decision-making and enable comparability across Canadian municipalities and governments
- Foster an efficient allocation of capital for a transition to a low-carbon economy
- Build public awareness of climate change impacts, and enhance local and regional support for climate action
- Enable an adequate qualitative and quantitative assessment of risks and opportunities related to climate change
- Promote more transparent public financial information related to climate risks and opportunities

### FINANCIAL IMPLICATIONS AND MONTRÉAL’S COMMITMENTS

Ville de Montréal and other cities in the world have witnessed an increase of the frequency and severity of extreme weather events related to climate change. In recent years, climate change has had significant consequences on the community’s well-being and on the Montréal’s operational activities and financial expenditures. In fact, in the past few years, Montréal has experienced several climate change extreme events, such as the ice storm of 1998, the extreme heat of 2010 and 2018, and the torrential rain followed by strong gusts of wind during the Halloween storm in fall 2019. Finally, Montréal has been exposed to unusual weather event causing spring floods over the past three years, i.e., 2017 and 2019.

Figure 1: Montréal’s climate projections based on Ouranos scenario RCP 8.5.



Source: Ouranos, Climate Portraits, [www.ouranos.ca](http://www.ouranos.ca), retrieved on February 27<sup>th</sup>, 2020.



Given the trend presented above, Ouranos forecasts an increase in annual average summer temperatures, number of days of extreme heat waves, and more frequent and intense rainfall events in the future. Figure 1 above illustrates the climate projections by referring to the status quo scenario or the Representative Concentration Pathway RCP 8.5 scenario. This scenario assumes a constant increase of CO<sub>2</sub> concentrations in the earth's atmosphere causing significant increases in surface temperatures by 2100.

Today, this climate reality forces decision-makers in municipalities, governments and different organizations to assess the various impacts, the vulnerabilities, and the potential risks and opportunities related to climate change in order to reduce the cost of future damages. According to the report published by the Federation of Canadian Municipalities (FCM), for every dollar invested in mitigation, six dollars are saved in future damages. Also, from a municipal infrastructure prospective, buildings, dikes and roads require a greater investment in adaptation, namely 2.01%, 1.18% and 0.47%, respectively of the national GDP.

Ville de Montréal's commitment to mitigate and adapt to the emerging and projected impacts of climate change dates back several years. In fact, the Montréal's first commitment to climate mitigation was initiated at the United Nations conference on climate change (COP-11) held in Montréal in 2005. At that time, Montréal adopted and published its first plan to reduce GHG emissions for the Montréal's Citywide 2005-2010 by 30% in 2020, compared to 1990. Furthermore, the plan to reduce Montréal's Agglomeration GHG corporate emissions 2007-2012 was introduced in 2007 and, finally, Montréal's first plan of adaption for climate change 2015-2020 was issued in 2015. As a member of the C40 Cities Climate Leadership Group, Montréal signed the One Planet Charter at the 2018 World Summit for climate actions, thus reaffirming its role and its continued commitment to fight climate change.

In addition, in September 2019, Mayor Valérie Plante reiterated Montréal's commitment at the United Nations Summit in New York by urging cities as well as governments to act quickly and fight climate change by further investing in adaptation and GHG emissions reduction to achieve net zero carbon by 2050. With growing movement in Québec, today there are more than 300 municipalities in the province including Montréal that have endorsed the climate emergency declaration "Déclaration citoyenne universelle d'urgence climatique (DUC)" covering 70% of Québec's entire population. In February 2020, the Ville de Montréal confirmed its commitment to fight climate change in a press release and adhered to the Task Force on Climate-Related Financial Disclosures (TCFD) framework.

## **TCFD FRAMEWORK**

In October 2018, the Intergovernmental Panel on Climate Change released a special report on the adverse impacts of global warming in a scenario where temperatures would rise above 1.5°C. According to the IPCC, if the current rate of GHG emissions continues, the global warming threshold of +1.5°C will be reached between 2030 and 2050. With the Paris Agreement of 2015, global actions to fight climate change have been undertaken by cities and governments to make the transition to sustainable low-carbon economy and strengthen cities' capacities to cope with the consequences of climate change. Today, although these actions are promising, they remain insufficient however, hence the importance of continuing to invest in efforts to better adapt to climate change.

Ville de Montréal, like all other municipalities in Canada and around the world, are at the front lines of climate change. It is therefore crucial to apply a climate risk lens on short-term and long-term financial

planning, capital investments and operational budgets. With global initiatives to support immediate climate actions, cities are implementing innovative strategies and actions by adopting new policies, and new management and planning approaches that are aligned with mitigation and adaptation measures to fight climate change.

One of these initiatives is Montréal’s adoption of the TCFD’s recommendations. In June 2017, at the G20 summit, the TCFD published a framework with recommendations that included climate risks and opportunities in the day-to-day operations of an organization, thus allowing transparent, comprehensive and effective financial disclosures related to climate change.

While this financial climate disclosure is voluntary, the cities of Toronto, Vancouver and Montréal decided to align with these recommendations and work together to standardize the financial disclosures related to climate change and thus promote information that is consistent, comparable, reliable, clear, efficient and useful for decision-makers.

