



# Ville de Montréal

AHUNTSIC-CARTIERVILLE ANJOU BEAUNSFIELD-BAIE D'URFÉ CÔTE-DES-NEIGES-NOTRE-DAME-DE-GRÂCE  
 CÔTE-SAINT-LUC-HAMPSTEAD-MONTRÉAL-OUEST DOLLARD-DES-ORMEAUX-ROXBORO DORVAL-L'ÎLE-DORVAL  
 KIRKLAND LACHINE LASALLE L'ÎLE-BIZARD-SAINTE-GENEVIÈVE-SAINT-ANNE-DE-BELLEVUE  
 MERCIER-HOCHELAGA-MAISONNEUVE MONT-ROYAL MONTRÉAL-NORD OUTREMONT PIERREFONDS-SENNEVILLE  
 PLATEAU-MONT-ROYAL POINTE-CLAIRE RIVIÈRE-DES-PRAIRIES-POINTE-AUX-TREMBLES-MONTRÉAL-EST  
 ROSEMONT-LA PETITE-PATRIE SAINT-LAURENT SAINT-LÉONARD SUD-OUEST VERDUN VILLE-MARIE  
 VILLERAY-SAINT-MICHEL-PARC-EXTENSION WESTMOUNT

## Annual financial report

Year ended December 31, 2003

Deposited at the  
City Clerk's Office  
of the Ville de Montréal  
March 31, 2004

# Ville de Montréal

AHUNTSIC-CARTIERVILLE ANJOU BEACONSFIELD-BAIE D'URFÉ CÔTE-DES-NEIGES-NOTRE-DAME-DE-GRÂCE  
CÔTE-SAINT-LUC-HAMPSTEAD-MONTRÉAL-OUEST DOLLARD-DES-ORMEAUX-ROXBORO DORVAL-L'ÎLE-DORVAL  
KIRKLAND LACHINE LASALLE L'ÎLE-BIZARD-SAINTE-GENEVIÈVE-SAINTE-ANNE-DE-BELLEVUE  
MERCIER-HOCHELAGA-MAISONNEUVE MONT-ROYAL MONTRÉAL-NORD OUTREMONT PIERREFONDS-SENNEVILLE  
PLATEAU-MONT-ROYAL POINTE-CLAIRE RIVIÈRE-DES-PRAIRIES-POINTE-AUX-TREMBLES-MONTRÉAL-EST  
ROSEMONT-LA PETITE-PATRIE SAINT-LAURENT SAINT-LÉONARD SUD-OUEST VERDUN VILLE-MARIE  
VILLERAY-SAINT-MICHEL-PARC-EXTENSION WESTMOUNT

**Annual financial report**

Year ended December 31, 2003



# LE PRIX CANADIEN D'EXCELLENCE DES RAPPORTS FINANCIERS

attribué à la

Ville de Montréal,  
Québec

pour son rapport  
financier annuel de  
l'exercice terminé  
le 31 décembre 2002

La GFOA (*Government Finance Officers Association*),  
qui regroupe des représentants gouvernementaux  
des États-Unis et du Canada, attribue le Prix  
canadien d'excellence des rapports financiers  
aux administrations municipales dont les  
rapports financiers annuels se conforment  
au haut degré de qualité exigé  
par le programme.



*Edward Harrington*

Président

*Jeffrey L. Esser*

Directeur Général

# Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to Ville de Montréal for its annual financial report for the fiscal year ended December, 31, 2002. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

# Table of Contents

	Page
<b>INTRODUCTION</b>	
Message from the Mayor and the Chairman of the Executive Committee .....	III
Message from the Director-General and the Senior Director and Treasurer .....	V
<b>FINANCIAL REPORTING – Financial statements</b>	
The Municipal Administration's Responsibility for Financial Reporting .....	1
Report of the General Auditor of Montréal .....	2
External Auditors' Report .....	3
Financial Statements	
Balance Sheet .....	4
Statement of Financial Activities .....	5
Statement of Investment Activities .....	6
Statements of Surplus and Reserved funds .....	7
Statement of Cost of Municipal Services .....	8
Statement of Net Investment in Long-Term Assets .....	10
Statement of Changes in Financial Position .....	11
Notes and Schedules to the Financial Statements .....	12
Schedule 1 – Operating Expenditures by Item .....	28
Schedule 2 – Long-term Debt .....	29
Schedule 3 – Long-term Unfunded Expenditures .....	40
Schedule 4 – Direct and Indirect Debt and Long-Term Unfunded Expenditures .....	41
<b>FINANCIAL REPORTING – Supplementary information</b>	
Analysis of Revenues .....	43
Analysis of Operating Expenditures .....	49
Analysis of Cost of Municipal Services .....	52
Analysis of Investment Expenditures by Type .....	54
Changes in Sinking Fund Investments .....	55
Long-Term Debt Maturity .....	56
Changes in Long-Term Debt .....	58
<b>COMPLEMENTARY AND STATISTICAL INFORMATION</b>	
Equivalent Taxable Valuation .....	59
Taxation and Collection .....	60
2002, 2003 and 2004 Tax Rates	
Residential Immovables .....	61
Non-Residential Immovables .....	62
Property Values in the Boroughs .....	63
Direct and Indirect Debt and Long-Term Unfunded Expenditures .....	64
Management Indicators .....	66
General Statistics .....	67

**INTRODUCTION**



# Message from the Mayor and the Chairman of the Executive Committee

Dear Montrealers,

The publication of an annual report serves as an opportunity to re-examine work that has been accomplished and review initiatives that are now underway. In the case of a city like Montréal, whose history is currently in the process of being rewritten, a great deal of work remains to be carried out! This effort can be summed up as one of “Ensuring Montréal’s Success Together,” a project of vital importance to the city and its boroughs as well as to the Greater Montréal region and the entire province of Québec.

The city and its boroughs accompanied by elected officials and our employees are committed to providing residents, visitors and businesses with quality services at the lowest cost possible as well as promoting the unique character of Montréal and harnessing its full potential.

In our efforts to build the new city of Montréal, we are driven by unyielding determination and conviction. The sound financial results we posted in 2003 were due to the implementation of sound management principles. This was the second fiscal year in a row that ended with a surplus—this one totalling more than \$83 million. At the same time, expenditures have remained generally equivalent to the amounts forecast in the 2003 Budget.

A great deal of work and a number of projects serve as the backdrop for these figures and are part of the vast process involved in making Montréal one of North America’s leading metropolises—a metropolis that places great value on quality of life and respect for residents as well as on preserving the autonomy and distinct character of the boroughs.

Much success has been registered over the past year in carrying out this process. One example is the City Contract, a historic agreement with the Government of Québec that considerably enhances Montréal’s status as a metropolis. The same applies to the Summit of Montréal, where follow-up work has mobilized thousands of city partners. The different levels of government, local organizations, businesspeople, artists, unions, boroughs and city departments (to name just a few), are now working together on dozens of projects that are taking shape across the city.

Our team is fortunate to have this unprecedented opportunity to be at the helm of the new city of Montréal during its first years of existence and to be fulfilling this role in a responsible manner. Through our choices and decisions we have already provided the municipal apparatus with the tools it needs to achieve fully effective operations. In particular, we have formulated a new organizational model that offers the boroughs even greater powers to serve their residents.



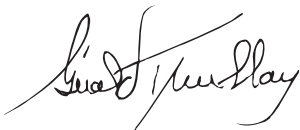
In a similar fashion, we have supported the boroughs in their capital works initiatives. Additional funds were accordingly granted to boroughs that submitted projects aimed at serving their communities. The Beaconsfield-Baie d'Urfé Borough, for example, has received financial assistance to rebuild the infrastructure of Beaconsfield Blvd., the Ville-Marie Borough has completed infrastructure work around the Palais des congrès and the Quartier international, the Ahuntsic-Cartierville Borough built a youth centre in Méty Park and the Île-Bizard-Sainte-Genève-Sainte-Anne-de-Bellevue Borough was able to renovate a firehouse in the Sainte-Anne-de-Bellevue sector.

In the area of taxation, we have left the overall burden unchanged and initiated the tax harmonization process while making every effort to maintain, and where possible, improve the quality of services for residents.

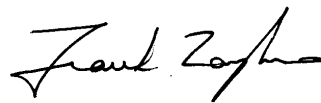
Over the past year, we have also taken action on behalf of future generations of Montrealers. We believe it is our duty to reduce the amounts taxpayers of the former city of Montréal will have to pay over the next 40 years to repay the debt that arose from the initial unfunded liability that resulted from retirement plans of the former city of Montréal. That is why we have devoted our time, energy and imagination to formulating a new financing strategy aimed at alleviating this financial burden from the past.

Our values have also guided our actions with respect to water management and we initiated a set of measures, including a new Water Fund that is aimed at revitalizing the water supply system and ensuring equitable consumption of this precious but limited resource.

Finally, we would like to thank our partners who have played an integral role in allowing us to pursue the challenge of building the new city of Montréal. Foremost among these partners are the governments of Québec and of Canada, a variety of Montréal stakeholders as well as all of our municipal employees. All of these people and institutions are committed to the same result: "Ensuring Montréal's Success Together" for the benefit of all Montrealers.



Gérald Tremblay  
Mayor of Montréal



Frank Zampino, FCA  
Chairman of the Executive Committee

# Message from the City Manager and the Treasurer

Dear Montrealers,

The new city of Montréal has already been in existence for more than two years. While inevitable questions and uncertainties emerged in its first year, given the challenge that lay ahead, the second has permitted us to move forward with confidence.

Moving forward means defining the structures and implementing the measures that will make Montréal an efficiently managed city that is in tune with its residents' needs. Put more simply, we have adopted new ways of doing things—and that is just the start. The same rule applies to municipal finances where results for 2003 already attest to the changes that have been implemented.

Maintaining a rigorous approach to management has enabled us to achieve a surplus of \$83.1 million. Through strict controls, expenditures have stayed within budget forecasts and the increase over 2002 can be partially explained by a more significant contribution to the Société de transport de Montréal, which needed this aid to help balance its expenditures. Real revenues exceeded the amounts provided in the budget by more than \$82 million. One reason was the enormous vitality of the construction sector, which in 2003 alone boosted Montréal's property tax base by approximately \$1 billion more than anticipated in the budget.

In the area of taxation, the city administration continued its harmonization efforts over 2003 through a gradual and well-planned process of transition. In keeping with its charter, the city set a 5% cap (with respect to 2002 figures) on the increase in the tax burden for any given sector. This ceiling applies to each building category within each sector (the former municipalities). To compensate for the loss of revenues resulting from this constraint, the city has also set a maximum reduction of 1.53% in the tax burden for residential properties and 1.66% for non-residential properties in sectors where the tax burden was to decrease in 2003.

The city also eliminated the business tax in the 10 sectors where it had previously been levied on occupants of business establishments and adjusted the general property tax rate applicable to non-residential buildings. Grant programs have already been established to reduce imbalances in taxation due to this change. The city has ultimately adopted a general property tax system with different rates applying to different building categories.

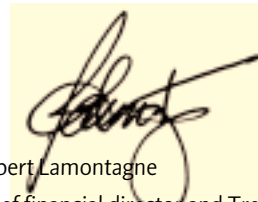
What purpose, however, would such precautions serve, if they were not backed by the efficient administration of public funds? Always keeping in mind the main beneficiary of our efforts, the citizen, we renewed our organizational model in a way that the boroughs, which will now enjoy greater authority, are better able to meet the needs of residents. We asked our managers to formulate short- and medium-term objectives in their business plans and to include clear performance indicators that will serve to assess if their goals have been met.

All of these activities will clearly help provide Montréal with the framework required for the city as a whole and for its various component parts. We have also proceeded swiftly with the process of bringing job categories throughout the city in line with each other. We have accomplished this daunting task while negotiating new labour contracts with representatives of the 10 municipal unions. Furthermore, we are pleased to have signed four labour agreements in 2003, representing nearly two-thirds of all city of Montréal employees.

Montréal intends to rank among the five best cities in North America by the year 2008. We believe we took appropriate action in 2003 to proceed toward this goal. City employees have displayed exemplary professionalism and cooperation in every area and we would like to thank them for this effort. With them, we are making the city of Montréal's administration one that continues to work harder and more efficiently.



Robert Abdallah  
City Manager



Robert Lamontagne  
Chief financial director and Treasurer

**FINANCIAL REPORTING**  
**Financial statements**



---

## The Municipal Administration's Responsibility for Financial Reporting

The financial statements in this report have been prepared taking into consideration the Charter of the Ville de Montréal and according to the particularities of Québec municipal accounting, as described in Note 2 to the financial statements.

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

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

The Municipal Administration 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 with the appropriate authorizations, that its assets are adequately safeguarded and that its financial statements are based on reliable accounting records.

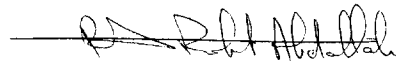
In accordance with the allocation of powers and jurisdiction provided by the *Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and the Outaouais*, the powers of the City are exercised by the City Council or by each borough council.

The City Council has appointed an Audit Committee made up of two members of the Executive Committee, one member of the Finance and Administrative Services Commission and two external members. The Audit Committee's responsibilities include overseeing financial reporting and presentation procedures, which includes reviewing the financial statements and other information in this annual report.

The financial statements and the reports that follow were audited by the Auditor General of the City of Montréal and by two external audit firms whose services were retained by the City Council, namely Samson Bélair/Deloitte & Touche, s.e.n.c.r.l. and KPMG LLP.



Robert Lamontagne  
Senior Director and Treasurer



Robert Abdallah  
Director-General

Montréal, March 26, 2004

**Bureau du  
vérificateur général**  
333, rue Saint-Antoine Est  
Bureau 510  
Montréal (Québec) H2X 1R9

## REPORT OF THE GENERAL AUDITOR OF MONTRÉAL

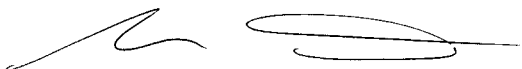
To the Mayor,  
the Chairman and the Members of the Executive Committee,  
the Members of the Council of the Ville de Montréal

I have audited the balance sheet of the Ville de Montréal (the City) as at December 31, 2003 and the statements of financial activities, investment activities, surplus and reserved funds, cost of municipal services, net investment in long-term assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipal Administration. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Municipal Administration, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements.

General auditor of Montreal,



Michel Doyon, CA

Montréal, March 26, 2004

**Samson Bélair/Deloitte & Touche s.e.n.c.r.l.**

Assurance and Advisory Services  
1 Place Ville Marie  
Suite 3000  
Montréal QC H3B 4T9

Telephone: (514) 393-7115  
Fax : (514) 390-4111  
www.deloitte.ca

KPMG LLP  
Chartered Accountants  
2000 McGill College Avenue  
Suite 1900  
Montréal (Québec) H3A 3H8

Telephone: (514) 840-2100  
Fax: (514) 840-2187  
http://www.kpmg.ca

## EXTERNAL AUDITORS' REPORT

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

We have audited the balance sheet of the Ville de Montréal ("the City") as at December 31, 2003 and the statements of financial activities, investment activities, surplus and reserved funds, cost of municipal services, net investment in long-term assets and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipal Administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Municipal Administration, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements.

*Samson Bélair*  
*Deloitte & Touche s.e.n.c.r.l.*

Chartered Accountants

Montréal, Canada  
March 26, 2004

*KPMG LLP*

Chartered Accountants

**Balance Sheet**

As at December 31, 2003

*(in thousands of dollars)*

	<i>Notes</i>	<b>2003</b>	<b>2002</b>
<b>ASSETS</b>			
Current			
Cash and investments	3	<b>266,516</b>	465,392
Investments - Sinking Fund	3	<b>205,318</b>	473,916
Accounts receivable	4	<b>372,487</b>	361,029
Inventories		<b>27,835</b>	28,670
Current portion of long-term receivables	6	<b>75,249</b>	149,246
		<b>947,405</b>	1,478,253
Investments	3	<b>43,473</b>	31,550
Investments - Sinking Fund	3	<b>905,620</b>	778,490
Real estate assets intended for sale		<b>163,861</b>	165,791
Deferred charges and other assets	5	<b>59,910</b>	77,406
Long-term receivables	6	<b>1,149,517</b>	1,189,617
Capital assets	7	<b>5,797,821</b>	5,663,955
		<b>9,067,607</b>	9,385,062
<b>LIABILITIES</b>			
Current			
Accounts payable, provisions and accrued liabilities	9	<b>979,097</b>	995,842
Deferred revenues		<b>111,731</b>	110,002
Current portion of long-term debt	10	<b>489,896</b>	521,880
		<b>1,580,724</b>	1,627,724
Long-term debt	10	<b>5,778,779</b>	4,981,668
Net obligation - Pension plans and other employee future benefits	11	<b>1,033,543</b>	1,978,882
Deferred subsidies	7	<b>1,143,808</b>	1,100,894
		<b>9,536,854</b>	9,689,168
<b>TAXPAYERS' EQUITY</b>			
Unrestricted surplus		<b>21,689</b>	42,963
Restricted surplus	12	<b>236,035</b>	211,886
Reserved funds		<b>33,719</b>	40,191
Net investment in long-term assets	13	<b>391,778</b>	1,527,191
Amount to be provided - Pension plans and other employee future benefits	11	<b>(1,033,543)</b>	(1,978,882)
Amount to be provided - Other	14	<b>(118,925)</b>	(147,455)
		<b>(469,247)</b>	(304,106)
Commitments and contingent liabilities	18		
		<b>9,067,607</b>	9,385,062

The notes and schedules are an integral part of the financial statements.



