

**THE MAYOR'S REPORT
ON THE VERDUN BOROUGH'S
FINANCIAL SITUATION**



I am submitting you my report on the Verdun Borough's financial situation.

First, my report will cover the financial statements as well as the capital expenditure program for 2005.

Secondly, I will outline our preliminary projections relating to the financial results for the current fiscal year of 2006, including both operating expenses and capital expenditures. And in closing, I will make a few comments on the upcoming fiscal year of 2007.

RESULTS OF FISCAL YEAR 2005

The Verdun Borough ended its 2005 fiscal year with a surplus of \$231,100. Here are the details:

REVENUES		SURPLUS (DEFICIT)
Revenues from local sources (recreation, permits and other services rendered)	\$2,673,500	
Conditional transfers (grants, excluding the infrastructure program)	<u>338,600</u>	
TOTAL REVENUES	2,826,500	
REVENUE ALLOTMENT	<u>2,634,600</u>	377,500
EXPENDITURES		
General administration	4,567,500	
Public security	764,100	
Transport	9,239,000	
Public hygiene	4,399,400	
Health and welfare	110,800	
Urban planning and development	2,223,700	
Recreation and culture	<u>9,678,800</u>	
TOTAL OPERATING EXPENSES	30,983,300	
Transfer to investing activities	<u>268,200</u>	
TOTAL EXPENDITURES AND FINANCIAL ACTIVITIES	31,251,500	
EXPENDITURE ALLOTMENT	<u>31,105,100</u>	<u>(146,400)</u>
TOTAL SURPLUS		<u>231,100</u>

CAPITAL EXPENDITURE PROGRAM FOR 2005

In 2005, the gross amount of the Verdun Borough's three-year capital expenditure program consisted of a specific gross amount provided to the Borough for discretionary protection projects and another gross amount from a corporate allowance dedicated to structuring development projects, including those in the L'Île-des-Soeurs neighbourhood and along Gaétan-Laberge Boulevard. Taking into account the carry-over amounts not spent in 2004, the total gross allowance that the Borough had, in 2005, for investment purposes, came to \$22.5 million. The breakdown of this amount was as follows:

Protection projects (discretionary)	\$7.1 million
Development projects (structuring)	\$15.4 million

The main investments included the construction of Gaétan Laberge Boulevard (\$2.9 million), the construction of a park chalet at Arthur Therrien Park (\$1.3 million), the lighting in Arthur Therrien Park (\$500,000), construction of the docks (\$742,000), renovations at the Natatorium (\$463,000), improvements to a number of the parks (\$1.2 million)—including Adrien-D Archambault Park (\$446,000)—replacement of vehicles (\$462,000), repairs to streets and sidewalks (\$1.8 million) as well as renovations to various municipal buildings (\$317,000).

RESULTS FOR 2006

Following the general review of revenues and expenditures for the current year, we plan on ending the fiscal year with a slight surplus, as was the case last year.

The capital expenditure program for 2006 takes into account an investment of \$19.7 million, to which is added a transfer of \$11.8 million from 2005. An amount of \$23.5 million was invested in development projects and \$8.0 million in protection, which corresponds to a net cost of \$28.9 million allotted to the Borough's three-year capital expenditure program. The main projects selected are as follows:

Protection projects (*discretionary*)

The Borough mainly invested in repairs to streets and sidewalks (\$4.0 million), repairs to facilities as well as the redevelopment of parks and waterfronts (\$2.8 million), and buildings (\$432,000). The Borough will also be allocating \$751,000 to replace automotive equipment.

Development projects (*structuring*)

In this regard, the Verdun Borough has distinguished itself in responding to very important needs. The main projects are those planned in the Southern tip and Northern tip areas of L'Île-des-Soeurs. In addition to the \$22.5 million already allocated, from 2002 to 2005, to all the development projects—which will total \$77.2 million in investments between now and 2015, \$12.9 million was allotted in 2006, including an additional \$5.4 million granted last August by City Council; moreover, at this same meeting, City Council adopted a resolution making a commitment to agree to continue the investments for the Northern tip project on L'Île-des-Soeurs, by making provision for \$29.8 million over the next three years as well as an additional \$12.0 million for 2010 to 2015.

Once completed, this work will generate over \$2.6 billion in new property values, based on the value of the 2004-2006 assessment roll.

2007 FISCAL POLICY

Last June, Ville de Montréal initiated RASOP, a vast review of activities, services, operations and programs for all boroughs as well as the corporate services in the City. The Verdun Borough has made every effort to carry out this review, focusing its priorities on residents, as always.

It is within this context that we are now drawing up the budget for 2007. We will soon be informed of our budget allowance for 2007; however, we already know that it should be more or less the same as the one allotted to us in 2006.

In order to continue shouldering the constraints of the past few years, the rise in the cost of living and the substantial increase in certain expenses, including those associated to garbage collections and transportation, we are in the process of reviewing the budget in its entirety, while keeping in mind the strategic development plan set up by the Borough.

The three-year capital expenditure program budget for 2007 has not yet been completed; however, at this point in time, we can make provision for investments in our parks and in repairs to our streets. In addition, we will be continuing to install infrastructures in the Southern tip and Northern tip areas of L'Île-des-Soeurs.

Since 2005, following decentralization, the capital expenditures of each borough have been payable by the taxpayers in the borough where these expenditures have been incurred rather than shouldered by all Montréal taxpayers; consequently, as of 2007, instead of being taxed at a flat rate, taxpayers will be subject to a special tax to finance capital expenditures incurred in 2005.

The 2007 budget will be officially adopted by the Borough at a special meeting of Borough Council at the end of October. Residents will be informed of the date, time and location of that meeting by means of a public notice.

LIST OF CONTRACTS

As required under section 144.7 of Bill 33, the Borough's administrative services department has listed all the contracts involving an expenditure of over \$25,000 as well as all contracts incurring an expenditure of over \$2,000, when the expenditures of all these contracts combined total over \$25,000 for one and the same sub-contractor. All these contracts have been approved by the Borough Council during the past year.

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*Presented to Verdun's Borough Council
on Tuesday, October 3, 2006*