*TCFD RECOMMENDATIONS*

As previously mentioned, the TCFD has developed guidelines to support all organizations in developing climate-related financial disclosures consistent with its recommended disclosures. These recommendations are structured around four core elements of organizational functions: governance, strategies, risk management and metrics, and targets. Based on these recommendations, Montréal has included in its current annual financial report an unaudited section that includes financial disclosures related to climate change. Some sections on climate change are included in Montréal’s public reports, such as Budget 2020 and the Three-Year Capital Works Program 2020-2022, Project Summary sheets.

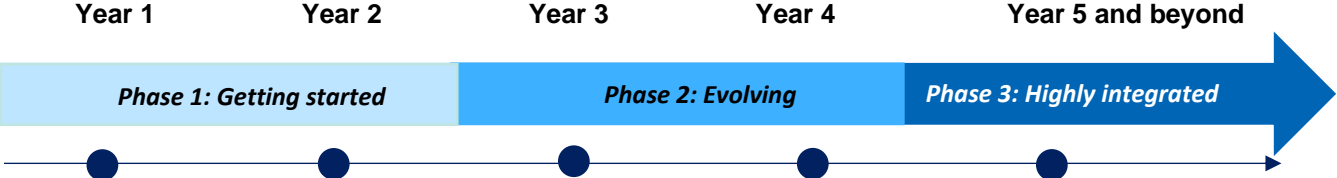
Table 1: TCFD recommendations for Montréal’s financial disclosure related to climate change

<b>GOVERNANCE</b>	Describe the board’s oversight of climate-related risks and opportunities.
	Describe management’s role in assessing and managing climate-related risks and opportunities.
<b>STRATEGY</b>	Describe the climate-related risks and opportunities that Montréal has identified over the short, medium, and long term.
	Describe the impact of climate-related risks and opportunities on the Montréal’s operations, strategy, and financial planning.
	Describe the resilience of the Montréal’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
<b>RISK MANAGEMENT</b>	Describe the Montréal’s processes for identifying and assessing climate-related risks.
	Describe the Montréal’s processes for managing climate-related risks.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Montréal’s overall risk management.
<b>METRICS AND TARGETS</b>	Disclose the metrics used by Montréal to assess climate-related risks and opportunities in line with its strategy and risk management process.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	Describe the targets used by Montréal to manage climate-related risks and opportunities and performance against targets.

In October 2019, CPA Canada released a report "Enhancing Climate-related Disclosure by Cities: A Guide to Adopting the Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)". This guide provides insights and inputs of a Working Group organized by CPA Canada. Several organizations and Canadian cities took part in this Working Group, notably the cities of Vancouver, Toronto and Montréal. The resources and information provided in this guide can be applied more broadly to all Canadian municipalities and to other cities around the world.

One of the five resources covered in this guide, is the TCFD Maturity Assessment Framework for Cities' resource Toolkit. This resource Toolkit helps cities conduct a self-assessment to determine the next steps to take in order to move forward in their alignment with the TCFD recommendations. In other words, a city could use the roadmap below to determine its current phase by evaluating the four core elements of the TCFD recommendations.

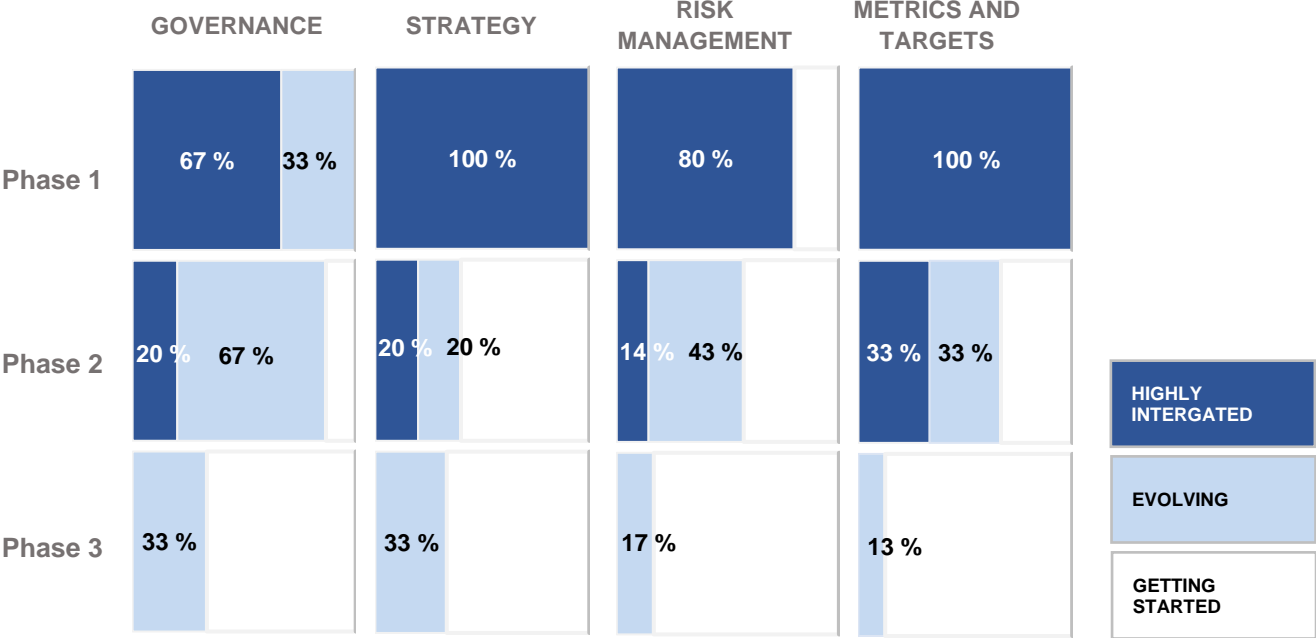
Figure 2: TCFD implementation roadmap



Montréal has conducted a self-assessment using a qualitative and uniformed approach agreed to between the cities of Vancouver and Toronto. Figure 3 below shows Montréal's progress in implementing the TCFD recommendations. Currently, Montréal considers itself to be largely aligned with Phase 1 of the TCFD recommendations. However, efforts still need to be made to complete phases 2 and 3.