**Statement of Financial Activities**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Revenues</b>			
Taxes	2,443,041	2,479,598	2,422,750
Payments in lieu of taxes	201,770	204,171	198,430
Other revenues from local sources	552,215	608,653	566,476
Transfers	442,644	429,532	403,889
	<u>3,639,670</u>	<u>3,721,954</u>	<u>3,591,545</u>
<b>Operating expenditures</b>			
General administration	519,938	498,784	438,476
Public safety	683,579	705,576	706,253
Transportation	593,692	599,339	560,486
Environmental health	272,937	291,042	289,567
Health and welfare	117,748	108,169	102,692
Urban planning and development	123,273	133,141	139,174
Recreation and culture	431,208	452,313	441,935
Electricity	20,040	20,656	19,451
Financing expenses	450,167	425,947	457,337
	<u>3,212,582</u>	<u>3,234,967</u>	<u>3,155,371</u>
<b>Other financial activities</b>			
Repayment of long-term debt	406,032	387,282	386,498
Transfer to Statement of Investment Activities	63,350	92,417	46,039
	<u>469,382</u>	<u>479,699</u>	<u>432,537</u>
<b>Total operating expenditures and other financial activities</b>	<u>3,681,964</u>	<u>3,714,666</u>	<u>3,587,908</u>
<b>Surplus (deficiency) of financial activities before appropriations and repayment of net obligation of pension plans</b>	<u>(42,294)</u>	<u>7,288</u>	<u>3,637</u>
<b>Appropriations</b>			
Restricted surplus	45,000	72,871	84,833
Reserved funds	(2,706)	1,394	(3,997)
	<u>42,294</u>	<u>74,265</u>	<u>80,836</u>
<b>Repayment of net obligation of pension plans (Note 11)</b>		<u>(1,194,354)</u>	
<b>Surplus (deficiency) before long-term financing of financial activity expenditures</b>		<u>(1,112,801)</u>	<u>84,473</u>
<b>Long-term financing of financial activity expenditures</b>			
Net obligation of pension plans (Note 11)		1,194,354	
Other expenditures		1,556	30,027
		<u>1,195,910</u>	<u>30,027</u>
<b>Surplus for the year</b>		<u>83,109</u>	<u>114,500</u>

The notes and schedules are an integral part of the financial statements.

**Statement of Investment Activities**

Year ended December 31, 2003

*(in thousands of dollars)*

	<i>Note</i>	2003		2002
		<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Sources of financing</b>				
<b>Transfer from Statement of Financial Activities</b>				
Developers' contributions		15,823	15,611	5,974
Conditional transfers		68,048	45,056	19,828
Other		19,318	31,750	20,237
		<u>103,189</u>	<u>92,417</u>	46,039
<b>Other sources</b>				
Unrestricted surplus			10	
Restricted surplus			7,589	14,843
Reserved funds			5,451	3,462
<b>Issue of long-term loans</b>				
		<u>453,094</u>	<u>498,813</u>	73,630
		<u>556,283</u>	<u>604,280</u>	137,974
<b>Investment expenditures</b>				
General administration		54,776	30,396	27,649
Public safety		22,954	28,722	27,325
Transportation		186,314	167,060	144,217
Environmental health		133,679	116,923	86,793
Health and welfare		86	945	3
Urban planning and development		37,192	22,118	28,790
Recreation and culture		82,457	66,830	65,673
Electricity		38,825	1,065	395
	16	<u>556,283</u>	<u>434,059</u>	380,845
<b>Investment activity surplus (deficiency) for the year</b>			<u>170,221</u>	<u>(242,871)</u>

The notes and schedules are an integral part of the financial statements.

## Statements of Surplus and Reserved Funds

Year ended December 31, 2003

### SURPLUS

(in thousands of dollars)

	Note	Transfer from	Transfer to	Balance
<b>UNRESTRICTED – As at January 1, 2003</b>				<b>42,963</b>
Appropriation – Investment activities			10	(10)
Appropriation – Restricted surplus		233	104,606	(104,373)
Surplus for the year		83,109		83,109
<b>UNRESTRICTED – As at December 31, 2003</b>		<b>83,342</b>	<b>104,616</b>	<b>21,689</b>
<b>RESTRICTED – As January 1, 2003</b>				<b>211,886</b>
Appropriation – Financial activities		400	73,271	(72,871)
Appropriation – Investment activities			7,589	(7,589)
Appropriation – Unrestricted surplus		104,606	233	104,373
Appropriation – Reserved funds		236		236
<b>RESTRICTED – As at December 31, 2003</b>	12	<b>105,242</b>	<b>81,093</b>	<b>236,035</b>
<b>SURPLUS – As at December 31, 2003</b>		<b>188,584</b>	<b>185,709</b>	<b>257,724</b>

### RESERVED FUNDS

(in thousands of dollars)

	Balance as at 31/12/2002	Financial activities		Investment activities		Balance as at 31/12/2003
		Transfer from	Transfer to	Transfer from	Transfer to	
Assisted departure program	19,158		6,220			12,938
Parks and playing fields	10,549	4,317			5,429	9,437
Parking areas	1,355	508	2			1,861
Balance of closed loan by-laws	7,069			609	258 (1)	7,420
Land reserve funds	1,719		2			1,717
Other	341	5				346
	<u>40,191</u>	<u>4,830</u>	<u>6,224</u>	<u>609</u>	<u>5,687</u>	<u>33,719</u>

(1) Of this amount, a total of \$0.236 million was transferred to surplus.

The notes and schedules are an integral part of the financial statements.

**Statement of Cost of Municipal Services**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003			
	<b>Operating expenditures</b>	<b>Financing expenses</b>	<b>Amortization Capital assets</b>	<b>Deferred subsidies (governments and their enterprises)</b>
<b>Expenditures</b>				
General administration	498,784	12,196	16,136	(932)
Public safety	705,576	9,672	18,846	(285)
Transportation	599,339	153,866	123,395	(8,897)
Environmental health	291,042	126,380	91,078	(30,381)
Health and welfare	108,169	546	374	(35)
Urban planning and development	133,141	71,309	23,047	(1,018)
Recreation and culture	452,313	51,891	58,661	(6,343)
Electricity	20,656	87	659	(49)
Financing expenses	425,947	(425,947)		
	<u>3,234,967</u>	<u></u>	<u>332,196</u>	<u>(47,940)</u>

The notes and schedules are an integral part of the financial statements.

**Statement of Cost of Municipal Services (continued)**

Year ended December 31, 2003

<b>2003</b>				<b>2002</b>
<b>Operating subsidiaries</b> (governments and their enterprises)	<b>Services provided</b>	<b>(Gain) loss on disposals</b>	<b>Cost of municipal services</b>	<b>Cost of municipal services</b>
(9,833)	(8,583)	(136)	<b>507,632</b>	439,164
(16,160)	(19,299)	(3)	<b>698,347</b>	702,821
(36,390)	(19,892)	532	<b>811,953</b>	769,215
(61,594)	(9,774)	20	<b>406,771</b>	404,223
(75,894)	(8,088)		<b>25,072</b>	26,452
(9,425)	(61,735)		<b>155,319</b>	158,947
(16,699)	(64,520)	4	<b>475,307</b>	474,572
(58)	(22,866)		<b>(1,571)</b>	(1,662)
<u>(226,053)</u>	<u>(214,757)</u>	<u>417</u>	<u><b>3,078,830</b></u>	<u>2,973,732</u>

**Statement of Net Investment in Long-Term Assets**

Year ended December 31, 2003

	<i>(in thousands of dollars)</i>	
	<u>2003</u>	<u>2002</u>
<b>Balance, beginning of year</b>	<u>1,527,191</u>	<u>1,505,723</u>
<b>Add</b>		
Acquisition of capital assets	426,618	360,920
Acquisition of real estate assets intended for sale	134	9,302
Contributions to Sinking Fund	244,889	282,281
Amortization and write-off of deferred subsidies	48,623	47,538
Issue and adjustments of long-term receivables	60,393	32,458
Repayment of long-term debt net of refinancings	535,847	509,543
Other		
Surplus of investment activities for the year	170,221	
Capital assets transferred by a related company (Note 20)	71,889	
Foreign exchange gain	18,621	
Accounts payable	86	81
	<u>1,577,321</u>	<u>1,242,123</u>
<b>Deduct</b>		
Disposal and write-off of capital assets	33,256	5,002
Disposal of real estate assets intended for sale	1,254	10,145
Disposal of investments	384,288	387,397
Amortization of capital assets	332,196	327,101
Receipt of long-term receivables	75,787	71,723
Subsidies for capital assets acquisition	91,537	36,696
Issue of long-term debt	1,368,167	99,008
Other		
Long-term financing of financial activity expenditures	326,506	23,808
Reduction in receivables - Related company (Note 20)	71,889	
Change in unrealized net foreign exchange losses	27,245	6,581
Closed loan by-laws and projects	609	900
Investment activity deficiency for the year		242,871
Foreign exchange loss		9,423
	<u>2,712,734</u>	<u>1,220,655</u>
<b>Balance, end of year</b>	<u><u>391,778</u></u>	<u><u>1,527,191</u></u>

The notes and schedules are an integral part of the financial statements.

## Statement of Changes in Financial Position

Year ended December 31, 2003

		<i>(in thousands of dollars)</i>	
	<u>Notes</u>	<u>2003</u>	<u>2002</u>
<b>Operating activities</b>			
Surplus for the year		83,109	114,500
Financing and investment items charged to financial activities			
Contributions to Sinking Fund		244,889	281,673
Transfer to Statement of Investment Activities		92,417	46,039
Repayment of long-term debt		151,559	122,146
Receipt of long-term receivables		(75,787)	(71,723)
Subsidies for acquisition of capital assets and real estate assets intended for sale		(45,772)	(19,828)
Disposal of capital assets and real estate assets intended for sale		(16,635)	(11,665)
Long-term financing of financial activity expenditures		<u>(1,195,910)</u>	<u>(30,027)</u>
		<b>(762,130)</b>	431,115
Items not affecting cash			
Appropriations		(74,265)	(80,836)
Amortization of transitional measures	14	13,913	13,941
Amortization of deferred charges		10,806	8,087
Change in deferred revenues		1,729	(3,668)
Balance of purchase price receivable		3,281	4,422
Other		<u>315</u>	<u>(49)</u>
		<b>(806,351)</b>	373,012
Net change in other current items	17	<u>(12,751)</u>	<u>157,964</u>
		<b>(819,102)</b>	530,976
<b>Investment activities</b>			
Disposal of investments		384,288	396,382
Receipt of long-term receivables		75,787	71,723
Disposal of capital assets and real estate assets intended for sale		16,635	11,665
Acquisition of investments		(270,790)	(282,281)
Acquisition of capital assets		(426,618)	(360,920)
Issue of long-term receivables		(77,688)	(32,458)
Acquisition of real estate assets intended for sale		(134)	(9,302)
Deferred charges		<u>(20,556)</u>	<u>(7,154)</u>
		<b>(319,076)</b>	(212,345)
<b>Financial activities</b>			
Proceeds from long-term debt issue		1,855,463	493,819
Subsidies for acquisition of capital assets		91,537	36,696
Subsidies for acquisition of real estate assets intended for sale		1,467	712
Repayment of long-term debt net of refinancings		(535,847)	(509,543)
Bond redemption by refinancing		<u>(487,296)</u>	<u>(394,811)</u>
		<b>925,324</b>	(373,127)
<b>Net decrease in cash and cash equivalents</b>		<b>(212,854)</b>	(54,496)
<b>Cash and cash equivalents, beginning of year</b>		<u>459,375</u>	513,871
<b>Cash and cash equivalents, end of year</b>		<u><u>246,521</u></u>	<u><u>459,375</u></u>

The notes and schedules are an integral part of the financial statements.

Cash and cash equivalents are made up of cash and short-term investments (maturity of less than 3 months as of date of acquisition) of Funds other than the Sinking Fund.

## Notes and Schedules to the Financial Statements

### December 31, 2003

#### 1- GOVERNING STATUTE

The Ville de Montréal (the City) is a municipal corporation created on January 1, 2002 under the *Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and the Outaouais* (the Act), assented to by the Government of Québec. The City is divided into 27 boroughs.

An *Act regarding public consultation on the territorial reorganization of certain municipalities*, assented to December 18, 2003 by the Government of Québec, sets out how the citizens of the City may, in 2004, decide on the territorial organization of the City by means of a referendum. At the completion of this consultation process, certain former municipalities may be reconstituted.

---

#### 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

The financial statements of the City have been prepared in accordance with generally accepted municipal accounting principles in Québec and with the specific principles described below.

The financial statements of the municipal organizations included in the financial reporting entity of the City are not combined or consolidated with those of the City. Additional information concerning these municipal organizations is provided in Note 20.

The significant accounting policies and practices are the following:

##### a) Accounting method

Transactions are recorded in the City's books using the accrual basis of accounting. Under this method, revenues and expenditures are recognized in the year in which the events and transactions occur.

Transactions involving the following items existing prior to January 1, 2001 are recorded in the Statement of Financial Activities using the cash basis of accounting: interest income from Sinking Fund investments, including their reinvestment, and from long-term receivables, and interest expense on long-term debt, including any refinancing until the debt is extinguished. The counterpart entry to accrued interest receivable and payable related to these items existing prior to January 1, 2001 is presented under "Amount to be provided – Other."

Pension plan costs and obligations and other employee future benefits are accounted for using the methods described in Note 2 o).

##### b) Use of estimates

The preparation of the financial statements, in accordance with generally accepted municipal accounting principles in Québec, requires municipal management to make assumptions and estimates that affect reported amounts of revenues, expenses, assets, liabilities, commitments and contingencies. Actual results could differ from those estimates.

##### c) Investments, advance and loans

Temporary investments, which consist of term deposits and other securities, are recorded at the lower of cost and fair value.

Sinking Fund investments are recorded at cost and are written down when there is a permanent decline in their value. The discount or premium on investments is amortized on a straight-line basis to maturity. The amounts accumulated in "Investments – Sinking Fund" are restricted to the repayment of long-term loans that do not require annual repayment.

The advance and loans are recorded at the lower of cost and net recoverable value.

##### d) Inventories

Inventories are valued at cost determined under the average cost method. Obsolete inventory is written off.



**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)****e) Real estate assets intended for sale**

Real estate assets intended for sale are recorded at cost.

**f) Deferred charges**

The expense of issuing loans is amortized over the duration of the loans. Foreign exchange net losses are amortized under the method described in Note 2 r). Other deferred charges are amortized on a straight-line basis for a maximum period of 5 years.

**g) Capital assets**

Capital assets, recorded at cost, are amortized over their estimated useful lives as of the year following their respective commissioning dates. Capital assets are amortized on a straight-line basis over the following periods:

Infrastructures	15 to 40 years
Power grid	20 to 40 years
Buildings	25 to 40 years
Leasehold improvements	10 to 15 years
Vehicles	5 to 20 years
Office furniture and equipment	5 to 10 years
Machinery, tools and equipment	5 to 25 years
Other	20 to 25 years

Amortization is recorded in the Statement of Cost of Municipal Services.

**h) Provision for contested valuations**

The provision for contested valuations is an estimate of blended repayments, which may result from court decisions related to contested real estate valuations or rental values and to contested classifications under the *Act respecting Municipal Taxation*.

**i) Deferred revenues**

Proceeds on disposal of capital assets and real estate assets intended for sale are shown as deferred revenues up to a maximum of the balance of the debt related to the loan by-law; proceeds of disposal exceeding the balance of debt are recorded in the Statement of Financial Activities. These deferred revenues are amortized on a straight-line basis over the remaining term of the loan by-law. Deferred revenues from the sale of a franchise are amortized on a straight-line basis over the term of the agreement.

**j) Deferred subsidies**

Subsidies related to the acquisition of capital assets are shown in the balance sheet as "Deferred subsidies" and are amortized on the same basis as the capital assets to which they relate. The amortization is recorded in the Statement of Cost of Municipal Services.

**k) Restricted surplus**

The restricted surplus corresponds to the portion of the surplus whose use is reserved by the *Act* or by resolutions adopted by the City Council.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)****l) Reserved funds**

In accordance with the City's charter, certain amounts received must be appropriated to special accounts and used for specific purposes, particularly the assisted departures program and the development and maintenance of parks and playing fields and parking areas.

**m) Amount to be provided - Other**

The employee benefits of certain employees as at January 1, 2000, are amortized over a period that does not exceed the employees' estimated remaining service life. The amortization is recorded in the Statement of Financial Activities.

**n) Subsidies**

Revenues from subsidies are recognized in the Statement of Financial Activities at the time the operating expenditures and other financial activities related to the subsidies are recorded, on the condition the City satisfies eligibility criteria.

**o) Costs and obligations resulting from pension plans and other employee future benefits**

The City provides its employees with various pension plans and other employee future benefits. Under these plans, pension benefits and certain other retirement benefits, related to life insurance and insurance covering the reimbursement of medical and dental expenses, are paid to the employees.

Certain post-employment benefits are also provided to employees. These benefits include, in particular, income replacement benefits, supplemental unemployment benefits, maintenance of coverage during periods of temporary absence and certain termination allowances.

**- Defined benefit pension plans and other employee future benefits**

The obligation related to the defined benefit pension plans and other employee future benefits, net of assets, is presented in the balance sheet. The obligation is determined through actuarial valuations based on actuarial assumptions and according to the municipal administration's best estimate assumptions. The plans' assets are valued using a market-related value, determined over a period not exceeding five years. The counterpart entry to the net obligation is included in the balance sheet in "Amount to be provided." The actuarial valuations of the pension obligations are determined at least once every three years using the projected benefit method prorated on service, taking into account projected salaries. The pension plan expense comprises the current service contribution and the special payment contribution and the other recorded deficits. The expense for other employee future benefits, namely other retirement benefits, post-employment benefits, paid leave and termination benefits, is recorded using the cash accounting method.

