



## Mayor's report on the highlights of the 2021 financial report and external auditor's report

Fellow citizens,

In accordance with Section 176.2.2 of the Municipal Code, I am tabling my report on the highlights of the financial report and the external auditor's report for the year 2021.

The pandemic that has marked our last two fiscal years has had an unexpectedly positive impact on the Municipality's finances. It has put our financial management and budget planning to the test. However, the Municipality had already initiated several transformations in its internal management processes which, combined with the effects of the pandemic, have yielded convincing concrete results, particularly in the area of expenditure control.

The imposing appeal of the Municipality has accelerated to historic levels, leading to an undeniable boom in the real estate market and the construction sector, the main driver of our local economy today. This has had a significant impact on the finances, particularly in terms of revenues from real estate transfer taxes, commonly known as the « Welcome Tax ».

I am pleased to announce that the 2021 fiscal year ends with an operating surplus after reconciliation for tax purposes of \$ 913,905. Had it not been for a change in the accounting standards that apply to us and that concerns the allocation of expenses for the maintenance of the property assessment roll to the fiscal year of the total expense, the surplus would have exceeded \$1 million for a second consecutive year. This element therefore added an expense of \$133,000 to the 2021 fiscal year, which was not the case before.

I am also tabling the report of the Municipality's external auditors, namely the firm Amyot Gélinas. They conclude that the financial statements present fairly, in all material respects, the financial position of the Municipality to December 31<sup>st</sup>, 2021, as well as the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards. Their opinion is unqualified and I would like to emphasize it.

### **Operating Revenues**

In 2021, the budget projected operating revenues of \$11,126,678. The actual operating revenue was \$12,449,913, or \$1.3 million more than budgeted.

This difference is primarily due to record revenues from real estate transfer taxes, which exceeded \$2 million.

### **Operating expenses and allocations**

Operating expenses were \$11,982,553, while the budgeted expenses were \$11,548,469, which was \$434,084 more than anticipated. This variance is due to a change in an accounting standard for property assessment, increased activity in the Clerk's Office and Municipal Court (resulting in additional revenue), as well as staffing additions in some departments.

### **The Municipality's accumulated surpluses**

Since 2019, the Municipality has been making a very interesting recovery in this regard. As of December 31<sup>st</sup>, 2021, the surpluses were as follows:

Unappropriated operating surplus	1 882 326\$
Restricted operating surplus	330 206\$
Financial reserve for waste management	236 671\$
Financial reserve for water	30 000\$
Electoral fund	28 709\$
Fund for repairs and maintenance of certain roads	122 186\$
Parks fund	127 925\$
Operating funds	1040194\$
Organizations support fund	44 871\$

## Municipality's long-term debt

The Municipality's long-term debt to December 31<sup>st</sup>, 2021 is \$13,349,784, compared to \$12,929,692 in 2020, a slight increase. However, several loan by-laws expire in 2023 and the tax burden on taxpayers is stable. Debt service was 9.9% of the budget, the same as in 2020.

To be paid by all taxpayers	8 495 372\$
To be paid by a part of the taxpayers (sector taxes)	3 898 988\$
To be paid by the Quebec government	985 424\$

## Capital activities

The year 2021 has been an important year for investment in our infrastructure. Having put in place the tools to ensure sound management of our common assets, we were able to develop a more ambitious capital program that focuses more on priority investments while allowing the Municipality and all of us to take advantage of the many grant programs from senior governments.

As a result, the Municipality has more than doubled its capital investments in 2021 to \$5,586,918 compared to \$2,361,307 in 2020. A portion of these investments has been paid for in cash. We have also taken advantage of a period of very low interest rates, thus limiting the tax burden on taxpayers.

## The overall financial situation

We can be very proud of the Municipality's financial statements. What I am presenting to you today is the result of a combination of sustained efforts by the entire municipal team and a very favourable economic climate. Caution will be the order of the day this year and next, as it would be surprising if the economy were to continue at this pace. However, we have various margins of manoeuvre and these have enabled us to maintain taxes at a very respectable level that compares favourably with all the municipalities in Quebec. In fact, the Municipality is among the 125 municipalities with more than 4,000 inhabitants that have the lowest overall tax rate (TGT).

In addition, the overall tax rate for the Municipality has decreased by 0.4 cents per \$100 of assessment in 2021 compared to 2020, or 0.9098/100. The following table provides a comparison at various levels.

	Morin-Heights	Comparable Population	MRC	Laurentians region	Province
Overall tax rate	0,9139\$	1,0295\$	0,9136\$	0,9395\$	1,0178\$

We will continue our efforts to offer morinheighters a quality municipality in a quality living environment. We can now look forward to the coming years with great optimism.

I sincerely thank you for the confidence you place in us every day.

TIM WATCHORN, ing.

Mayor