Figure 3: Maturity Assessment of Montréal's 2019 TCFD Disclosure

% "SUBSTANTIAL ALIGNMENT"



## GOVERNANCE AND STRATEGIES

In 2018, the Montréal founded “Bureau de la transition écologique et de la résilience,” which is in charge of ecological transition and resilience. This Bureau grouped together teams from three Montréal’s central services: the “Bureau de la résilience,” the “Bureau du développement durable,” and the climate change and special projects team from the “Service de l’environnement.” Today, this Bureau is under the supervision of the Assistant General Director for Quality of Life and reports directly to a member of City counsel. Finally, this Bureau works mainly on Montréal’s sustainable development and on the Montréal’s adaptability to overcome the risks and impacts of climate change. Its objectives established in 2019 included:

- Follow-up on Montréal’s progress with regard to Sustainable Montréal 2016-2020.
- Continue the implementation of the Montréal’s resilience strategy.
- Initiate the development of the next climate plan while considering the Montréal’s actual commitments in the area of ecological transition, net zero carbon footprint, social equity, ecological resilience, etc.

In collaboration with the boroughs, central services and other partners, the Bureau is working to develop the Climate Plan 2020-2030-2050, the launch of which is scheduled for 2020. This plan will bring together the Montréal’s adaptation and mitigation measures that are consistent with Mayor Plante’s commitments to reduce GHG emissions by 55% in 2030 and reaching net zero carbon in 2050, compared to the reference year of 1990. In addition, with the new climate plan, the Bureau plans to offer support to Montréal’s central services and boroughs during the ecological transition in order to facilitate the climate risks integration into the Montréal’s processes and practices.

Other actions, listed below, were taken by Montréal to tackle climate change.

In 2019, a Montréal planning committee was formed to track the progress of various climate change commitments and their implementations.

In the same year, Montréal created a new climate advisory committee that consists of 20 internal and external members with a mandate to provide expert opinions on the fight climate change.

In addition to this committee, Montréal has signed collaboration agreements with several external partners, including the David Suzuki and Familiale Trottier foundations and the regional public health department “Direction régionale de la santé publique” in order to pool resources in pursuit of making Montréal a true leader in the fight climate change.

Furthermore, Montréal has been an affiliated member of the Ouranos organization since 2017. This membership allows Ville de Montréal to access innovative tools, expertise, and knowledge on regional climatology and adaptation to climate change and access to a vast network of Ouranos experts.

## *FINANCIAL PLANNING RELATED TO CLIMATE*

In 2019, Montréal's Three-Year Capital Works Program (TCWP 2020-2022) project sheets included a section called "Environmental impact." This section includes, among other things, all projects related to GHG emissions reduction as well as to climate adaptation. The purpose of this initiative was to identify and track closely the projects that are related to climate change.

In addition, the "Bureau des projets et programmes d'immobilisations," which is responsible for approving Montréal's large-scale projects, has added a new section in its guide pertaining to climate risks. Central services are encouraged to fill out this section whenever their projects require approval. Consequently, climate risk is on the agenda during the monthly meetings of Montréal's directors.

## *STRATEGIES AND ACTION PLAN RELATED TO CLIMATE*

The Montréal's climate actions are oriented toward two main categories:

- Mitigation of climate change relates to the reduction of GHG emissions. This action follows the recommendations of the Intergovernmental Panel on Climate Change (IPCC) to achieve the objective of reducing GHG global emissions by 45% in 2030 and thereby limiting global warming to less than 1.5°C as well as the unpredictable consequences of climate change.
- Adaptation to climate change relates to Montréal's and its community's readiness and proactivity to reduce the consequences, the vulnerabilities and the potential impacts of climate change.

Table 2 summarizes the strategies approved by City Council. The implementation of adaptation measures is the responsibility of each of the administrative units of the Agglomeration, namely the boroughs, the reconstituted cities and the central services. The Montréal's resilience strategy, the new plan development on GHG reduction, and adaptation to climate change including their progress are reported by the "Bureau de la transition écologique et de la résilience" annually or at stated intervals.

Table 2: Summary of climate strategies for Ville de Montréal

## STRATEGIES

The climate change adaptation plan for the Montréal Agglomeration for 2015-2020 was first published in 2015. This plan includes a cartographic analysis of Montréal's vulnerabilities based on the Montréal's six climate potential hazards. This document aimed to set out a diagnosis of the adaptation challenges that the Montréal Urban Agglomeration is facing and presents the actions that must be consolidated or developed and the commitments to be made by the Agglomeration's various entities to help meet these challenges.

In 2019, a progress report was published to follow up on the Montréal's Agglomeration initial plan of climate change adaptations that covers the period of 2015-2020.