**- Defined contribution pension plans**

Some employees are members of defined contribution plans, under which the City's contribution represents a percentage of pay. The expense for the year comprises the current service contribution and the contribution related to the amortization of plan amendments.

**- Elected officials' pension plan**

Elected officials participate in a defined benefit pension plan administered by the Commission administrative des régimes de retraite et d'assurances du Québec. The expense for the year corresponds to the current service contribution.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)****p) Closure and post-closure costs**

For an estimated period of 20 years, the City will assume closure and post-closure costs for sanitary landfills that it has operated. These provisioned costs equal the present value of the recovery, control and maintenance expenses of biogas systems and leachates. These estimated costs are recognized based on the landfill capacity already used.

Assumptions regarding the calculation of these costs are periodically reviewed to take into account the progress made in the management of sanitary landfills.

**q) Repayment of long-term debt**

This item represents the repayment of loans and payments to the Sinking Fund related to contracted loans.

**r) Foreign currency translation**

Revenues and expenditures resulting from transactions in foreign currencies are translated into Canadian dollars using the rates prevailing on the transaction date.

Investments and loans denominated in foreign currencies are translated using the exchange rates prevailing on the balance sheet date. Debt subject to a currency hedge (swap) is translated using the exchange rates set under the terms and conditions of the hedging instrument.

The repayment of loans and payments to the Sinking Fund relating to loans denominated in foreign currencies are translated using the exchange rates prevailing at the transaction dates. Gains and losses resulting from the difference between the historical foreign exchange rate and the foreign exchange rate in effect at the date of repayment or payment are charged to revenues and expenditures in the Statement of Financial Activities.

The foreign exchange gain or loss related to a long-term monetary item denominated in a foreign currency must be recognized as a deferred item and accounted for in the Statement of Financial Activities using the straight-line method over the following periods: loans contracted as of December 31, 1992 are amortized over the remaining term of the loans and loans contracted prior to this date are amortized over the remaining life of the loan by-laws.

**s) Presentation of operating expenditures**

General administration comprises all activities related to municipal administration and management. Expenditures are primarily related to the operations of the City Council, the application of the law, and financial, administrative and human resources management.

Public safety comprises activities related to the protection of people and property. It includes all expenditures related to surveillance, prevention and emergency measures as regards civil security.

Transportation comprises all activities related to the planning, organization and maintenance of road systems and to the transport of people and goods.

Environmental health encompasses expenditures related to aqueduct and sewer systems, waste management and protection of the environment.

Health and welfare comprises all public health and welfare services.

Urban planning and development comprises all activities related to urban development or the planning program and expenditures to develop the City's economic development programs.

Recreation and culture encompasses all activities connected with planning, organizing and managing recreational and cultural programs.

Electricity comprises expenditures for the operation of a power grid.

Financing expenses encompass interest and other financing costs for municipal activities.

## Notes and Schedules to the Financial Statements (continued)

December 31, 2003

## 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

## t) Budget data

Budget data include the forecasts approved by the Council in December 2002.

## 3- CASH AND INVESTMENTS

(in thousands of dollars)

	2003			2002
	Sinking Fund	Other	Total	Total
Cash (bank overdraft)		(10,438)	(10,438)	11,364
Investments				
Term deposits and other securities	80,714	256,959	337,673	575,065
Bonds	1,030,224	63,468	1,093,692	1,142,919
Debentures				20,000
	1,110,938	309,989	1,420,927	1,749,348
Less: current portion	205,318	266,516	471,834	939,308
	905,620	43,473	949,093	810,040

As at December 31, 2002, the cost of Sinking Fund investments and other investments totalled \$1,252.4 million and \$485.6 million, respectively.

The fair value of investments amounts to \$1,483.8 million (\$1,804.1 million in 2002).

Sinking Fund investments include City bonds that amount to \$126.7 million (\$133.3 million in 2002).

Investments in foreign currencies, translated at the exchange rate prevailing on the balance sheet date, amount to \$14.6 million (\$13.1 million in 2002). The unrealized foreign exchange loss on these investments is \$1.6 million (a gain of \$0.4 million in 2002).

The investments held by the City mature as follows:

	2004	2005	2006	2007	2008	Over 5 years	Total
Term deposits and other securities	337,673						337,673
Bonds and debentures	144,599	83,527	64,525	157,767	227,391	415,883	1,093,692
	482,272	83,527	64,525	157,767	227,391	415,883	1,431,365
Weighted nominal interest rate	3.90%	8.65%	7.56%	5.19%	5.84%	7.22%	5.76%

**Notes and Schedules to the Financial Statements (continued)**  
December 31, 2003

**4- ACCOUNTS RECEIVABLE**

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Taxes	119,040	114,857
Government of Canada and its enterprises	58,502	58,796
Government of Québec and its enterprises	67,826	75,517
Municipal organizations	3,519	1,759
Services provided and other	123,600	110,100
	<u>372,487</u>	<u>361,029</u>

An allowance for doubtful accounts of \$95 million (\$96.2 million in 2002) has been deducted from accounts receivable.

**5- DEFERRED CHARGES AND OTHER ASSETS**

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Issue costs	19,631	975
Assisted departure program	12,438	18,658
Elected officials' compensation program	1,618	2,467
Unrealized net foreign exchange losses	589	27,835
Other assets	25,634	27,471
	<u>59,910</u>	<u>77,406</u>

**6- LONG-TERM RECEIVABLES**

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Amounts recoverable from third parties for long-term debt and other long-term items		
Government of Québec and its enterprises	1,186,966	1,246,237
Other third parties	72	74
Advance – Société de gestion Marie-Victorin (Note 20)		70,869
Loans – Office municipal d'habitation de Montréal (1)	7,770	7,770
Loan – Société de gestion Nauberge de Lachine (2)	1,473	1,544
Other receivables	28,485	12,369
	<u>1,224,766</u>	<u>1,338,863</u>
Less: current portion	75,249	149,246
	<u>1,149,517</u>	<u>1,189,617</u>

1) Loans, non-interest bearing, maturing from 2006 to 2033.

2) Loan, bearing interest at 8.25%, maturing in 2015.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**6- LONG-TERM RECEIVABLES**

(in thousands of dollars)

The receipts recoverable from the Government of Québec and its enterprises, for which the terms are determined as at December 31, 2003, are as follows:

	<u>Receipts</u>	<u>Weighted nominal interest rate</u>	<u>Refinancing</u>
2004	71,625	6.26%	120,166
2005	60,707	6.13%	100,105
2006	52,350	5.93%	96,668
2007	42,422	5.97%	37,347
2008	36,504	6.23%	87,552
2009 to 2026	221,315	7.70%	197,098
	<u>484,923</u>		<u>638,936</u>

**7- CAPITAL ASSETS**

(in thousands of dollars)

<b>Classes</b>	<u>2003</u>		<u>2002</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Infrastructures	7,920,361	3,236,713	4,683,648	4,635,461
Power grid	24,868	10,658	14,210	14,215
Buildings	1,510,683	723,066	787,617	744,420
Leasehold improvements	40,772	14,895	25,877	28,373
Vehicles	330,214	222,184	108,030	107,849
Office furniture and equipment	299,986	187,478	112,508	80,662
Machinery, tools and equipment	102,878	63,167	39,711	18,437
Other	80,233	54,013	26,220	29,585
	10,309,995	4,512,174	5,797,821	5,659,002
Buildings in progress				4,953
	<u>10,309,995</u>	<u>4,512,174</u>	<u>5,797,821</u>	<u>5,663,955</u>
Deferred subsidies	<u>1,736,634</u>	<u>592,826</u>	<u>1,143,808</u>	<u>1,100,894</u>

As at December 31, 2002, the cost of capital assets and accumulated amortization amounted to \$9,920.0 million and \$4,256.1 million, respectively, while deferred subsidies and the related accumulated amortization amounted to \$1,651.7 million and \$550.8 million.

**8- LINES OF CREDIT**

The City has lines of credit with various banking institutions totalling up to \$85 million and that reach \$135 million during certain periods of the year. Under these facilities, the amounts can be drawn in Canadian or US dollars at floating rates based on the prime rates of the banking institutions. These lines of credit are not secured and renewable annually. As at December 31, 2003, the lines of credit remain undrawn.

## Notes and Schedules to the Financial Statements (continued)

December 31, 2003

### 9- ACCOUNTS PAYABLE, PROVISIONS AND ACCRUED LIABILITIES

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Suppliers	209,682	207,277
Accrued interest payable on long-term debt	115,280	125,512
Provision – Contested valuations	59,992	74,746
Provision – Closure and post-closure costs	28,065	30,893
Provision – Organizations included in the financial reporting entity	17,943	16,713
Provision – Other	63,262	58,078
Salaries, deductions at source and employee benefits	367,229	342,318
Deposits and holdbacks	43,284	51,134
Government of Québec and its enterprises	50,521	43,244
Government of Canada and its enterprises	5,903	4,269
Other	17,936	41,658
	<u>979,097</u>	<u>995,842</u>

### 10- LONG-TERM DEBT

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Bonds and notes		
In Canadian currency - repayment of the net obligation of the pension plans	867,798	
In Canadian currency - other	5,109,677	4,994,308
In foreign currencies	280,082	501,372
Other long-term debt		
Obligations under capital leases	4,374	4,611
Government of Québec and its enterprises	934	1,466
Other	5,810	1,791
	<u>6,268,675</u>	<u>5,503,548</u>
Current portion of long-term debt	489,896	521,880
	<u>5,778,779</u>	<u>4,981,668</u>

Recovery of long-term debt for purposes of repayment is as follows:

	<u>2003</u>	<u>2002</u>
Chargeable to taxpayers		
A portion of taxpayers	1,953,854	2,183,658
A portion of taxpayers - repayment of the net obligation of the pension plans	867,798	
All taxpayers	990,346	606,119
Amounts accumulated for repayment	1,138,448	1,287,944
Recoverable from third parties - Government of Québec and its enterprises	1,123,859	1,227,785
Recoverable from other third parties	72	74
Recoverable through user fees	194,298	197,968
	<u>6,268,675</u>	<u>5,503,548</u>

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**10- LONG-TERM DEBT (continued)**

(in thousands of dollars)

The City uses derivative financial instruments to manage the foreign exchange and interest rate risks related to its long-term debt. These instruments consist primarily of currency and interest-rate swap agreements that mitigate risks associated with the repayment of debt principal and interest. These swaps, which are more fully described in Schedule 2, are used for loans totalling \$1,228.3 million (\$1,451.5 million in 2002). The City is exposed to credit losses in the event of non-payment by third parties with respect to the use of financial instruments. When the City uses derivative financial instruments, it deals only with recognized institutions with a higher credit rating than that of the City.

Considering the existence of these swaps, all the loans contracted by the City bear interest at a fixed rate. As at December 31, 2003, unhedged foreign exchange loans amounted to \$280.1 million (\$501.4 million in 2002) and the foreign exchange loss on these loans amounted to \$70.8 million (\$187.2 million in 2002). In this regard, a provision of \$52.1 million (\$93.2 million in 2002) is recorded in the Sinking Fund.

During the year, the City paid \$235.7 million (\$264.4 million in 2002) to the Sinking Fund and \$151.6 million (\$122.1 million in 2002) to pay down the debt.

Estimated payments on long-term debt are as follows:

	<u>Maturity</u>	<u>Refinancing</u>	<u>Maturity net</u>
2004	924,974	435,078	489,896
2005	743,534	344,475	399,059
2006	490,047	261,603	228,444
2007	445,826	112,626	333,200
2008	531,380	198,718	332,662
2009 and thereafter	3,132,914	713,839	2,419,075
	<u>6,268,675</u>	<u>2,066,339</u>	<u>4,202,336</u>

**11- PENSION PLANS AND OTHER EMPLOYEE FUTURE BENEFITS****Net obligation**

The following table shows the net obligation for the defined benefit pension plans and other employee future benefits provided to City employees:

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
<b>Pension plans</b>		
Actuarial value of accrued benefits	8,698,453	8,379,125
Actuarial value of assets	<u>8,448,473</u>	<u>7,237,602</u>
Obligation	249,980	1,141,523
Valuation allowance	<u>689,708</u>	<u>740,978</u>
Net obligation – Pension plans	939,688	1,882,501
<b>Other employee future benefits</b>		
Actuarial value of accrued benefits and net obligation – Other employee future benefits	<u>93,855</u>	<u>96,381</u>
Net obligation – Pension plans and employee future benefits	<u>1,033,543</u>	<u>1,978,882</u>



## Notes and Schedules to the Financial Statements (continued)

### December 31, 2003

#### 11- PENSION PLANS AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

The actuarial value of accrued benefits for some pension plans exceeds the actuarial value of the plan assets. As at December 31, the total obligation for these plans totals \$978.7 million (\$1,955.3 million in 2002). The fair value of the plan assets is \$4,859.3 million (\$2,089.8 million in 2002).

Similarly, the actuarial value of the assets of other pension plans exceeds the actuarial value of accrued pension benefits by a total of \$728.7 million (\$813.8 million in 2002). Pursuant to agreements reached to date between the municipal administration and the pension plan members in respect of surplus sharing, the employer's portion has been set at \$39 million (\$72.8 million in 2002). A valuation allowance of \$689.7 million (\$741 million in 2002) has been recorded to reflect the existence of projected surpluses, to be shared accordingly to terms and various conditions that have yet to be negotiated. The fair value of the assets of these plans totals \$3,317.3 million (\$4,213.9 million in 2002).

In 2003, the net average return on invested amounts was estimated at 15.64%. This return owes to the various investment policies adopted by the pension plan commissions and to growth in financial markets. The net returns vary from 4.10% and 18.30%.

#### Actuarial assumptions

The main assumptions used to calculate the net obligation and in the actuarial valuations completed over the period from December 31, 2000, to December 31, 2001, are shown in the following table:

	<u>Pension plans</u>	<u>Other employee future benefits</u>
Discount rate	from 5.00% to 8.00%	6.50%
Expected rate of return on assets	from 5.00% to 8.00%	
Salary escalation rate	from 2.00% to 5.50%	3.25%

The health-care plan growth rates vary according to the type of care. For dental care, hospitalization fees, and other medical costs, the annual growth rate is 3.25%. For drugs, the annual growth rate is set at 11.225% in 2003 and will gradually decrease to 4.25% in 2012.

#### Repayment of the net obligation of pension plans

During the year, the City repaid pension plans in the amount of the actuarial debt under deeds, evaluated at \$1.192.3 million as at July 1, 2003, and paid related financial expenses of \$2.1 million.

These repayments were partly financed by issuing \$500 million in loans on the capital markets (Sinking Fund bonds, issued on June 1, 2003 at 6.00%, maturing June 1, 2043) and \$65.2 million (serial bonds issued on September 26, 2003 at a rate varying from 2.65% to 5.20%, maturing from 2004 to 2013) and by issuing non-negotiable bonds at a progressive interest rate on behalf of the pension plans for \$302.6 million (bonds issued on July 1, 2003 at 5.00% through June 2008, at 5.50% through June 2013 and at 6.00% thereafter, maturing in 2043). Unrealized long-term financing as at December 31, 2003 amounts to \$326.6 million. The terms of repayment of a possible contribution from the Government of Québec to the City for financial expenses (principal and interest) associated with a maximum loan of \$240 million are presently subject to negotiation between City and Government representatives.

#### Expense for the year

Excluding the repayment of the net obligation of the pension plans, the total expense for the year amounts to \$144.9 million (\$150.4 million in 2002) and is allocated to the different types of plans as follows:

(in thousands of dollars)	<u>2003</u>	<u>2002</u>
Defined benefit pension plans	143,022	148,867
Other pension plans	1,829	1,577
	<u>144,851</u>	<u>150,444</u>

## Notes and Schedules to the Financial Statements (continued)

December 31, 2003

### 11- PENSION PLANS AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

To honour its pension plan obligations, the City has committed to make special payments that will be due through to December 31, 2045. The present value of these payments is \$722.7 million as at December 31, 2003. Annual payments for the next five years are as follows: \$48.8 million in 2004, \$49.6 million in 2005, \$50.8 million in 2006, \$46.1 million in 2007 and \$47.8 million in 2008.

During the year, the contributions paid by the members and the benefits paid out by the pension plans totalled \$62.7 million and \$521 million, respectively (\$59.7 million and \$501.5 million, respectively, in 2002).

### 12- RESTRICTED SURPLUS

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
Next year's budget	57,909	45,000
Actuarial deficit	15,000	30,000
Stabilization of user fee rates	2,958	5,439
Other projects	160,168	131,447
	<u>236,035</u>	<u>211,886</u>

Under the *Act to reform the municipal territorial organization of the metropolitan regions of Montréal, Québec and the Outaouais*, the accumulated surplus as at December 31, 2001 of the amalgamated municipalities is credited to the taxpayers of those municipalities.

### 13- NET INVESTMENT IN LONG-TERM ASSETS

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Investments – Sinking Fund	1,110,938	1,252,406
Real estate assets intended for sale	163,861	165,791
Deferred charges – Unrealized net foreign exchange losses	589	27,835
Long-term receivables	1,205,077	1,338,863
Capital assets	5,797,821	5,663,955
	<u>8,278,286</u>	<u>8,448,850</u>
<b>LIABILITIES AND TAXPAYERS' EQUITY</b>		
Accounts payable	(2,452)	(2,538)
Deferred subsidies	(1,143,808)	(1,100,894)
Long-term debt	(6,268,675)	(5,503,548)
Long-term unfunded investment expenditures	(120,354)	(289,966)
Long-term unfunded financial activity expenditures	(351,219)	(24,713)
	<u>(7,886,508)</u>	<u>(6,921,659)</u>
	<u>391,778</u>	<u>1,527,191</u>

14-

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**14- AMOUNT TO BE PROVIDED - OTHER**

(in thousands of dollars)

	Balance as at December 31, 2002	Financial activities	Changes	Balance as at December 31, 2003
<b>Revenues</b>				
Interest				
Investments - Sinking Fund	15,744		(2,148)	13,596
Long-term receivables	32,729		(3,775)	28,954
	<u>48,473</u>		<u>(5,923)</u>	<u>42,550</u>
<b>Expenditures</b>				
Employee benefits	(73,299)	13,913		(59,386)
Interest - Long-term debt	(122,629)		20,540	(102,089)
	<u>(195,928)</u>	<u>13,913</u>	<u>20,540</u>	<u>(161,475)</u>
	<u>(147,455)</u>	<u>13,913</u>	<u>14,617</u>	<u>(118,925)</u>

**15- FAIR VALUES OF FINANCIAL INSTRUMENTS**

(in thousands of dollars)

The carrying value of cash, accounts receivable, accounts payable, provisions and accrued liabilities approximates their fair value, as these items will be realized or paid within one year. The following table illustrates the fair value and carrying value of the other financial instruments.

	2003	
	Fair value	Carrying value
Investments	1,483,773	1,431,365
Long-term receivables	1,362,851	1,224,766
Long-term debt including hedged long-term debt	6,732,931	6,268,675

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 long-term receivables and long-term debt is estimated based on discounted cash flows using return rates of the prevailing year-end market price of similar instruments with the same maturity. The fair value of swaps included in the long-term debt is estimated using year-end market rates, and reflects the amount the City would receive or pay if the instruments were closed out as at that date.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**16- INVESTMENT EXPENDITURES**

(in thousands of dollars)

	2003			2002	
	Capital assets	Real estate assets intended for sale	Long-term receivables	Total	Total
General administration	30,396			30,396	27,649
Public safety	28,722			28,722	27,325
Transportation	167,060			167,060	144,217
Environmental health	113,136		3,787	116,923	86,793
Health and welfare	945			945	3
Urban planning and development	19,484	134	2,500	22,118	28,790
Recreation and culture	65,810		1,020	66,830	65,673
Electricity	1,065			1,065	395
	<u>426,618</u>	<u>134</u>	<u>7,307</u>	<u>434,059</u>	<u>380,845</u>

Investment expenditures for 2002 are detailed as follows: capital assets, \$360.9 million; real estate assets intended for sale, \$9.3 million; and long-term receivables, \$10.6 million.

**17- NET CHANGE IN OTHER CURRENT ITEMS**

(in thousands of dollars)

	2003	2002
Accounts receivable (1)	(17,381)	34,046
Inventories	835	858
Accounts payable, provisions and accrued liabilities (1)	3,795	123,060
	<u>(12,751)</u>	<u>157,964</u>

(1) These amounts exclude changes in accrued interest receivable on Sinking Fund investments and long-term receivables as well as changes in accrued interest payable on the long-term debt reflected in "Amount to be provided – Other."

**18- COMMITMENTS AND CONTINGENT LIABILITIES****a) Lease commitments**

The commitments of the City under property leases amount to \$188.6 million. The instalments for the coming years are as follows:

2004	2005	2006	2007	2008	2009-2067	Total
\$40.1 million	\$24.0 million	\$21.1 million	\$18.1 million	\$15.3 million	\$70.0 million	\$188.6 million

## Notes and Schedules to the Financial Statements (continued)

### December 31, 2003

#### 18- COMMITMENTS AND CONTINGENT LIABILITIES (continued)

##### b) Metered parking

In 1995, the City awarded a part of its exclusive metered parking operations (in lots and on the streets) to a private organization under an agreement ending December 31, 2024 and renewable for a minimum additional period of ten years. When the agreement expires, the City is required to repurchase the capital assets used for metered parking at their fair market value from this organization. However, over the term of the agreement, the City will benefit from a purchase option on the parking lots that corresponds to the purchase price paid by the organization. As at December 31, 2003, the net book value of these assets, including the acquisition cost of parking lots of \$8 million, was estimated at \$11.3 million. In addition, the City has endorsed a loan with a balance of \$28 million.

##### c) Claims and insurance

Claims pending against the City amount to \$2,239.5 million. One such claim, in particular, could amount to \$1,600 million and regards the existence of flowering ragweed on City land. In the opinion of the City's legal counsel, the settlement of these claims will not materially impact the City's financial situation.

The City will also defend the Société du parc des Îles against any legal action resulting from the performance of its mandate.

The City has not contracted any risk insurance. However, according to its Charter, the City must forecast, in its budget, an amount of at least 1% of its expenditures to cover expenditures not forecast in the budget, the settling of claims and payment of judgments.

##### d) Environment

An Act to amend the *Environment Quality Act* and other legislation related to the protection and rehabilitation of land came into effect on March 1, 2003. The City, as an owner of contaminated land, may be required to perform certain acts to conform to this Act. The City may have to characterize and, if necessary, rehabilitate a parcel of land after it has been used or when its use has been changed. The City is currently unable to determine the cost or method of financing of any measures.

##### e) Indirect debt

The indirect debt comprises the City's share of the debt of the following organizations as at December 31, 2003:

(in thousands of dollars)	
Anjou 80	4,297
Société de développement de Montréal	125,088
Société d'habitation et de développement de Montréal	148,817
Société de transport de Montréal (1)	232,554
	<u>510,756</u> (2)

(1) The City is responsible for the debt of the Société de transport de Montréal, which will not be reimbursed by the Government of Québec or by the Agence métropolitaine de transport.

(2) Of this debt, the City has unconditionally guaranteed the repayment of loans contracted by corporations, for which the outstanding balance is \$131.9 million as at December 31, 2003. The City is also responsible for temporary and mortgage loans of these corporations which, as at December 31, 2003, totalled \$88.6 million.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**19- PARTICIPATION IN THE COMMUNAUTÉ MÉTROPOLITAINE DE MONTRÉAL (CMM)**

The City is part of the CMM, a regional agency incorporated under legislation assented to on June 16, 2000 by the Québec National Assembly. The CMM ensures consistency of municipal actions as concerns the provision of drinking water and water purification across the entire territory of the Montréal region. The CMM also has jurisdiction over several other areas, including land-use management, economic development, public housing, metropolitan-area infrastructures, public transit and residual materials management.

During the year, the City made a financial contribution of \$28.4 million (\$28.4 million on 2002) to the CMM. The CMM, for its part, paid the City \$31.9 million (\$26.3 million in 2002) with respect to the operating expenses for certain metropolitan infrastructures borne by the City and for the public housing program.

**20- INFORMATION ON CORPORATIONS INCLUDED IN THE FINANCIAL REPORTING ENTITY**

The activities of each of the corporations included in the financial reporting entity are as follows:

**Anjou 80**

To acquire, restore, build, demolish, rent and manage buildings for housing, leisure and recreational purposes and other ancillary uses.

**Société de développement de Montréal (SDM)**

To acquire, renovate, restore, build, demolish, sell, rent or manage residential, commercial or cultural buildings in the territory of the City and, at the City's request, administer subsidy programs related to these buildings. The corporations may also save, restore, renovate or rehabilitate buildings of historical or architectural interest and implement any agreements between the Government of Québec and the City regarding the development of the historical district of Old Montréal.

**Société de gestion Marie-Victorin**

Created under the *Act respecting certain facilities of the City of Montréal (Bill 447)*, this subsidiary ceased operating during the year ended December 31, 2003. All of its capital assets were transferred to the City in consideration of the advance in the amount of \$71.9 million.

**Société de gestion Nauberges de Lachine**

Develop the recreational potential of the shores of Lac Saint-Louis.

**Société d'habitation et de développement de Montréal (SHDM)**

To acquire, renovate, restore, build, demolish, sell, rent or manage buildings in the territory of the City.

**Société de transport de Montréal (STM)**

Promote and organize the public transport of people travelling within the City's territory.

**Société du parc des Îles (SPI)**

To operate recreational, cultural and tourist activities on Île Sainte-Hélène and Île Notre-Dame in Montréal.

**Notes and Schedules to the Financial Statements (continued)**

December 31, 2003

**20- INFORMATION ON CORPORATIONS INCLUDED IN THE FINANCIAL REPORTING ENTITY (continued)****a) Equity and results**  
(in thousands of dollars)

					<b>Total</b>	<b>Total</b>
	<b>SDM</b>	<b>SHDM</b>	<b>STM</b>	<b>Other</b>	<b>2003</b>	<b>2002</b>
Total assets	163,993	168,720	1,466,262	23,529	1,822,504	1,818,767
Total liabilities	162,797	158,412	1,036,039	20,754	1,378,002	1,337,635
Net assets	<u>1,196</u>	<u>10,308</u>	<u>430,223</u>	<u>2,775</u>	<u>444,502</u>	<u>481,132</u>
Revenues	30,333	30,914	761,562	17,266	840,075	816,624
Expenditures	(29,619)	(26,457)	(693,676)	(17,059)	(766,811)	(727,458)
Other financial activities			(63,517)		(63,517)	(34,013)
Appropriations			(4,066)		(4,066)	(22,178)
Surplus	<u>714</u>	<u>4,457</u>	<u>303</u>	<u>207</u>	<u>5,681</u>	<u>32,975</u>

This financial data is not combined or consolidated in the City's financial statements.

The cost of the STM bonds held by the City as investments totals \$16.6 million (\$25 million in 2002)

**b) Contributions and subsidies**  
(in thousands of dollars)

	<b>2003</b>	<b>2002</b>
Anjou 80	1,200	17,213
SDM	3,300	4,982
SGMV	20	20
SHDM	4,831	4,721
STM	263,000	244,100
SPI	10,704	8,236
	<u>283,055</u>	<u>279,272</u>

**21- COMPARATIVE FIGURES FOR 2002**

Certain figures from 2002 have been restated to reflect the presentation adopted in 2003.

**22- AUDITORS' REPORT**

The Auditors' Report does not cover the supplementary information or the complementary and statistical information.

**Notes and Schedules to Financial Statements (continued)**

Year ended December 31, 2003

**SCHEDULE 1 - OPERATING EXPENDITURES BY ITEM***(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Salaries</b>			
Elected officials	7,234	7,586	8,982
Employees	1,231,007	1,292,806	1,250,486
<b>Employer contributions</b>			
Elected officials	1,960	1,596	1,790
Employees	337,747	345,431	331,009
<b>Transportation and communication</b>	37,431	36,111	34,543
<b>Professional, technical and other services</b>			
Professional fees	35,117	49,703	40,775
Purchase of technical services	149,621	145,910	130,116
Other	25,778	24,023	24,109
<b>Rental, maintenance and repairs</b>			
Rental	80,789	79,060	67,155
Maintenance and repairs	60,134	61,034	58,757
<b>Consumer goods</b>			
Delivery of public services	79,217	83,607	77,293
Other consumer goods	190,703	165,776	167,086
<b>Financing expenses</b>			
Interest and other charges on long-term debt borne by:			
Municipality	321,577	289,415	320,464
Other municipal organizations	58		3,596
Québec and Canadian governments and their enterprises	125,796	113,832	129,007
Other third parties		21,550	228
Other financing expenses	2,736	1,150	4,042
<b>Contributions to organizations</b>			
Municipal organizations			
Société de transport de Montréal	249,000	263,000	244,100
Allocation of expenditures	28,231	29,413	28,481
Other	31,065	31,663	46,450
Government organizations	29,307	29,372	29,086
Other organizations	45,413	53,722	41,131
<b>Other items</b>			
Doubtful accounts or bad debts	14,524	18,439	15,304
Other	128,137	90,768	101,381
	<u>3,212,582</u>	<u>3,234,967</u>	<u>3,155,371</u>



## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (in thousands)

Date	Issue Description	Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
					In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES</b>							
<b>In Canadian dollars - repayment of net obligation of pension plans</b>							
2003-06-01	Sinking Fund bonds	500,000	6.0	2043		<b>500,000</b>	
2003-07-01	Serial bonds	302,598	5.0 to 6.0	2043		<b>302,598</b>	
2003-09-26	Serial bonds	65,200	2.65 to 5.2	2004-2013		<b>65,200</b>	
						<b>867,798</b>	
<b>Payable in Canadian dollars - Other</b>							
1964-03-01	Sinking Fund bonds	30,500	5.75	2004		<b>1,854</b>	3,613
1964-11-01	Sinking Fund bonds	3,000	5.5	2004		<b>3,000</b>	3,000
1965-11-09	Sinking Fund bonds	19,000	6.0	2004-2005		<b>1,250</b>	1,875
1966-03-01	Serial bonds	21,825	5.375	2004-2006		<b>3,618</b>	4,703
1966-07-01	Serial bonds	24	5.375	2004-2006		<b>4</b>	5
1966-10-01	Serial bonds	713	5.375	2004-2006		<b>118</b>	154
1968-11-01	Sinking Fund bonds	2,348	7.5	2008		<b>2,348</b>	2,348
1969-11-01	Serial bonds	1,188	8.25	2004-2009		<b>112</b>	126
1973-06-01	Serial bonds	66	7.0	2003			5
1976-05-01	Serial bonds	308	9.75	2004-2006		<b>81</b>	103
1976-06-01	Serial bonds	65	10.5	2004-2006		<b>18</b>	23
1976-06-01	Serial bonds	57	10.5	2004-2006		<b>16</b>	20
1976-06-01	Serial bonds	24	7.625	2004-2006		<b>5</b>	7
1976-06-01	Serial bonds	61	10.75	2004-2006		<b>17</b>	22
1976-08-01	Serial bonds	240	7.875	2004-2006		<b>55</b>	71
1978-02-01	Serial bonds	5,115	10.0	2003			521
1978-09-15	Serial bonds	41,461	9.5 to 10.75	2004-2018		<b>32,757</b>	33,656
1979-03-01	Serial bonds	32,947	9.75 to 10.75	2004-2019		<b>26,705</b>	27,354
1979-09-01	Serial bonds	24,989	9.5 to 10.75	2004-2019		<b>20,205</b>	20,700
1979-10-01	Serial bonds	36	9.875	2004-2009		<b>16</b>	18
1980-02-01	Serial bonds	859	9.5	2004-2005		<b>161</b>	231
1980-03-01	Serial bonds	8,877	9.5 to 11.0	2004-2020		<b>7,312</b>	7,474
1981-05-29	Serial bonds	4,510	9.375 to 11.0	2004-2005		<b>859</b>	1,231
1981-06-30	Serial bonds	35,070	9.5 to 10.5	2004-2021		<b>29,264</b>	29,859
1982-06-11	Serial bonds	21,456	9.5 to 11.0	2004-2022		<b>18,440</b>	18,760
1983-01-20	Serial bonds	11,600	10.0 to 11.0	2004-2022		<b>10,064</b>	10,231
1983-04-07	Sinking Fund bonds	10,000	13.25	2003			4,150
1983-06-01	Serial bonds	191	9.5	2003			20
1983-06-01	Serial bonds	700	9.625	2003			74
1983-07-19	Serial bonds	2,511	9.625	2004-2008		<b>1,041</b>	1,197
1983-09-15	Serial bonds	7,141	9.5 to 11.0	2004-2023		<b>6,286</b>	6,380
1984-12-05	Sinking Fund bonds	26,000	13.0	2004		<b>10,790</b>	12,480
1985-11-13	Sinking Fund bonds	31,750	11.75	2005		<b>15,238</b>	17,302
1986-04-23	Sinking Fund bonds	40,000	10.25	2004-2006		<b>21,800</b>	24,400
1986-12-15	Serial bonds	12,858	9.5 to 11.0	2004-2026		<b>11,743</b>	11,871
1987-01-27	Sinking Fund bonds	25,000	9.7	2007		<b>25,000</b>	25,000
1988-03-03	Sinking Fund bonds	45,000	11.0	2008		<b>33,750</b>	36,000
1988-09-15	Sinking Fund bonds	50,000	11.375	2008		<b>50,000</b>	50,000
1988-12-15	Sinking Fund bonds	50,000	10.625	2008		<b>50,000</b>	50,000