In 2013, the two plans were published for the Montréal Agglomeration's Corporate and for Montréal's Citywide GHG emissions reduction plan for 2013-2020. A progress report for each respective plan was published in 2018.

In addition, the inventory GHG emissions for Montréal's Citywide activities is carried out annually, and every five years for Montréal's Agglomeration corporate activities.

In 2016, the Sustainable Montréal 2016-2020 plan was published. This plan was the third sustainable development plan for Montréal Citywide and it includes 20 actions to be carried out to make Montréal a sustainable metropolis.

In 2018, the report on Montréal's Resilient City Strategy was published.

In December 2014, Montréal was the first city in Canada to join the 100 Resilient Cities program. Today, this program still exists and goes by the name, Global Resilient Cities Network.

This strategy allows Montréal to improve its capacity to anticipate, prevent and adapt, and better cope with shocks and stresses that can affect its population, institutions, businesses and systems. The shocks and stresses are mainly related to climate, social, health, technological and economical factors. Finally, this strategy includes 30 measures that are overseen by Montréal's various central services and external partners. A mid-term progress report is under way.

## CLIMATE RISK

### *CLIMATE RISK ASSESSMENT*

The Montréal's first plan for climate change adaptations identified six climate hazards and their potential impacts on its territory and population: increased average temperatures, heavy rains, heat waves, destructive storms, droughts and floods. To enhance the Montréal Agglomeration's ability to adapt to these hazards, Montréal has developed a cartographic analysis of the vulnerabilities in its territories rather than assessing the risk associated with each hazard, and taking into account their respective probabilities of occurrence. In fact, for each hazard, this analysis covered physical, territorial, environmental and social susceptibilities.

The impacts of climate change were derived from the historical extreme weather events that have occurred in Montréal over the last 30 years, and are classified under these four categories: impacts on the built environment, environmental impacts, socio-economic impacts and impacts on municipal operations.

The information on the impacts for each of the hazards mentioned above can be found in the Montréal's plan "Plan d'adaptation aux changements de l'Agglomération de Montréal 2015-2020: Les constats, édition 2017." Table 3 below presents an example of various impacts caused by heavy rainfalls on the Montréal Agglomeration.

Table 3: Example of potential impacts of heavy rainfalls on the Montréal Agglomeration

Built environment	Socio-economic issues	Natural environment	Municipal operations
<b>Public infrastructures</b> <ul style="list-style-type: none"> <li>▪ Damages to the road network and related structures</li> <li>▪ Damages to the underground utilities network</li> <li>▪ Damages following an incident related to the transportation of hazardous materials</li> <li>▪ Increased demand on infrastructures beyond their capacity (pipes, pump stations, etc.)</li> <li>▪ Faster deterioration of brick sewer pipes</li> </ul>	<b>Health</b> <ul style="list-style-type: none"> <li>▪ Health problems caused by mould growth</li> <li>▪ Epidemics of water-borne gastrointestinal illnesses due to sewer backflow and floods</li> <li>▪ Disease caused by contaminated swimming water</li> <li>▪ Vector-borne diseases</li> <li>▪ Psychological distress</li> </ul>	<b>Plants</b> <ul style="list-style-type: none"> <li>▪ Decrease of certain insect populations</li> </ul>	<b>Infrastructures</b> <ul style="list-style-type: none"> <li>▪ Delays on construction sites</li> </ul>
<b>Residential infrastructure - ICI<sup>1</sup></b> <ul style="list-style-type: none"> <li>▪ Damages to homes or buildings (landslides, floods, sewer backflow and water infiltrations)</li> </ul>	<b>Expenses for individuals</b> <ul style="list-style-type: none"> <li>▪ Possible reduction of insurance coverage</li> <li>▪ Personal economic losses</li> <li>▪ Costs related to destroyed goods (damaged buildings)</li> </ul>	<b>Insects</b> <ul style="list-style-type: none"> <li>▪ Creation of temporary ponds that may foster the growth of mosquito larvae, which are vectors for diseases such as the West Nile Virus (WNV)</li> </ul>	<b>Cost increases</b> <ul style="list-style-type: none"> <li>▪ To drinking water production, due to a higher number of sewer overflows upstream from water intakes</li> <li>▪ To wastewater treatment: higher volume of collected water and more frequent peak flows (increased dosage of chemical products, higher demand placed on equipment)</li> </ul>
<b>Infrastructures</b> <ul style="list-style-type: none"> <li>▪ Delays on construction sites</li> </ul>	<b>Inconveniences and accidents</b> <ul style="list-style-type: none"> <li>▪ Inconveniences related to road mobility (road accidents, slowed or blocked traffic)</li> <li>▪ Inconveniences related to service interruptions on underground utilities other than power outages</li> </ul>	<b>Water bodies</b> <ul style="list-style-type: none"> <li>▪ Pollution of watercourses <ul style="list-style-type: none"> <li>» Leaching of nutrients and pollutants</li> <li>» Sewer overflows</li> </ul> </li> <li>▪ River bank erosion and slope instability</li> </ul>	<b>Health and Safety</b> <ul style="list-style-type: none"> <li>▪ Increased risk on construction sites due to slope instability</li> </ul>