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Date	Issue Description	Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
					In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Canadian dollars - Other (continued)</b>							
1989-12-01	Sinking Fund bonds	48,000	10.25	2009		<b>48,000</b>	48,000
1989-12-21	Sinking Fund bonds	43,000	10.25	2009		<b>43,000</b>	43,000
1990-09-20	Sinking Fund bonds	35,000	11.5	2010		<b>35,000</b>	35,000
1990-12-06	Sinking Fund bonds	53,000	12.0	2010		<b>53,000</b>	53,000
1990-12-13	Sinking Fund bonds	66,000	12.0	2010		<b>66,000</b>	66,000
1991-10-02	Sinking Fund bonds	65,000	10.75	2011		<b>65,000</b>	65,000
1991-11-15	Sinking Fund bonds	50,000	10.25	2011		<b>50,000</b>	50,000
1991-12-18	Serial bonds	24,195	10.0	2011		<b>6,771</b>	6,771
1993-02-25	Sinking Fund bonds	100,000	9.2	2005		<b>100,000</b>	100,000
1993-03-17	Sinking Fund bonds	125,000	9.0	2003			125,000
1993-07-14	Serial bonds	11,080	8.0	2003			4,417
1993-07-14	Serial bonds	7,353	8.25	2003			2,403
1993-07-22	Sinking Fund bonds	62,500	8.85	2013		<b>37,500</b>	62,500
1993-08-16	Term note	639	8.15	2003			87
1993-11-17	Serial bonds	11,664	7.4	2003			3,828
1993-11-17	Serial bonds	15,000	7.5	2003			4,847
1994-01-05	Sinking Fund bonds	75,000	7.5	2004		<b>75,000</b>	75,000
1994-04-19	Serial bonds	5,795	8.0	2004		<b>1,715</b>	1,715
1994-05-04	Sinking Fund bonds	100,000	9.03	2004		<b>100,000</b>	100,000
1994-06-01	Serial bonds	7,549	8.75	2004		<b>2,681</b>	2,681
1994-09-06	Serial bonds	10,460	9.6	2004		<b>3,429</b>	3,429
1994-09-20	Serial bonds	10,142	9.25	2004		<b>2,886</b>	2,886
1994-09-20	Serial bonds	6,672	9.5	2004		<b>1,636</b>	1,636
1994-10-18	Serial bonds	25,000	9.25	2004		<b>7,827</b>	7,827
1994-12-20	Serial bonds	10,079	9.6	2004		<b>4,358</b>	4,358
1994-12-20	Serial bonds	7,978	9.6	2004		<b>2,854</b>	2,854
1995-06-13	Serial bonds	15,000	8.4	2005		<b>6,647</b>	6,647
1995-06-20	Sinking Fund bonds	75,000	8.83	2005		<b>75,000</b>	75,000
1995-07-03	Term note	322	8.4	2005		<b>322</b>	322
1995-08-08	Serial bonds	11,144	8.25	2005		<b>4,399</b>	4,399
1995-08-22	Serial bonds	8,059	8.4	2005		<b>1,728</b>	1,728
1995-09-19	Serial bonds	9,300	8.75	2005		<b>3,319</b>	3,319
1995-10-17	Serial bonds	8,440	8.6	2005		<b>1,475</b>	1,475
1995-11-14	Serial bonds	12,047	8.1	2005		<b>4,500</b>	4,500
1995-12-28	Serial bonds	20,000	7.65	2005		<b>6,456</b>	6,456
1996-02-26	Sinking Fund bonds	50,000	7.1	2003			50,000
1996-03-05	Serial bonds	6,000	7.25 to 7.6	2004-2006		<b>2,211</b>	2,860
1996-04-16	Serial bonds	6,526	7.5 to 8.1	2004-2006		<b>3,936</b>	4,380
1996-05-14	Serial bonds	7,300	8.0	2006		<b>1,706</b>	1,706
1996-06-05	Serial bonds	11,471	8.0 to 8.2	2004-2006		<b>6,096</b>	6,976
1996-07-09	Serial bonds	8,595	7.5 to 7.85	2004-2006		<b>2,093</b>	2,701
1996-08-21	Serial bonds	8,660	7.9	2006		<b>3,615</b>	3,615
1996-09-05	Serial bonds	7,571	7.8	2006		<b>2,365</b>	2,365
1996-10-15	Serial bonds	8,673	7.5	2006		<b>2,933</b>	2,933
1996-11-20	Serial bonds	8,409	6.8	2006		<b>2,369</b>	2,369
1996-12-11	Serial bonds	20,000	6.25 to 6.6	2004-2006		<b>7,758</b>	9,515
1997-03-13	Sinking Fund bonds	100,000	6.698	2007		<b>100,000</b>	100,000

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Date	Issue Description	Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
					In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Canadian dollars - Other (continued)</b>							
1997-05-14	Serial bonds	6,258	7.1	2007		<b>1,247</b>	1,247
1997-07-04	Sinking Fund bonds	75,000	6.8 to 7.35	2007-2017		<b>75,000</b>	75,000
1997-07-09	Serial bonds	9,933	7.75 to 8.0	2004-2006		<b>3,770</b>	4,246
1997-07-16	Serial bonds	7,964	6.3	2007		<b>2,629</b>	2,629
1997-08-20	Serial bonds	11,685	5.75 to 6.1	2004-2007		<b>5,429</b>	6,077
1997-08-27	Serial bonds	12,000	5.8 to 6.2	2004-2007		<b>7,460</b>	8,038
1997-09-15	Sinking Fund bonds	60,000	6.22	2017		<b>60,000</b>	60,000
1997-10-15	Serial bonds	8,104	5.6 to 6.0	2004-2007		<b>4,836</b>	5,250
1997-11-12	Serial bonds	7,816	5.6 to 6.0	2004-2007		<b>4,211</b>	4,766
1997-12-03	Serial bonds	7,075	5.45 to 5.8	2004-2007		<b>2,778</b>	3,045
1998-01-09	Term note	428	5.25	2003			79
1998-01-27	Serial bonds	2,860	5.25	2003			1,723
1998-02-03	Serial bonds	4,773	5.1 to 5.55	2004-2008		<b>2,704</b>	3,163
1998-02-10	Serial bonds	2,926	5.1	2003			652
1998-02-24	Serial bonds	2,227	5.2	2003			1,676
1998-03-20	Term note	82	5.99	2003			73
1998-03-23	Serial bonds	5,301	5.2	2003			1,238
1998-03-23	Term note	142	5.4	2003			72
1998-05-11	Term note	404	5.25	2003			212
1998-05-12	Serial bonds	3,281	5.1	2003			3,281
1998-05-12	Serial bonds	9,000	5.1	2003			5,959
1998-05-25	Term note	81	5.3	2003			19
1998-05-26	Serial bonds	3,300	5.1	2003			2,880
1998-06-01	Term note	700	5.71	2003			313
1998-06-01	Term note	1,880	5.74	2003			1,271
1998-06-15	Term note	706	5.35	2003			613
1998-06-23	Serial bonds	2,070	5.15	2003			1,371
1998-06-23	Serial bonds	5,883	5.2 to 5.4	2004-2008		<b>3,332</b>	3,898
1998-07-08	Serial bonds	4,355	5.2	2003			2,948
1998-07-14	Serial bonds	13,787	5.55	2008		<b>2,874</b>	8,722
1998-07-14	Serial bonds	5,500	5.2	2003			4,814
1998-07-14	Serial bonds	5,604	5.2	2003			3,209
1998-07-15	Term note	115	5.25	2003			26
1998-07-21	Serial bonds	5,258	5.2	2003			3,696
1998-08-04	Serial bonds	5,872	5.2	2003			3,097
1998-08-04	Serial bonds	6,115	5.2	2003			3,466
1998-08-10	Term note	1,120	5.5	2003			250
1998-08-14	Term note	1,080	5.5	2003			317
1998-08-25	Term note	140	5.96	2003			31
1998-09-02	Serial bonds	9,397	5.5 to 5.75	2004-2008		<b>4,055</b>	6,491
1998-09-04	Term note	232	5.9	2003			188
1998-09-08	Serial bonds	50,000	5.65	2004		<b>20,000</b>	26,000
1998-09-14	Serial bonds	503	6.2	2003			308
1998-09-15	Sinking Fund bonds	150,000	6.236	2008		<b>150,000</b>	150,000
1998-09-25	Serial bonds	2,968	5.5	2003			2,313
1998-09-25	Term note	549	5.91	2003			404
1998-10-09	Sinking Fund bonds	35,000	5.75	2008		<b>19,000</b>	35,000

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Issue		Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
Date	Description				In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Canadian dollars - Other (continued)</b>							
1998-10-13	Serial bonds	8,100	5.5 to 5.75	2004-2008		<b>4,494</b>	5,289
1998-10-27	Serial bonds	4,192	4.8	2003			3,071
1998-11-24	Serial bonds	6,024	5.2	2003			5,274
1998-11-24	Serial bonds	545	5.2	2003			247
1998-11-30	Term note	341	5.25	2003			134
1998-12-01	Serial bonds	3,303	5.25	2003			1,614
1998-12-01	Serial bonds	16,000	5.65	2008		<b>2,893</b>	10,736
1998-12-01	Serial bonds	4,812	5.15	2003			3,234
1998-12-08	Serial bonds	7,748	5.15	2003			3,714
1998-12-08	Serial bonds	6,225	5.2	2003			2,959
1998-12-08	Serial bonds	9,097	5.35 to 5.7	2004-2008		<b>4,667</b>	5,659
1998-12-15	Serial bonds	9,700	5.15	2003			6,495
1998-12-15	Serial bonds	3,971	5.15	2003			2,739
1998-12-15	Serial bonds	3,415	5.2	2003			2,398
1998-12-15	Term note	967	5.51	2003			831
1998-12-21	Term note	1,213	5.35	2003			897
1998-12-29	Serial bonds	6,030	5.0	2003			4,369
1999-01-25	Term note	194	5.1	2004		<b>98</b>	121
1999-02-15	Term note	260	5.665	2004		<b>228</b>	236
1999-02-15	Term note	315	5.2	2004		<b>233</b>	256
1999-02-18	Serial bonds	56,500	4.9 to 5.0	2004-2005		<b>24,500</b>	32,500
1999-03-30	Serial bonds	2,549	5.3	2004		<b>1,931</b>	2,097
1999-04-13	Serial bonds	5,912	5.3	2004		<b>3,836</b>	4,401
1999-04-27	Serial bonds	2,844	4.9	2004		<b>1,885</b>	2,144
1999-05-11	Serial bonds	3,367	4.85	2004		<b>1,348</b>	1,894
1999-05-12	Serial bonds	7,266	4.85 to 5.25	2004-2009		<b>5,858</b>	6,239
1999-05-17	Term note	188	5.15	2004		<b>126</b>	143
1999-06-01	Serial bonds	2,478	5.0	2003			670
1999-06-22	Term note	643	5.7	2004		<b>564</b>	586
1999-06-28	Term note	450	5.65	2004		<b>301</b>	341
1999-07-06	Serial bonds	3,694	5.5	2004		<b>1,540</b>	2,144
1999-07-08	Sinking Fund bonds	50,000	5.4 to 5.75	2004-2009		<b>30,500</b>	30,500
1999-07-13	Serial bonds	5,382	5.5	2004		<b>3,898</b>	4,299
1999-07-16	Term note	934	5.9	2004		<b>747</b>	797
1999-08-03	Serial bonds	5,919	5.4	2004		<b>4,284</b>	4,712
1999-08-09	Term note	1,327	6.23	2004		<b>778</b>	927
1999-08-23	Term note	165	6.1	2004		<b>49</b>	59
1999-09-01	Serial bonds	9,223	6.0 to 6.3	2004-2009		<b>6,670</b>	7,361
1999-09-01	Serial bonds	4,858	6.0	2004		<b>2,322</b>	3,010
1999-09-01	Serial bonds	6,033	6.0	2004		<b>2,896</b>	3,633
1999-10-05	Serial bonds	11,905	5.8 to 6.15	2004-2009		<b>8,751</b>	9,604
1999-10-05	Serial bonds	4,892	5.8	2004		<b>2,609</b>	3,137
1999-10-12	Serial bonds	6,394	5.7	2004		<b>3,214</b>	4,079
1999-10-12	Serial bonds	32,000	5.75 to 6.15	2004-2009		<b>25,857</b>	27,530
1999-10-13	Serial bonds	8,356	5.7	2004		<b>5,177</b>	6,122
1999-10-28	Sinking Fund bonds	50,000	6.15 to 6.4	2005-2009		<b>25,800</b>	25,800
1999-11-09	Term note	530	6.15	2004		<b>445</b>	468

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Date	Issue Description	Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
					In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Canadian dollars - Other (continued)</b>							
1999-11-15	Term note	614	6.675	2004		544	563
1999-11-15	Term note	1,622	6.1	2004		652	918
1999-11-16	Serial bonds	252	6.2	2004		223	231
1999-11-19	Term note	1,238	6.45	2004		918	995
1999-12-13	Term note	907	6.575	2004		637	711
1999-12-14	Serial bonds	5,000	6.1	2004		4,199	4,417
1999-12-14	Serial bonds	5,928	6.1	2004		1,979	2,946
1999-12-14	Serial bonds	9,015	6.0	2004		6,811	7,411
1999-12-14	Serial bonds	4,846	6.1	2004		3,224	3,666
1999-12-15	Term note	1,341	6.25	2004		903	1,023
1999-12-20	Term note	1,698	6.0	2004		280	543
1999-12-20	Term note	1,690	6.55	2004		1,328	1,427
1999-12-20	Term note	1,603	6.15	2004		1,311	1,391
1999-12-20	Term note	1,422	6.63	2004		958	1,085
1999-12-20	Serial bonds	6,067	6.1	2004		3,101	3,911
1999-12-22	Serial bonds	15,489	6.1 to 6.5	2004-2009		9,249	10,954
1999-12-29	Serial bonds	12,943	6.1 to 6.4	2004-2009		8,999	10,073
2000-01-07	Sinking Fund bonds	50,000	6.1 to 6.45	2005-2010		21,000	50,000
2000-01-14	Sinking Fund bonds	45,000	6.72	2009		45,000	45,000
2000-01-18	Serial bonds	787	7.01	2004-2005		722	745
2000-02-01	Serial bonds	6,236	6.25 to 6.4	2004-2005		5,685	5,879
2000-02-28	Term note	447	6.35 to 6.55	2004-2005		293	346
2000-03-03	Sinking Fund bonds	45,000	6.35 to 6.7	2004-2010		30,000	45,000
2000-04-04	Serial bonds	4,727	6.1 to 6.2	2004-2005		3,216	3,752
2000-04-11	Serial bonds	4,641	6.1 to 6.15	2004-2005		2,090	3,006
2000-04-17	Serial bonds	5,267	6.0 to 6.1	2004-2005		4,115	4,524
2000-04-18	Serial bonds	2,348	6.0 to 6.1	2004-2005		1,366	1,714
2000-04-25	Serial bonds	4,942	5.9 to 6.0	2004-2005		4,374	4,575
2000-04-25	Serial bonds	3,963	6.0 to 6.1	2004-2005		2,820	3,225
2000-04-25	Term note	1,146	6.0 to 6.05	2004-2005		924	1,003
2000-04-25	Term note	1,016	6.0	2004-2005		854	911
2000-05-16	Term note	1,166	6.3 to 6.6	2004-2005		1,075	1,107
2000-06-27	Term note	1,858	6.665	2004-2005		1,392	1,558
2000-06-27	Term note	348	6.0 to 6.15	2004-2005		303	319
2000-07-11	Serial bonds	4,874	5.9 to 6.0	2004-2005		2,930	3,619
2000-07-11	Term note	1,542	6.66	2004-2005		930	1,148
2000-07-11	Serial bonds	4,680	6.0 to 6.1	2004-2005		3,570	3,963
2000-07-19	Term note	1,085	6.0 to 6.1	2004-2005		946	995
2000-07-26	Serial bonds	9,344	5.9 to 6.25	2004-2010		6,481	7,215
2000-08-01	Serial bonds	3,577	5.85 to 5.95	2004-2005		1,567	2,280
2000-08-04	Sinking Fund bonds	50,000	6.0 to 6.3	2005-2010		25,000	50,000
2000-08-08	Term note	388	6.0 to 6.05	2004-2005		284	321
2000-08-23	Serial bonds	24,000	5.85 to 6.2	2004-2010		18,165	20,234
2000-08-28	Term note	1,898	6.0 to 6.05	2004-2005		1,543	1,669
2000-09-12	Serial bonds	2,711	5.9 to 6.0	2004-2005		1,420	1,878
2000-09-19	Term note	1,696	5.75 to 5.85	2004-2005		745	1,083
2000-09-19	Serial bonds	4,270	5.85 to 5.9	2004-2005		3,165	3,557

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Issue			Balance Outstanding			
			Nominal interest rate	Maturity	2003	
Date	Description	Nominal value			In foreign currencies	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>						
<b>Payable in Canadian dollars - Other (continued)</b>						
2000-09-26	Term note	300	5.85 to 6.0	2004-2005	276	285
2000-10-10	Serial bonds	3,005	5.75 to 5.85	2004-2005	1,316	1,915
2000-10-17	Term note	589	5.8 to 5.9	2004-2005	303	404
2000-10-27	Sinking Fund bonds	50,000	6.0 to 6.2	2006-2010	30,000	50,000
2000-11-01	Serial bonds	6,718	5.85	2004-2005	5,250	5,769
2000-11-07	Serial bonds	4,005	5.75 to 5.85	2004-2005	2,320	2,918
2000-11-14	Serial bonds	4,560	5.7 to 5.8	2004-2005	3,507	3,881
2000-11-14	Serial bonds	8,313	5.75 to 5.8	2004-2005	7,549	7,819
2000-11-14	Term note	1,962	6.45	2004-2005	1,600	1,716
2000-11-24	Term note	941	5.9 to 6.1	2004-2005	809	856
2000-11-28	Serial bonds	2,768	5.8 to 5.9	2004-2005	2,437	2,554
2000-12-05	Serial bonds	2,125	5.85 to 5.95	2004-2005	1,672	1,832
2000-12-05	Serial bonds	6,980	5.85 to 5.95	2004-2005	5,575	6,072
2000-12-06	Serial bonds	18,894	5.85 to 6.3	2004-2010	13,337	15,298
2000-12-11	Term note	642	5.65 to 5.75	2004-2005	477	536
2000-12-12	Serial bonds	5,464	5.75 to 5.85	2004-2005	4,251	4,680
2000-12-12	Serial bonds	6,811	5.8 to 5.9	2004-2005	4,750	5,477
2000-12-15	Sinking Fund bonds	70,000	5.65 to 6.0	2005-2010	38,000	70,000
2000-12-19	Term note	91	7.1	2004-2005	80	84
2000-12-20	Serial bonds	12,879	5.7 to 6.1	2004-2010	7,999	9,721
2000-12-27	Serial bonds	4,601	5.65 to 5.7	2004-2005	4,124	4,292
2000-12-27	Term note	1,200	5.95	2004-2005	1,101	1,136
2000-12-27	Serial bonds	3,515	5.6 to 5.65	2004-2005	3,187	3,303
2000-12-27	Serial bonds	10,000	5.5 to 5.9	2004-2010	5,470	6,360
2001-01-09	Serial bonds	2,291	5.4 to 5.6	2004-2006	2,163	2,229
2001-01-22	Term note	1,272	5.0 to 5.7	2004-2006	999	1,140
2001-01-22	Term note	370	5.0 to 5.3	2004-2006	258	316
2001-01-26	Term note	86	5.0 to 6.1	2004-2006	55	71
2001-03-05	Term note	1,034	5.65	2004-2006	873	956
2001-03-13	Term note	1,307	5.6	2004-2006	1,141	1,226
2001-03-19	Term note	950	5.515	2004-2006	603	781
2001-03-20	Serial bonds	4,689	4.9 to 5.2	2004-2006	4,228	4,465
2001-03-27	Term note	1,434	4.8 to 5.1	2004-2006	1,070	1,258
2001-04-17	Serial bonds	6,438	4.7 to 5.0	2004-2006	5,409	5,937
2001-05-01	Serial bonds	1,724	4.75 to 5.15	2004-2006	1,436	1,584
2001-05-08	Serial bonds	1,381	4.75 to 5.0	2004-2005	727	1,063
2001-05-28	Term note	550	5.15 to 5.65	2004-2006	462	507
2001-06-05	Serial bonds	4,979	5.0 to 5.35	2004-2006	3,803	4,412
2001-06-27	Serial bonds	1,784	5.1 to 5.55	2004-2006	1,199	1,500
2001-07-05	Sinking Fund bonds	50,000	5.1 to 6.15	2004-2011	50,000	50,000
2001-07-10	Term note	1,343	5.25 to 5.7	2004-2006	1,044	1,198
2001-07-13	Serial bonds	3,831	5.0 to 5.4	2004-2006	3,191	3,520
2001-07-13	Serial bonds	5,974	5.0 to 5.4	2004-2006	4,560	5,287
2001-07-13	Term note	303	5.25 to 5.75	2004-2006	260	283
2001-07-20	Term note	365	5.25 to 5.75	2004-2006	332	349
2001-07-24	Serial bonds	4,804	5.25 to 5.7	2004-2006	3,975	4,401
2001-08-07	Serial bonds	7,834	5.2 to 5.65	2004-2006	6,654	7,261