In 2015, Montréal's first climate change adaptation plan 2015-2020 included 24 measures and 1,733 commitments that were undertaken by boroughs, reconstituted cities and central services. In 2019, a progress climate adaptation report was issued to follow up on the initial established commitments and their implementations based on the benchmark year, 2017. To effectively track their progress, they were grouped into five categories of measures and 104 performance indicators to be used by boroughs and

<sup>1</sup> industrial, commercial and institutional establishments

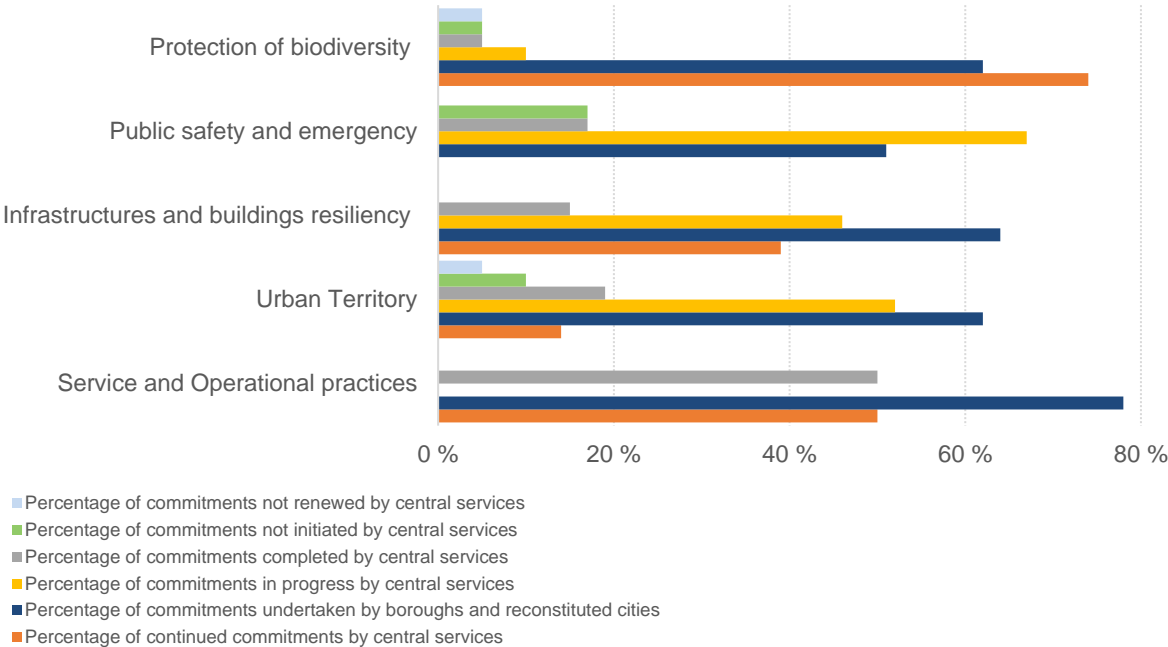
reconstituted cities as well as 11 global performance indicators that aimed to reduce the territory’s social and environmental vulnerabilities.

The Montréal’s ongoing actions are grouped within five category measures to fight climate change:

- Adaptive measures for Montréal’s services and its operational practices
- Adaptive measures for urban territory
- Improve the infrastructure and building resiliency
- Adaptive measures for public safety and emergency
- Protect biodiversity

The diagram 1 illustrates the progress of these commitments; the detailed information of which is included in Montréal’s progress plan motioned in document presented in the source bellow.

Diagram 1: Montréal’s climate adaptation progress report based on five category measures, as of 2017



Source: Ville de Montréal, Suivi du Plan d’adaptation aux changements climatiques de l’agglomération de Montréal 2015-2020, published in 2019.

This strategy is supported by some of the Montréal’s other strategies and plans, including:

- Reduction plan for Montréal Agglomeration’s corporate and Citywide GHG emissions 2013-2020
- Sustainable Montréal 2016-2020
- Montréal’s Resilient City Strategy, 2018

Finally, the new Climate Plan 2020-2030-2050 will aim to consolidate all these initiatives into a single document.



## RISK MANAGEMENT

Based on the vulnerability analysis, the past impacts of climate hazards and the exceptional weather events experienced in recent decades, Montréal has implemented various measures to reduce the consequences on its operations and the Montréal community. This section highlights the flood management that Montréal had to tackle in the past three years.

### FLOOD MANAGEMENT

In 2017 and 2019, Montréal experienced two episodes where a combination of weather events and hydrological factors resulted in significant spring floods. These episodes usually occur between the beginning of March and the end of May, and are influenced mainly by the following factors: the amount of snow accumulated, the speed at which the snow melts, the temperature, the amount of rain and the sublimation<sup>2</sup>.

To better assess the necessary tools and the municipal infrastructure required to mitigate the consequences of flooding, a committee was formed to address the river floods risks mitigation. Other management level committees were also formed to evaluate other climate risks and their potential impacts on Montréal's operations and the community. The table below discloses different impacts of two flood events that accrued in Montréal in 2017 and 2019 from a financial and non-financial standpoint.

Table 4: Flood impacts of 2017 and 2019 on Montréal's operations and the community

	2019	2017
<b>OSCAM<sup>3</sup> interventions</b>	<b>152 days</b>	<b>52 days</b>
<b>Impacts on housing properties and material goods</b>	110 disaster victims	1,100 disaster victims
<i>Long-term accommodations</i>	10	65
<i>Homes having suffered major damages</i>	Less than 20	103
<i>Submerged territories</i>	5.6 km <sup>2</sup>	7.3 km <sup>2</sup>
<i>Flooded residences</i>	Less than 100	More than 430
<b>Impacts on essential public or private infrastructure</b>	A health centre was evacuated and the surveillance of several other sites by the "Centre intégré universitaire de santé et de services sociaux du Centre-Sud"	Three health centres were evacuated
	The neighborhood police Station 3 of the Montréal Police Service (SPVM) was partially closed; however, fire station or road remained unclosed	A fire station, an SPVM neighborhood police station and a road in the Pierrefonds-Roxboro borough were closed
	Closures of 3 bridges and 10 streets, paths and boulevards	Closures of 3 bridges and 27 streets, paths and boulevards
	Some businesses were closed for short period of time	Many businesses were closed on a long-term basis and some were closed permanently
	Saint-Gérard elementary school was closed	Several schools were closed
<b>Ville de Montréal's summary of expenditures</b>	<b>\$17,241,085.91</b>	<b>\$8,014,316.80</b>

<sup>2</sup> Transition of a body from the solid state to the gaseous state, without going through the liquid state.

<sup>3</sup> Organisation de sécurité civile de l'agglomération de Montréal

After the spring floods of 2017, Montréal has reviewed its plan “Plan particulier d’intervention (PPI)” to include new mitigation strategies and actions to protect the Montréal’s most vulnerable. These strategies allowed Montréal to act proactively during the 2019 spring flood and thus limiting the number of cases of water infiltration in residential areas and street closures. The discrepancy between the flood impacts in 2017 and 2019, is explained by the Montréal’s state of readiness to effectively anticipate and manage the risks and impacts related to the flood events of 2019. At first glance, the costs of the flood impacts of 2019 were higher than 2017; however, the Montréal community affected by this event suffered lesser consequences than in 2017. Furthermore, the costs of flooding in 2017 excludes other expenses such as the expenses sustained by the boroughs, the reconstituted cities and the central services during the restoration.

## **METRICS AND TARGETS**

The section briefly introduces the last fourth core element covered by TCFD recommendations, “Metrics and targets.” However, more detailed information pertaining to methodologies, scope and caveats, is published in Montréal’s Citywide and Montréal Agglomeration’s Corporate inventory reports 2015 as well as in the annual report published on the CDP, formerly known as the “Carbon Disclosure Project.” In this section, the GHG emissions are classified according to the three scopes defined by the Canadian Standards Association (CSA):

- Scope 1 - Direct GHG emission: GHG emissions from sources owned or controlled by the organization.
- Scope 2 - GHG emissions from indirect energy: GHG emissions from the production of electricity, heat or steam imported and consumed by the organization.
- Scope 3 - Indirect GHG emissions: GHG emissions other than indirect energy GHG emissions (scope 2) that result from the activities of an organization, but that originated from GHG sources owned or controlled by other organizations.

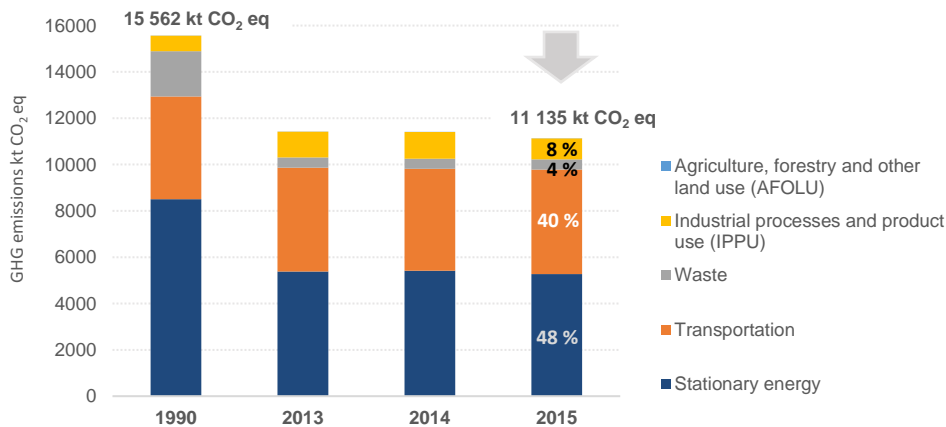
## ***MONTRÉAL’S CITYWIDE GHG EMISSIONS***

Since 2002, the Montréal Agglomeration has been engaged collectively to fight climate change. The last GHG reduction plan, Progress Report on Montréal’s 2013-2020 Citywide Greenhouse Gas Emissions Reduction Plan, published in 2018, allowed to make a number of observations about the sources of increasing GHG emissions, the progress achieved toward the 12 potential solutions proposed to Montréal’s community as well as the additional efforts required to further reduce the GHG emissions to reach Citywide’s GHG emissions reduction target of 30% in 2020 compared to the reference period of 1990.

The accounting standard method used for Citywide’s inventories of GHG emissions is recognized by the IPCC “Global Protocol for Community-Scale Greenhouse Emission Inventories (GPC).” This inventory includes GHG emissions from four sectors: stationary energy, transportation, waste, industrial processes and product use (IPPU) and finally agriculture, forestry and other land use (AFOLU).

The annual GHG inventories available for Montréal’s Citywide are shown in the figure below.