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Issue		Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
Date	Description				In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Canadian dollars (continued)</b>							
2001-08-13	Term note	200	6.04	2004-2006		189	195
2001-08-20	Serial bonds	648	5.495	2004-2006		411	533
2001-08-21	Serial bonds	7,521	5.0 to 5.4	2004-2006		6,169	6,863
2001-08-24	Sinking Fund bonds	65,000	5.0 to 6.15	2004-2011		65,000	65,000
2001-09-07	Serial bonds	3,099	4.8 to 5.25	2004-2006		2,404	2,761
2001-09-19	Serial bonds	10,000	4.7 to 5.9	2004-2011		9,308	9,663
2001-09-25	Serial bonds	1,481	4.6 to 5.05	2004-2006		1,300	1,393
2001-10-10	Serial bonds	15,578	4.1 to 5.8	2004-2011		13,876	14,750
2001-10-10	Serial bonds	15,000	4.1 to 5.85	2004-2011		13,882	14,456
2001-10-16	Serial bonds	7,306	4.1 to 4.8	2004-2006		5,678	6,517
2001-10-23	Term note	195	5.14	2004-2006		182	189
2001-10-26	Serial bonds	7,482	3.85 to 5.75	2004-2011		6,661	7,082
2001-10-30	Serial bonds	5,893	3.85 to 4.65	2004-2006		2,982	4,476
2001-11-08	Sinking Fund bonds	45,000	4.35 to 5.9	2005-2011		45,000	45,000
2001-11-09	Term note	191	3.4 to 4.3	2004-2006		121	157
2001-11-09	Term note	664	3.4 to 4.3	2004-2006		449	559
2001-11-13	Term note	136	3.4 to 4.35	2004-2006		114	125
2001-11-21	Serial bonds	15,979	3.4 to 5.45	2004-2011		12,890	14,472
2001-11-26	Term note	623	3.9 to 4.8	2004-2006		523	574
2001-12-04	Serial bonds	2,457	3.4 to 4.25	2004-2006		2,078	2,272
2001-12-05	Serial bonds	9,950	3.25 to 5.45	2004-2011		8,722	9,351
2001-12-06	Serial bonds	4,445	3.5 to 4.55	2004-2006		3,571	4,019
2001-12-11	Serial bonds	6,849	3.75 to 4.7	2004-2006		6,408	6,634
2001-12-12	Serial bonds	11,290	3.25 to 5.45	2004-2011		10,388	10,850
2001-12-17	Term note	761	3.65 to 4.65	2004-2006		621	693
2001-12-18	Term note	669	4.0 to 5.0	2004-2006		562	617
2001-12-18	Serial bonds	4,938	3.9 to 4.8	2004-2006		4,044	4,502
2001-12-19	Serial bonds	10,911	3.95 to 5.95	2004-2011		9,477	10,211
2001-12-19	Serial bonds	15,000	4.0 to 5.95	2004-2011		13,843	14,436
2001-12-27	Serial bonds	1,930	3.85 to 4.8	2004-2006		1,600	1,769
2001-12-28	Term note	75	6.95	2004-2006		72	74
2002-05-17	Serial bonds	56,994	4.0 to 5.95	2004-2012		50,769	56,994
2002-05-17	Sinking Fund bonds	40,572	5.95 to 6.45	2012-2022		40,572	40,572
2002-05-17	Sinking Fund bonds	2,434	5.95	2012		2,434	2,434
2002-11-08	Serial bonds	125,000	3.15 to 5.25	2004-2012		109,130	125,000
2002-12-13	Serial bonds	162,000	3.0 to 5.35	2004-2012		140,701	162,000
2003-02-14	Sinking Fund bonds	100 000	5.545	2013		100,000	
2003-02-27	Serial bonds	150 000	3.0 to 5.2	2004-2013		150,000	
2003-04-25	Serial bonds	125 000	3.45 to 5.45	2004-2013		125,000	
2003-09-26	Serial bonds	83 193	2.65 to 5.2	2004-2013		83,193	
2003-09-26	Sinking Fund bonds	1 607	5.2	2013		1,607	
2003-10-30	Serial bonds	175 000	2.5 to 5.0	2004-2013		175,000	
2003-11-28	Serial bonds	200 000	2.65 to 5.1	2004-2013		200,000	
2003-12-12	Sinking Fund bonds	100 000	5.8	2023		100,000	
						<b>3,881,390</b>	<b>3,542,766</b>

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Date	Issue Description	Nominal value		Nominal interest rate	Maturity	Balance Outstanding		
						2003		2002
						In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>								
<b>Loans repayable in Canadian dollars under currency and interest rate swap agreements</b>								
1993-09-30		3,000,000	JPY	4.8	2003			
1993-09-30		2,500,000	JPY	Floating	2003			
1993-09-30	Sinking Fund bonds	69,655	CAD	7.525	2003			69,655
1994-07-08		6,000,000	JPY	4.57	2004			
1994-07-08	Sinking Fund bonds	78,000	CAD	9.45	2004		<b>78,000</b>	78,000
1994-10-26		56,000	USD	Floating	2004			
1994-10-26	Sinking Fund bonds	75,152	CAD	9.744	2004		<b>75,152</b>	75,152
1994-12-06		28,508	EUR	8.375	2004			
1994-12-06	Sinking Fund bonds	50,300	CAD	9.69	2004		<b>50,300</b>	50,300
1995-03-15		50,000	USD	Floating	2005			
1995-03-15	Sinking Fund bonds	70,300	CAD	9.975	2005		<b>70,300</b>	70,300
1995-12-19		5,625,000	JPY	Floating	2005			
1995-12-19	Sinking Fund bonds	75,000	CAD	8.264	2005		<b>75,000</b>	75,000
1996-10-16		56,242	EUR	Floating	2003			
1996-10-16	Sinking Fund bonds	100,000	CAD	7.583	2003			100,000
1996-10-16		30,678	EUR	Floating	2003			
1996-10-16	Sinking Fund bonds	53,600	CAD	6.19	2003			53,600
1996-11-15		76,694	EUR	6.25	2006			
1996-11-15	Sinking Fund bonds	132,500	CAD	7.258	2006		<b>132,500</b>	132,500
1997-06-20		29,928	EUR	Floating	2007			
1997-06-20	Sinking Fund bonds	48,000	CAD	7.077	2007		<b>48,000</b>	48,000
1997-10-30		39,663	EUR	5.625	2007			
1997-10-30	Sinking Fund bonds	60,626	CAD	5.915	2007		<b>60,626</b>	60,626
1998-10-23		29,144	EUR	Floating	2008			
1998-10-23	Sinking Fund bonds	51,677	CAD	5.965	2008		<b>51,677</b>	51,677
1999-02-26		68,664	USD	5.375	2004			
1999-02-26	Sinking Fund bonds	104,432	CAD	5.35	2004		<b>104,432</b>	104,432
2000-02-22		54,000	USD	Floating	2010			
2000-02-22	Sinking Fund bonds	78,408	CAD	7.176	2010		<b>78,408</b>	78,408
2000-12-08		84,553	USD	Floating	2010			
2000-12-08	Sinking Fund bonds	130,000	CAD	6.574	2010		<b>130,000</b>	130,000
2001-05-17		50,000	USD	Floating	2011			
2001-05-17	Sinking Fund bonds	78,650	CAD	6.45	2011		<b>78,650</b>	78,650
2001-05-17		25,000	USD	6.25	2011			
2001-05-17	Sinking Fund bonds	39,325	CAD	6.45	2011		<b>39,325</b>	39,325



## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Issue		Nominal value		Nominal interest rate	Maturity	Balance Outstanding		
						2003		2002
Date	Description					In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>								
<b>Loans repayable in Canadian dollars</b>								
<b>under currency and interest rate swap agreements (continued)</b>								
2001-11-14		34,000	USD	Floating	2011			
2001-11-14	Sinking Fund bonds	53,210	CAD	6.17	2011		<b>53,210</b>	53,210
2001-11-14		20,000	USD	Floating	2011			
2001-11-14	Sinking Fund bonds	31,500	CAD	6.078	2011		<b>31,500</b>	31,500
2001-11-26		400,000	NOK	6.75	2008			
2001-11-26		45,500	USD	Floating	2008			
2001-11-26	Sinking Fund bonds	71,207	CAD	5.67	2008		<b>71,207</b>	71,207
							<b>1,228,287</b>	1,451,542
							<b>5,109,677</b>	4,994,308
							<b>5,977,475</b>	4,994,308
<b>Total issue in Canadian dollars</b>							<b>5,977,475</b>	4,994,308
<b>Payable in American dollars</b>								
1964-11-01	Sinking Fund bonds	60,000	USD	5.0	2004	<b>1,500</b>	<b>1,939</b>	4,739
1966-11-01	Sinking Fund bonds	30,000	USD	6.0	2004-2006	<b>2,250</b>	<b>2,908</b>	4,739
1999-02-26	Sinking Fund bonds	11,273	USD	5.375	2004	<b>11,273</b>	<b>14,569</b>	17,806
1999-07-19	Sinking Fund bonds	26,864	USD	Floating	2003			42,435
2001-03-15	Sinking Fund bonds	70,000	USD	Floating	2011	<b>70,000</b>	<b>90,468</b>	110,572
2002-10-29	Sinking Fund bonds	35,000	USD	4.5	2012	<b>35,000</b>	<b>45,234</b>	55,286
2002-10-29	Sinking Fund bonds	32,624	USD	4.125	2009	<b>32,624</b>	<b>42,163</b>	51,533
						<b>152,647</b>	<b>197,281</b>	287,110
<b>Loans repayable in American dollars</b>								
<b>under currency and interest rate swap agreements</b>								
1993-09-30		6,240,000	JPY	4.92	2003			
1993-09-30	Sinking Fund bonds	61,280	USD	6.245	2003			96,798
								96,798
<b>Total issue in American dollars</b>						<b>152,647</b>	<b>197,281</b>	383,908

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

Issue		Nominal value	Nominal interest rate	Maturity	Balance Outstanding		
					2003		2002
Date	Description				In foreign currencies	In Canadian dollars	In Canadian dollars
<b>A) BONDED DEBTS AND TERM NOTES (continued)</b>							
<b>Payable in Swiss francs</b>							
1993-06-09	Sinking Fund bonds	70,000	CHF	5.25	2003		79,940
2003-06-06	Sinking Fund bonds	46,700	CHF	3.0	2013	<u>46,700</u>	<u>48,759</u>
						<u>46,700</u>	<u>79,940</u>
<b>Payable in Japanese yen</b>							
2000-08-14	Sinking Fund bonds	2,750,000	JPY	1.66	2007	<u>2,750,000</u>	<u>33,182</u>
							<u>36,581</u>
<b>Payable in Pounds sterling</b>							
1888-11-01	Perpetual bonds	1,440	GBP	3.0	Perpetual	<u>362</u>	<u>860</u>
							<u>943</u>
<b>Total issue in foreign currencies</b>						<u>280,082</u>	<u>501,372</u>
<b>TOTAL – BONDED DEBTS AND TERM NOTES</b>						<u>6,257,557</u>	<u>5,495,680</u>
<b>B) OTHER LONG-TERM DEBT</b>							
<b>Loans under capital leases in Canadian dollars:</b>							
1994-08-28		3,203		6.705	2004-2014	<u>2,256</u>	2,391
1997-09-01		2,600		7.1476	2004-2017	<u>2,118</u>	2,206
1998-02-27		880		6.69	2003		<u>14</u>
						<u>4,374</u>	<u>4,611</u>
<b>Other:</b>							
	Miscellaneous	5,163		5.673 to 11.0	2004-2023	<u>6,744</u>	<u>3,257</u>
<b>TOTAL – OTHER LONG-TERM DEBT</b>						<u>11,118</u>	<u>7,868</u>
<b>TOTAL – LONG-TERM DEBT</b>						<u>6,268,675</u>	<u>5,503,548</u>

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 2 – LONG-TERM DEBT (continued) (in thousands)

	Balance Outstanding		
	2003		2002
	In foreign currencies	In Canadian dollars	In Canadian dollars

## Summary

Canadian dollars	CAD		<b>5,988,593</b>	5,002,176
American dollars	USD	<b>152,647</b>	<b>197,281</b>	383,908
Swiss francs	CHF	<b>46,700</b>	<b>48,759</b>	79,940
Japanese yen	JPY	<b>2,750,000</b>	<b>33,182</b>	36,581
Pounds sterling	GBP	<b>362</b>	<b>860</b>	943
			<b><u>6,268,675</u></b>	<b><u>5,503,548</u></b>

## Summary (in percentage)

Canadian dollars	CAD		<b>95.53%</b>	90.89%
American dollars	USD		<b>3.15%</b>	6.98%
Swiss francs	CHF		<b>0.78%</b>	1.45%
Japanese yen	JPY		<b>0.53%</b>	0.66%
Pounds sterling	GBP		<b>0.01%</b>	0.02%
			<b><u>100.00%</u></b>	<b><u>100.00%</u></b>

Norwegian crowns	NOK
Canadian dollars	CAD
American dollars	USD
Euro	EUR
Swiss francs	CHF
Pounds sterling	GBP
Japanese yen	JPY

**Notes and Schedules to Financial Statements (continued)**

Year ended December 31, 2003

**SCHEDULE 3 - LONG-TERM UNFUNDED EXPENDITURES***(in thousands of dollars)*

	<u>2003</u>	<u>2002</u>
<b>LONG-TERM UNFUNDED FINANCIAL ACTIVITY EXPENDITURES</b>		
Long-term unfunded financial activity expenditures, beginning of year	<b>(24,713)</b>	
Deficiency of financial activity expenditures for the year	<b>(326,506)</b>	(24,713)
Long-term unfunded financial activity expenditures, end of year	<u><b>(351,219)</b></u>	<u>(24,713)</u>
<b>LONG-TERM UNFUNDED INVESTMENT EXPENDITURES</b>		
Long-term unfunded investment expenditures, beginning of year	<b>(289,966)</b>	(46,195)
Surplus (deficiency) of investment activities for the year	<b>170,221</b>	(242,871)
Transfer to reserved funds	<b>(609)</b>	(103)
Transfer to restricted surplus		(835)
Other		38
Long-term unfunded investment expenditures, end of year	<u><b>(120,354)</b></u>	<u>(289,966)</u>
	<u><b>(471,573)</b></u>	<u>(314,679)</u>

## Notes and Schedules to Financial Statements (continued)

December 31, 2003

## SCHEDULE 4 – DIRECT AND INDIRECT DEBT AND LONG-TERM UNFUNDED EXPENDITURES

(in thousands of dollars)

	<u>2003</u>	<u>2002</u>
<b>Net direct debt and long-term unfunded expenditures (1)</b>		
<b>Long-term debt (Note 10)</b>	<b>6,268,675</b>	5,503,548
<b>Add</b>		
Long-term unfunded financial activity expenditures	351,219	24,713
Long-term unfunded investment expenditures	120,354	289,966
<b>Deduct</b>		
Amounts recoverable from third parties for repayment of long-term debt	1,187,038	1,246,311
Amounts accumulated for repayment	1,138,448	1,287,944
Amounts recoverable through user fees	194,298	197,968
	<u><b>4,220,464</b></u>	<u>3,086,004</u>
<b>Net indirect debt and long-term unfunded expenditures</b>		
Organizations included in the financial reporting entity		
Société de transport de Montréal	232,554	207,132
Société d'habitation et de développement de Montréal	148,817	158,347
Société de développement de Montréal	125,088	128,134
Anjou 80	4,297	4,546
	<u><b>510,756</b></u>	<u>498,159</u>
<b>Net direct and indirect debt and long-term unfunded expenditures</b>	<u><u><b>4,731,220</b></u></u>	<u><u>3,584,163</u></u>

(1) Excluding the net obligation for pension plans and other employee future benefits of \$1,033.5 million (\$1,978.9 million in 2002).