Figure 4: Montréal's Citywide GHG emissions for 1990, 2013, 2014 and 2015



Sources: Ville de Montréal, Émissions de gaz à effet de serre de la collectivité montréalaise: Inventaires 2015

The Citywide's GHG emissions by scope as defined by the GPC is shown in the table below.

Table 5: Montréal's Citywide GHG emissions by scope for 2014 and 2015

Key Performance Indicators	Scope 1			Scope 2			Scope 3			Total emissions
	2014	2015	Variation %	2014	2015	Variation %	2014	2015	Variation %	
<i>GHG inventory / kt CO<sub>2</sub> eq.</i>										
<b>Sector</b>										<i>Total variation 2014-2015</i>
Stationary energy	5,378,315	5,230,913	- 2.7%	39,982	43,927	9.9%				- 2.6%
Transportation	4,397,553	4,506,547	2.5%							2.5%
Waste	148,701	145,673	- 2.0%				287,832	296,487	3.0%	1.3%
Industrial processes and product use (IPPU)	1,153,134	903,528	- 21.6%							- 21.6%
Agriculture, forestry and other land use (AFOLU)	5,543	7,035	26.9%							26.9%
<b>TOTAL</b>	<b>11,083,246</b>	<b>10,793,696</b>	<b>- 2.6%</b>	<b>39,982</b>	<b>43,927</b>	<b>9.9%</b>	<b>287,832</b>	<b>296,487</b>	<b>3.0%</b>	<b>- 2.4%</b>

According to the last Citywide inventory report 2015, the reduction in GHG emissions fell by 28% compared to the reference period of 1990. This reduction is mainly explained by the improvement of the biogas capture systems that were emitted by landfills between 1990 and 2015 and the gradual abandonment of oil as a raw material for the production of fuels. In fact, in 2018, the closure of a refinery on the territory of the Montréal Agglomeration has contributed significantly to this percentage decrease.

According to Environment and Climate Change Canada, the variation in GHG emissions in the IPPU sector observed in 2015 compared to 2014, is mainly due to the decrease in the use of coke<sup>4</sup> (coal) as a non-combustible fuel in the province of Québec. Currently, the available data does not allow us to assess this variation for the Montréal Agglomeration territory. Finally, the change in GHG emissions for the AFOLU sector observed in 2015 compared to 2014 is explained by the change in the Statistics Canada method of Census of Agricultural for the total area of farms and use of farmland.

<sup>4</sup> Coke is a mineral compound derived from coal.