**FINANCIAL REPORTING**  
**Supplementary information**



**Analysis of Revenues**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Taxes</b>			
<b>On property value</b>			
General taxes	2,138,634	2,171,752	1,546,486
Sectorial taxes			
Debt service	9,590	9,792	10,152
Operations	1,816	1,917	1,959
Tax and surtax on non-residential immovables			260,190
Surtax on vacant lots			13,797
	<b>2,150,040</b>	<b>2,183,461</b>	<b>1,832,584</b>
<b>On another basis</b>			
User fees for municipal services			
Water	225,886	230,893	229,867
Waste water treatment	7,400	6,951	7,554
Waste removal and recycling	15,292	15,023	16,092
Debt service	39,517	37,780	41,852
Capital assets and other capital spending	27	22	19
Other		93	33
	<b>288,122</b>	<b>290,762</b>	<b>295,417</b>
Business taxes			
On the entire locative value			290,605
Other	4,879	5,375	4,144
	<b>4,879</b>	<b>5,375</b>	<b>294,749</b>
	<b>293,001</b>	<b>296,137</b>	<b>590,166</b>
	<b>2,443,041</b>	<b>2,479,598</b>	<b>2,422,750</b>

**Analysis of Revenues (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Payments in lieu of taxes</b>			
<b>Government of Québec and its enterprises</b>			
Government enterprise immovables and establishments			
Property taxes	25,189	25,276	14,841
Business taxes			14,778
Tax on non-residential immovables			251
Compensation for municipal services	9,773	9,331	9,700
	<b>34,962</b>	<b>34,607</b>	<b>39,570</b>
Immovables of the health and social services network and educational system			
Health and social services	45,578	45,855	47,450
Cégeps (junior colleges) and universities	47,806	48,549	44,394
Primary and secondary schools	21,768	22,144	21,263
	<b>115,152</b>	<b>116,548</b>	<b>113,107</b>
Other immovables			
Immovables of certain government and international agencies			
Property taxes	1,415	1,366	904
Business taxes		36	3,912
Classified cultural property	102	206	101
	<b>1,517</b>	<b>1,608</b>	<b>4,917</b>
	<b>151,631</b>	<b>152,763</b>	<b>157,594</b>
<b>Government of Canada and its enterprises</b>			
Property taxes	40,112	40,731	19,512
Business taxes			363
Tax on non-residential immovables			10,338
Compensation for municipal services	5,737	6,153	5,922
	<b>45,849</b>	<b>46,884</b>	<b>36,135</b>
Municipal organizations			
Compensation for municipal services	2,613	2,915	2,923
Other	1,677	1,609	1,778
	<b>50,139</b>	<b>51,408</b>	<b>40,836</b>
	<b>201,770</b>	<b>204,171</b>	<b>198,430</b>



**Analysis of Revenues (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Other revenues from local sources</b>			
<b>Services provided to municipal organizations</b>			
General administration	<u>5</u>	<u>753</u>	<u>583</u>
Public safety			
Fire protection	<u>10</u>	<u></u>	<u>6</u>
Transportation			
Road network			
Municipal roads	<u>672</u>	<u>25</u>	<u>229</u>
Environmental health			
Supply and treatment of drinking water	<u>142</u>	<u>147</u>	<u>198</u>
Water distribution system	<u>1</u>	<u>12</u>	<u>10</u>
Sewage system	<u>80</u>	<u></u>	<u></u>
Waste removal and recycling	<u></u>	<u>456</u>	<u>194</u>
	<u>223</u>	<u>615</u>	<u>402</u>
Health and welfare	<u>18,306</u>	<u>7,859</u>	<u>2,545</u>
Urban planning and development			
Other	<u>1</u>	<u></u>	<u></u>
Recreation and culture			
Recreational activities	<u>4</u>	<u>4</u>	<u>1,390</u>
Cultural activities	<u>24,000</u>	<u>24,029</u>	<u>23,778</u>
	<u>24,004</u>	<u>24,033</u>	<u>25,168</u>
	<u>43,221</u>	<u>33,285</u>	<u>28,933</u>

**Analysis of Revenues (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Other revenues from local sources (continued)</b>			
<b>Other services provided</b>			
General administration	6,667	7,830	8,341
Public safety	16,888	19,299	19,845
Transportation	16,222	19,867	18,518
Environmental health	6,127	9,159	12,836
Health and welfare	232	229	228
Urban planning and development	62,798	61,735	57,539
Recreation and culture	39,196	40,487	40,365
Electricity	22,752	22,866	21,814
Other	6,128	26,714	22,741
	<b>177,010</b>	<b>208,186</b>	202,227
<b>Other revenues</b>			
Fee collection			
Licences and permits	11,560	14,963	14,330
Real estate transfer fees	64,000	87,301	85,678
Other	8	71	64
	<b>75,568</b>	<b>102,335</b>	100,072
Fines and penalties			
Tickets - Traffic and parking	105,718	107,798	103,313
Other - Fines and penalties	6,604	8,335	9,023
	<b>112,322</b>	<b>116,133</b>	112,336
Interest			
Tax arrears	11,942	6,977	4,479
Sinking Fund	72,304	68,600	69,247
Cash and other interest	27,606	34,321	26,612
	<b>111,852</b>	<b>109,898</b>	100,338
Disposal of capital assets			
Municipal industrial immovables	150	197	177
Other assets	13,842	16,635	11,488
	<b>13,992</b>	<b>16,832</b>	11,665
Developers' contributions	<b>15,823</b>	<b>16,208</b>	5,974
Other	<b>2,427</b>	<b>5,776</b>	4,931
	<b>331,984</b>	<b>367,182</b>	335,316
	<b>552,215</b>	<b>608,653</b>	566,476

**Analysis of Revenues (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Transfers</b>			
<b>Unconditional transfers</b>			
Québec government subsidies			
Municipal amalgamation			200
Compensation for TGE-FFLA	33,700	33,956	24,760
Equalization			3
Central cities	7,967	7,938	7,938
Neutrality	10,700	11,374	11,374
Other	69,330	35,572	33,720
	<b>121,697</b>	<b>88,840</b>	<b>77,995</b>
<b>Conditional transfers</b>			
Government subsidies			
General administration	1,720	10,380	14,187
Public safety			
Police		15,406	10,000
Fire protection	180	759	262
Emergency preparedness			522
	<b>180</b>	<b>16,165</b>	<b>10,784</b>
Transportation			
Road network			
Municipal roads	25,891	41,680	20,691
Other		2,633	
Public transit	65,824	59,134	70,734
Other		166	307
	<b>91,715</b>	<b>103,613</b>	<b>91,732</b>
Environmental health			
Supply and treatment of drinking water	196	305	435
Water distribution system	7,966	7,801	4,616
Waste water treatment	84,280	82,010	89,649
Sewage system	4,785	7,114	4,598
Solid waste removal and recycling	12	7	
Environmental protection	1,759	8	
Other	612	2,179	1,775
	<b>99,610</b>	<b>99,424</b>	<b>101,073</b>

**Analysis of Revenues (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Transfers (continued)</b>			
<b>Conditional transfers (continued)</b>			
Health and welfare	<u>75,473</u>	<u>75,894</u>	<u>74,397</u>
Urban planning and development			
Urban planning and development		36	
Urban redevelopment	12,165	10,802	
Promotion and economic development	2,555	1,131	7,576
Other		18	8,271
	<u>14,720</u>	<u>11,987</u>	<u>15,847</u>
Recreation and culture			
Recreational activities	7,764	8,787	5,788
Cultural activities			
Libraries	7,266	6,108	790
Other	589	7,078	7,401
	<u>15,619</u>	<u>21,973</u>	<u>13,979</u>
	<u>299,037</u>	<u>339,436</u>	<u>321,999</u>
Other conditional transfers	<u>21,910</u>	<u>1,256</u>	<u>3,895</u>
	<u>320,947</u>	<u>340,692</u>	<u>325,894</u>
	<u>442,644</u>	<u>429,532</u>	<u>403,889</u>
<b>Total revenues</b>	<u>3,639,670</u>	<u>3,721,954</u>	<u>3,591,545</u>

# Analysis of Operating Expenditures

Year ended December 31, 2003

(in thousands of dollars)

	2003		2002
	Budget	Actual	Actual
<b>General administration</b>			
City Council	47,682	48,580	58,995
Application of the law	34,951	36,671	38,409
Financial and administrative management	146,328	166,505	138,191
Registry office	14,753	14,278	13,549
Valuation	18,348	19,061	18,684
Personnel management	29,393	35,796	28,853
Other	228,483	177,893	141,795
	<b>519,938</b>	<b>498,784</b>	438,476
<b>Public safety</b>			
Police	422,027	429,316	428,784
Fire protection	233,796	248,668	249,446
Emergency preparedness	1,466	1,441	1,104
Other	26,290	26,151	26,919
	<b>683,579</b>	<b>705,576</b>	706,253
<b>Transportation</b>			
Road network			
Municipal roads	113,746	105,208	105,989
Snow removal	131,583	135,467	114,132
Lighting	32,688	27,460	28,054
Traffic and parking	37,167	38,791	39,336
	<b>315,184</b>	<b>306,926</b>	287,511
Public transit	275,139	289,172	269,986
Other	3,369	3,241	2,989
	<b>593,692</b>	<b>599,339</b>	560,486
<b>Environmental health</b>			
Water and sewers			
Supply and treatment of drinking water	38,060	37,973	43,240
Water distribution system	42,126	46,624	44,819
Waste water treatment	48,645	48,617	49,646
Sewage system	20,822	20,783	21,577
	<b>149,653</b>	<b>153,997</b>	159,282
Waste removal and recycling			
Household waste			
Collection and transportation	55,146	79,169	62,373
Disposal	20,551	19,742	16,831
Secondary materials			
Collection and transportation	24,778	24,012	20,195
Treatment	5,510	455	341
Disposal of dry materials	8,903	2,520	20,335
	<b>114,888</b>	<b>125,898</b>	120,075
Environmental protection	7,703	7,746	8,867
Other	693	3,401	1,343
	<b>272,937</b>	<b>291,042</b>	289,567

**Analysis of Operating Expenditures (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Health and welfare</b>			
Food inspection	3,585	3,352	3,454
Public housing	39,048	29,604	23,555
Income security, public employment services and community health	75,115	67,369	73,984
Other		7,844	1,699
	<u>117,748</u>	<u>108,169</u>	<u>102,692</u>
<b>Urban planning and development</b>			
Urban development, planning and zoning	29,523	34,145	33,638
Urban redevelopment			
Heritage properties	6,251	5,506	8,899
Other properties	37,563	34,250	31,486
	<u>43,814</u>	<u>39,756</u>	<u>40,385</u>
Promotion and economic development			
Industry and trade	47,899	51,166	58,710
Tourism	1,500	1,445	1,539
Other	495	906	651
	<u>49,894</u>	<u>53,517</u>	<u>60,900</u>
Other	42	5,723	4,251
	<u>123,273</u>	<u>133,141</u>	<u>139,174</u>
<b>Recreation and culture</b>			
Recreational activities			
Community centres	56,301	57,301	75,539
Indoor and outdoor skating rinks	39,129	41,321	45,013
Swimming pools, beaches and marinas	35,915	36,427	42,545
Parks and playing fields	133,890	143,625	117,681
Exhibitions and fairs	444	686	760
Other	14,167	14,902	9,389
	<u>279,846</u>	<u>294,262</u>	<u>290,927</u>
Cultural activities			
Community centres	11,032	11,730	11,305
Libraries	68,059	66,309	66,166
Heritage			
Museums and exhibition centres	52,539	54,449	53,829
Other	19,732	25,563	19,708
	<u>151,362</u>	<u>158,051</u>	<u>151,008</u>
	<u>431,208</u>	<u>452,313</u>	<u>441,935</u>
<b>Electricity</b>	20,040	20,656	19,451

**Analysis of Operating Expenditures (continued)**

Year ended December 31, 2003

*(in thousands of dollars)*

	2003		2002
	Budget	Actual	Actual
<b>Financing expenses</b>			
Long-term debt			
Interest	428,013	414,122	428,369
Other charges	19,418	10,674	24,926
	447,431	424,796	453,295
Other financing expenses	2,736	1,151	4,042
	450,167	425,947	457,337
<b>Total operating expenditures</b>	<b>3,212,582</b>	<b>3,234,967</b>	<b>3,155,371</b>

# Analysis of Cost of Municipal Services

Year ended December 31, 2003

(in thousands of dollars)

	2003		
	Operating expenditures	Financing expenses	Amortization Capital assets
General administration			
Valuation	19,061	39	387
Other	479,723	12,157	15,749
	<u>498,784</u>	<u>12,196</u>	<u>16,136</u>
Public safety			
Police	429,316	5,562	11,534
Fire protection	248,668	3,949	6,962
Emergency preparedness	1,441	137	297
Other	26,151	24	53
	<u>705,576</u>	<u>9,672</u>	<u>18,846</u>
Transportation			
Road network			
Municipal roads	105,208	88,313	109,707
Snow removal	135,467	2,413	3,538
Other	66,251	7,477	8,627
Public transit	289,172	54,833	
Other	3,241	830	1,523
	<u>599,339</u>	<u>153,866</u>	<u>123,395</u>
Environmental health			
Supply and treatment of drinking water	37,973	2,096	2,061
Water distribution system	46,624	14,166	20,181
Waste water treatment	48,617	86,454	36,080
Sewage system	20,783	20,565	25,749
Waste removal and recycling	125,898	2,970	6,037
Environmental protection	7,746	116	494
Other	3,401	13	476
	<u>291,042</u>	<u>126,380</u>	<u>91,078</u>
Health and welfare			
Public housing	29,604	442	269
Income security, public employment services and community health	67,369		
Other	11,196	104	105
	<u>108,169</u>	<u>546</u>	<u>374</u>
Urban planning and development			
Urban development, planning and zoning	34,145	4,174	3,060
Urban redevelopment	39,756	12,597	3,561
Promotion and economic development	53,517	16,680	343
Other	5,723	37,858	16,083
	<u>133,141</u>	<u>71,309</u>	<u>23,047</u>
Recreation and culture			
Recreational activities	294,262	42,448	52,353
Cultural activities			
Libraries	66,309	2,461	3,025
Other	91,742	6,982	3,283
	<u>452,313</u>	<u>51,891</u>	<u>58,661</u>
Electricity	20,656	87	659
Financing expenses	425,947	(425,947)	
	<u>3,234,967</u>	<u></u>	<u>332,196</u>



## Analysis of Cost of Municipal Services (continued)

Year ended December 31, 2003

2003				2002	
<b>Amortization</b>					
<b>Deferred</b>	<b>Operating</b>			<b>Cost of</b>	<b>Cost of</b>
<b>subsidies</b>	<b>subsidies</b>	<b>Services</b>	<b>(Gain) loss</b>	<b>municipal</b>	<b>municipal</b>
(governments and	(governments and	<b>provided</b>	<b>on disposals</b>	<b>services</b>	<b>services</b>
their enterprises)	their enterprises)				
		(48)		19,439	18,804
(932)	(9,833)	(8,535)	(136)	488,193	420,360
(932)	(9,833)	(8,583)	(136)	507,632	439,164
	(15,406)	(18,927)		412,079	416,441
(266)	(754)	(153)	(3)	258,403	258,519
(19)		(64)		1,792	1,208
		(155)		26,073	26,653
(285)	(16,160)	(19,299)	(3)	698,347	702,821
(8,882)	(3,910)	(7,747)	538	283,227	273,063
(3)		(238)	(1)	141,176	119,682
(12)	(26)	(11,412)		70,905	72,335
	(32,438)	(316)		311,251	299,313
	(16)	(179)	(5)	5,394	4,822
(8,897)	(36,390)	(19,892)	532	811,953	769,215
(162)	(163)	(197)		41,608	50,566
(1,164)	(291)	(428)	20	79,108	77,055
(26,802)	(58,353)	(63)		85,933	88,372
(2,228)	(1,021)	(817)		63,031	61,420
(25)	(7)	(7,815)		127,058	117,603
		(430)		7,926	7,245
	(1,759)	(24)		2,107	1,962
(30,381)	(61,594)	(9,774)	20	406,771	404,223
(35)	(723)	(7,995)		21,562	21,495
	(69,328)			(1,959)	3,971
	(5,843)	(93)		5,469	986
(35)	(75,894)	(8,088)		25,072	26,452
(204)	(29)	(9,820)		31,326	36,257
(519)	(9,211)	(50,425)		(4,241)	(5,896)
(38)	(168)	(587)		69,747	73,049
(257)	(17)	(903)		58,487	55,537
(1,018)	(9,425)	(61,735)		155,319	158,947
(5,575)	(4,132)	(24,862)	4	354,498	353,857
(359)	(5,761)	(1,964)		63,711	69,607
(409)	(6,806)	(37,694)		57,098	51,108
(6,343)	(16,699)	(64,520)	4	475,307	474,572
(49)	(58)	(22,866)		(1,571)	(1,662)
(47,940)	(226,053)	(214,757)	417	3,078,830	2,973,732

## Analysis of Investment Expenditures by Type

Year ended December 31, 2003

(in thousands of dollars)