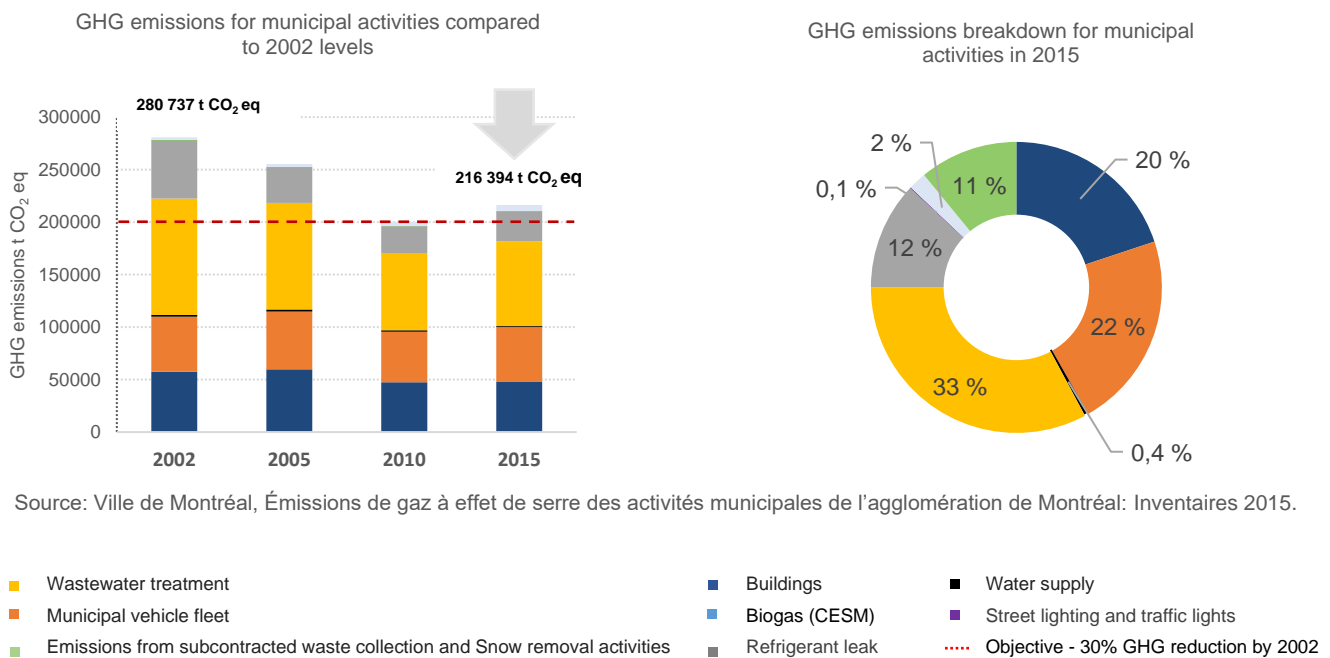
## MONTRÉAL AGGLOMERATION'S CORPORATE GHG EMISSIONS

The first GHG emission reduction plan 2007-2012 aimed to reduce GHG emissions by 20% as compared to the reference year 2002, a goal that was achieved in 2010. In 2013, the Montréal Agglomeration made another commitment to reduce GHG emissions for municipal activities by 30% for 2020 compared to 2002 levels. In 2018, the "Progress Report on the Montréal Agglomeration's 2013-2020 Corporate Greenhouse Gas Emissions Reduction Plan 2013-2020" was issued to report on the progress of the implementation of GHG reduction measures in boroughs, reconstituted cities and central services and take necessary actions to further close the gap in order to reach and surpass the set objective. These efforts were focused mainly on the management of municipal buildings, fleet of vehicles, water supply and wastewater treatment.

The accounting standard method used for municipal activities of GHG emissions inventory is in accordance with the principles of ISO 14064-1 of the International Organization for Standardization "Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals."

The municipal activities' inventory of GHG emissions is divided into eight sectors: wastewater treatment, municipal vehicle fleet, buildings, biogas (SMEC)<sup>5</sup>, refrigerant leak, water supply, street lighting and traffic lights and Emissions from subcontracted waste collection and snow removal activities.

Figure 5: GHG inventory emissions for municipal activities for 2002, 2005, 2010 and 2015 based on the inventory of 2015



The Montréal municipal activities' GHG emissions by scope is shown in the following table.

<sup>5</sup> Saint-Michel Environmental Complex

Table 6: GHG emissions for municipal activities by scope for 2010 and 2015

Key Performance Indicators	Scope 1			Scope 2			Scope 3			Total emissions
	2010	2015	Variation %	2010	2015	Variation %	2010	2015	Variation %	Total variation 2010-2015
<i>GHG inventory / t CO<sub>2</sub> eq</i>										
<b>Sector</b>										
Buildings	42,592	45,411	6.6%	4,833	2,295	- 52.5%				0.6%
Municipal vehicle fleet	48,242	52,330	8.5%							8.5%
Water supply	429	367	- 14.5%	917	607	- 33.8%				- 27.6%
Wastewater treatment	72,376	80,456	11.2%	581	317	- 45.4%				10.7%
Biogas (SMEC)	26,060	28,659	10.0%							10.0%
Street lighting and traffic lights				459	273	- 40.5%				- 40.5%
Refrigerant leak (HFCs <sup>6</sup> )	3,747	5,680	51.6%							51.6%
Emissions from subcontracted waste-collecting activities							16,516	15,109	- 8.5%	- 8.5%
Emissions from subcontracted snow removal activities							9,655	11,688	21.1%	21.1%
<b>TOTAL</b>	<b><u>193,446</u></b>	<b><u>212,903</u></b>	<b>10.1%</b>	<b><u>6,790</u></b>	<b><u>3,492</u></b>	<b>- 48.6%</b>	<b><u>26,171</u></b>	<b><u>26,797</u></b>	<b>2.4%</b>	<b>7.4%</b>

From the 2010 inventory, GHG emissions from municipal activities in the Agglomeration have increased by 8%. This increase in 2015 compared to 2010, was generated from the destruction of biogas from the flares of the Saint-Michel Environmental Complex (SMEC). In 2014, Gazmont power plant operations were terminated due to a major failure of its cogeneration<sup>7</sup> turbine. For nearly three years, the captured biogas was burned instead of being recovered. In October 2017, a new Biomont biogas cogeneration plant was built to take over and resume the biogas operations. If the biogas captured had been recovered at the cogeneration plant, the total municipal activities' GHG emissions would have been reduced by 28% in 2015 compared to 2010 given that the flare emissions have remained constant since 2010.

The source of electrical energy in Montréal is mainly hydroelectric and 99% renewable. As a result, Montréal is currently implementing an electrification strategy in order to encourage the electrification of transportation and sustainable mobility. Specifically, this strategy aims to deploy a public network of EV charging stations to promote Montréal's gradual fleet conversion to electric vehicles, to establish the conditions allowing private companies to use a self-service network for electric vehicles and to convert the municipal thermal vehicle fleet into electrical models, etc.

<sup>6</sup> Hydrofluorocarbons (HFCs) are organic compounds that contain fluorine and hydrogen atoms and are the most common type of organofluorine compounds.

<sup>7</sup> Cogeneration plant produces energy from biogas originated from methane captured from the former Miron quarry.

## **OUTLOOK AND NEXT STEPS**

Ville de Montréal works jointly with other Canadian cities like Vancouver and Toronto as well as with other organizations, such as, CPA Canada and the CUSP Network to develop uniform, standard and consistent methodologies and approaches for financial disclosure related to climate change. Meanwhile, Montréal will continue to assess its existing governance, strategy, risk management and metrics and targets in order to further incorporate climate risks and opportunities in its future financial statements. Currently, the Montréal's Financial Service Department works closely with Montréal's various central services, such as, the "Bureau de la transition écologique et de la résilience," which is in charge of ecological transition and resilience to better align with the TCFD recommendations. Finally, with the next Climate plan 2020-2030-2050, Montréal will continue to use the acquired skills related to climate in its governance and strategies and the potential impacts of climate change in the financial planning of its operations and investments over the short, medium and long term.

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