	2003		2002
	Budget	Actual	Actual
<b>Capital assets</b>			
Infrastructures			
Wastewater treatment plants and facilities	14,686	5,440	9,529
Sewer	59,708	61,350	32,673
Aqueduct	32,869	25,421	22,647
Drinking water treatment plants	15,562	10,613	1,797
Parks and playing fields	44,088	37,305	33,071
Landfills and incinerator		3,015	2,792
Paths, streets, routes and sidewalks	70,601	96,866	94,388
Bridges, tunnels and viaducts	32,596	41,726	24,311
Parking lots	25		12
Street lighting system	20,012	10,370	7,413
Other infrastructures	40,554	21,680	21,321
	<u>330,701</u>	<u>313,786</u>	249,954
Power grid	40,911	796	314
Buildings			
Administrative buildings	25,414	20,882	24,654
Community buildings	28,872	23,585	27,654
Leasehold improvements		2	1,773
Vehicles	36,100	35,614	16,243
Office furniture and equipment	40,699	28,646	33,964
Machinery, tools and equipment	7,892	2,816	5,570
Land	8,736		25
Other	22,758	491	769
	<u>542,083</u>	<u>426,618</u>	360,920
<b>Other investments</b>			
Real estate assets intended for sale		134	9,302
Long-term receivables	14,200	7,307	10,623
	<u>14,200</u>	<u>7,441</u>	19,925
	<u>556,283</u>	<u>434,059</u>	380,845

**Changes in Sinking Fund Investments**

Year ended December 31, 2003

*(in thousands of dollars)*

<b>Sinking Fund Investments as at December 31, 2002</b>	<b>1,252,406</b>
<b>Add</b>	
Contributions	244,681
Capitalized interest income	208
	<u>244,889</u>
<b>Deduct</b>	
Redemption of bonds from the provision for redemptions	384,288
Loss on foreign exchange fluctuations	2,069
	<u>386,357</u>
<b>Sinking Fund Investments as at December 31, 2003 (1)</b>	<b><u>1,110,938</u></b>

**(1) Sinking Fund Investments**

Term deposits and other securities		80,714
Bonds		
Provinces and government agencies	540,911	
Société de Transport de Montréal	16,576	
Ville de Montréal	126,666	
Other municipalities	112,968	
School boards, Cégeps, CLSCs and hospitals	<u>233,103</u>	
		<u>1,030,224</u>
		<u>1,110,938</u>

## Long-Term Debt Maturity

December 31, 2003

*(in thousands of dollars)*

YEARS	Bonds and term notes							
	Canadian dollars		American dollars		Swiss Francs		Japanese Yen	
	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)
2004	906,660	434,596	13,523					
2005	741,453	344,475	750					
2006	488,382	261,396	750					
2007	412,131	90,002					2,750,000	1,875,000
2008	530,827	198,718						
2009	257,859	61,250	32,624	15,424				
2010	512,937	114,545						
2011	463,212	132,781	70,000	28,015				
2012	153,782	71,326	35,000	13,008				
2013	375,891	214,139			46,700	23,350		
2014	10,309							
2015	11,371							
2016	12,543							
2017	120,337	14,133						
2018	15,264							
2019	12,413							
2020	7,548							
2021	7,393							
2022	29,614	8,333						
2023	101,605							
2024	1,008							
2025	1,112							
2026	1,226							
2043	802,598							
	5,977,475	1,945,694	152,647	56,447	46,700	23,350	2,750,000	1,875,000
Perpetual	5,977,475	1,945,694	152,647	56,447	46,700	23,350	2,750,000	1,875,000

Notes : (1) Amounts in this column represent loans maturing during each of the years shown.

(2) Amounts are included in the maturity column.

(3) Of this amount, \$ 1,110.9 million is already accumulated in the Sinking Fund as at December 31, 2003.

In addition, deferred revenues to these loans amount to \$ 27.5 million.

## Long-Term Debt Maturity (continued)

December 31, 2003

Pounds sterling		Bonds and term notes Total value in Canadian dollars			Other debt Canadian dollars			Net maturity in Canadian dollars
Maturity (1)	To be refinanced (2)	Maturity (1)	To be refinanced (2)	Net maturity	Maturity (1)	To be refinanced (2)	Net maturity	
		924,138	434,596	489,542	836	482	354	<b>489,896</b>
		742,423	344,475	397,948	1,111		1,111	<b>399,059</b>
		489,352	261,396	227,956	695	207	488	<b>228,444</b>
		445,312	112,626	332,686	514		514	<b>333,200</b>
		530,827	198,718	332,109	553		553	<b>332,662</b>
		300,021	81,184	218,837	597		597	<b>219,434</b>
		512,937	114,545	398,392	645		645	<b>399,037</b>
		553,680	168,988	384,692	696		696	<b>385,388</b>
		199,016	88,137	110,879	753		753	<b>111,632</b>
		424,650	238,519	186,131	814		814	<b>186,945</b>
		10,309		10,309	791		791	<b>11,100</b>
		11,371		11,371	423		423	<b>11,794</b>
		12,543		12,543	454		454	<b>12,997</b>
		120,337	14,133	106,204	406		406	<b>106,610</b>
		15,264		15,264	267		267	<b>15,531</b>
		12,413		12,413	286		286	<b>12,699</b>
		7,548		7,548	308		308	<b>7,856</b>
		7,393		7,393	331		331	<b>7,724</b>
		29,614	8,333	21,281	355		355	<b>21,636</b>
		101,605		101,605	283		283	<b>101,888</b>
		1,008		1,008				<b>1,008</b>
		1,112		1,112				<b>1,112</b>
		1,226		1,226				<b>1,226</b>
		802,598		802,598				<b>802,598</b>
		6,256,697	2,065,650	4,191,047	11,118	689	10,429	<b>4,201,476</b>
362		860		860				<b>860</b>
362		6,257,557 <sup>(3)</sup>	2,065,650	4,191,907	11,118	689	10,429	<b>4,202,336</b>
				To be refinanced			689	<b>2,066,339</b>
				6,257,557 <sup>(3)</sup>			11,118	<b>6,268,675</b>

## Changes in Long-Term Debt

Year ended December 31, 2003

(in thousands of dollars)

<b>Long-term debt as at December 31, 2002</b>		<b><u>5,503,548</u></b>
<b>Add</b>		
Loans incurred		
Loan, 5.545%, issued on February 14, 2003, for capital assets;		100,000
Loan, 3.0% to 5.2%, issued on February 27, 2003, for refinancing;		150,000
Loan, 3.45% to 5.45%, issued on April 25, 2003, for refinancing (\$30.694 million); for capital assets (\$94.306 million);		125,000
Loan, 6.0%, issued on June 1, 2003, for repayment of net obligation of pension plans		500,000
Loan, 3.0%, issued on June 6, 2003, for refinancing; (46.7 million CHF)		48,759
Loan, 5.0% to 6.0%, issued on July 1, 2003, for repayment of net obligation of pension plans		302,598
Loan, 7.25%, issued on September 1, 2003, for capital assets;		4,106
Loan, 2.65% to 5.2%, issued on September 26, 2003, for refinancing (\$84.8 million); for repayment of net obligation of pension plans (\$65.2 million);		150,000
Loan, 2.5% to 5.0%, issued on October 30, 2003, for refinancing (\$173.043 million); for capital assets (\$1.957 million)		175,000
Loan, 2.65% to 5.1%, issued on November 28, 2003, for capital assets (\$198.444 million); for operating expenditures (\$ 1.556 million )		200,000
Loan, 5.8%, issued on December 12, 2003, for capital assets;		100,000
Gain on foreign exchange fluctuations		<u>(67,193)</u>
		<b><u>1,788,270</u></b>
<b>Deduct</b>		
Refinancing of bonds and term notes at maturity		487,296
Bonds and term notes redeemed at maturity		
Sinking Fund	384,288	
Operating budget	150,703	
Repayment of other long term debt	<u>856</u>	<u>535,847</u>
		<b><u>1,023,143</u></b>
<b>Long-term debt as at December 31, 2003</b>		<b><u><u>6,268,675</u></u></b>

**COMPLEMENTARY AND  
STATISTICAL INFORMATION**



**Equivalent Taxable Valuation**

As at December 31, 2003

**Equivalent Taxable Valuation**

The City collects significant revenues in respect of certain tax-exempt immovables in the form of payments in lieu of taxes. For these reasons, the taxable valuation has been adjusted to more accurately reflect the values of the immovables on which the City's revenues are based. The equivalent taxable valuation is obtained by augmenting the taxable valuation by an amount of the non-taxable valuation that, if taxed on the current rates, would generate tax revenues equivalent to the payments in lieu of taxes and other revenues that the City collects for these types of properties. The following table sets forth the equivalent taxable valuation of the City's immovables as at December.

(in thousands of dollars)	2003			2002		
	Value	%	Equivalent Value	Value	%	Equivalent Value
Valuation of taxable immovables (1)	<u>88,128,204</u>	100.0%	<u>88,128,204</u>	<u>86,864,212</u>	100.0%	<u>86,864,212</u>
Valuation of tax-exempt immovables						
Government of Québec and its enterprises	608,541	100.0%	608,541	634,916	100.0%	634,916
Government of Canada and its enterprises	1,236,856	89.0%	1,100,802	1,163,697	74.0%	861,136
Foreign governments	42,868	100.0%	42,868	44,780	100.0%	44,780
Classified immovable cultural property	7,789	100.0%	7,789	5,267	100.0%	5,267
Health and social services network (2)	2,229,120	97.3%	2,102,060	2,218,398	92.2%	2,045,363
Cégeps and universities (2)	2,344,024	94.3%	2,210,415	2,346,644	92.2%	2,163,606
Primary and secondary schools (2)	<u>2,861,152</u>	35.9%	<u>1,027,154</u>	<u>2,859,685</u>	33.7%	<u>963,714</u>
	<u>9,330,350</u>		<u>7,099,629</u>	<u>9,273,387</u>		<u>6,718,782</u>
Valuation of taxable and tax-exempt immovables	<u>97,458,554</u>		<u>95,227,833</u>	<u>96,137,599</u>		<u>93,582,994</u>
Comparative factor (3)	1.12		1.12	1.05		1.05
<b>Standardized taxable valuation</b>	<u><b>98,703,588</b></u>			<u><b>91,207,423</b></u>		
<b>Standardized equivalent taxable valuation</b>			<u><b>106,655,173</b></u>			<u><b>98,262,144</b></u>

(1) According to the three-year valuation roll for 2001-2003, tabled on September 13, 2000, updated September 12, 2003 (September 14 for financial year 2002).

(2) The percentage applicable to such immovables is established in Avis 8859 (Avis 8204 in 2002) of the Government of Québec.

(3) The values entered on the City's three-year valuation roll for 2001-2003 corresponds to 89 % in 2003 and 95% in 2002 (median proportion) of the actual value of the valuation units. The comparative factor of the roll, which is the inverse of the median proportion, is 1.12 (1.05 in 2002). Consequently, the taxable valuation and the equivalent taxable valuation, which represent the aggregate of the actual value, must be multiplied by a ratio of 1.12 (1.05 in 2002) to obtain the standardized equivalent taxable valuation.



**Taxation and Collection**

Year ended December 31, 2003

	<i>(in thousand of dollars)</i>	
	<u>2003</u>	<u>2002</u>
<b>Property taxes including local improvements allocations</b>		
Current taxation	2,258,893	1,902,777
Bills not overdue	<u>(21,429)</u>	<u>(9,378)</u>
Adjusted current taxation	2,237,464	1,893,399
Previous taxation	<u>13,462</u>	<u>26,219</u>
	<u><u>2,250,926</u></u>	<u><u>1,919,618</u></u>
Current taxes collected	2,205,459	1,867,197
Total taxes collected	<u>43,934</u>	<u>63,637</u>
	<u><u>2,249,393</u></u>	<u><u>1,930,834</u></u>
Collection of current taxes	<u><u>98.57%</u></u>	<u><u>98.62%</u></u>
	<u>2003</u>	<u>2002</u>
<b>Water-rate and service taxes and business taxes</b>		
Current taxation	186,645	470,343
Bills not overdue	<u>(7,774)</u>	<u>(7,691)</u>
Adjusted current taxation	178,871	462,652
Previous taxation	<u>(3,108)</u>	<u>1,302</u>
	<u><u>175,763</u></u>	<u><u>463,954</u></u>
Current taxes collected	175,828	454,380
Total taxes collected	<u>4,907</u>	<u>15,745</u>
	<u><u>180,735</u></u>	<u><u>470,125</u></u>
Collection of current taxes	<u><u>98.30%</u></u>	<u><u>98.21%</u></u>

**2002, 2003 and 2004 Tax Rates <sup>1</sup>**

## Residential Immovables

Sectors <sup>2</sup>	General property tax <sup>3</sup>					
	Residual category (five or fewer units)			Residential category (six or more units)		
	2004	2003	2002	2004	2003	2002
Anjou	1.6154	1.6757	1.6134	1.6352	1.6757	1.6134
Baie-d'Urfé	1.0083	1.0339	0.9761	N/A	N/A	N/A
Beaconsfield	1.3839	1.5387	1.5059	1.2674	1.5387	1.5059
Côte-Saint-Luc (e)	1.5390	1.7181	1.6971	1.6428	1.7181	1.6971
Dollard-des-Ormeaux	1.4587	1.5539	1.5724	1.3915	1.5539	1.5724
Dorval	1.5370	1.6539	1.5792	1.6113	1.6539	1.5792
Hampstead	1.7460	1.9702	1.9986	1.6604	1.9702	1.9986
Kirkland	1.3326	1.4077	1.3496	1.3655	1.4077	1.3496
Lachine (e)	1.3487	1.4223	1.4244	1.1850	1.4223	1.4244
LaSalle (e)	1.4757	1.6384	1.6487	1.3666	1.6384	1.6487
L'Île-Bizard	1.3593	1.3885	1.3179	1.2586	1.3885	1.3179
L'Île-Dorval	3.3242	3.7177	3.7764	N/A	N/A	N/A
Montréal (e)	1.8032	1.9522	1.9702	1.9917	2.0992	2.0621
Montréal-Est	1.4688	1.5444	1.4878	1.5343	1.5444	1.4878
Montréal-Nord	1.5357	1.6791	1.7031	1.6578	1.9026	1.9326
Montréal-Ouest	1.8430	2.0525	2.0839	1.7370	2.0525	2.0839
Mont-Royal	1.2324	1.2731	1.2068	1.2570	1.2731	1.2068
Outremont	1.3857	1.5205	1.4904	1.3237	1.5205	1.4904
Pierrefonds	1.6537	1.7999	1.7694	1.5608	1.7999	1.7694
Pointe-Claire	1.4708	1.5249	1.4611	1.5000	1.5249	1.4611
Roxboro	1.5035	1.6648	1.6563	1.4299	1.6648	1.6563
Sainte-Anne-de-Bellevue	1.4157	1.4866	1.4107	1.3260	1.4866	1.4107
Sainte-Geneviève	1.3257	1.4233	1.4512	1.2255	1.4233	1.4512
Saint-Laurent	1.3902	1.4577	1.3889	1.4278	1.4577	1.3889
Saint-Léonard (e)	1.5767	1.7299	1.7153	1.5517	1.7299	1.7153
Senneville	1.0781	1.0998	1.0351	N/A	N/A	N/A
Verdun (e)	1.3306	1.4717	1.4799	1.2747	1.4717	1.4799
Westmount (e)	1.2615	1.2929	1.2873	1.5057	1.5326	1.5004

1. All property tax rates are expressed in dollars per \$100 of valuation.

2. The sectors refer to the territorial limits of the amalgamated municipalities. Sectors identified by an (e) used forward averaging of the three-year valuation roll for 2001-2003. The forward averaging of value variations has the effect of changing the taxable values of properties and consequently results in higher or lower property tax rates depending on whether the difference between the values on the three-year roll for 2001 is positive or negative. In 2004, the forward averaging of the three-year valuation roll for 2004-2006 was applied in all sectors.

3. Since 2003, there are two categories of residential immovables: immovables with 5 or fewer units (residual category) and immovables with 6 or more units. However, in 2002 and 2003, the property tax rates for these categories are identical for all sectors except Montréal, Montréal-Nord and Westmount, where buildings with 6 or more units have had different rates since 2001.

2002, 2003 and 2004 Tax Rates <sup>1</sup>

## Non-Residential Immovables

Sectors <sup>2</sup>	General property tax					
	Non-residential category			Vacant lots category		
	2004	2003	2002 <sup>3</sup>	2004	2003	2002 <sup>4</sup>
Anjou	4.7318	4.6064	4.3184	3.2308	3.3514	3.2268
Baie d'Urfé	3.3585	3.1895	2.9942	2.0166	2.0678	1.9522
Beaconsfield	3.8050	3.6988	3.5024	2.7678	3.0774	3.0118
Côte-Saint-Luc (e)	5.4985	5.5980	4.6390	3.0780	3.4362	3.3942
Dollard-des-Ormeaux	4.3965	4.4246	4.4620	2.9174	3.1078	3.1448
Dorval	4.2569	4.1559	4.0004	3.0740	3.3078	3.1584
Hampstead	N/A	N/A	N/A	3.4920	3.9404	3.9972
Kirkland	4.0482	3.9998	3.9254	2.6652	2.8154	2.6992
Lachine (e)	4.4744	4.6219	4.4463	2.6974	2.8446	2.8488
LaSalle (e)	4.1835	4.0741	3.9694	2.9514	3.2768	3.2974
L'Île-Bizard	3.8321	3.6537	3.4591	2.7186	2.7770	2.6358
L'Île-Dorval	N/A	N/A	N/A	5.3187	5.2048	4.5317
Montréal (e)	4.0547	4.1722	3.9410	3.6064	3.9044	3.9404
Montréal-Est	4.3944	4.2353	4.2753	2.9376	3.0888	2.9756
Montréal-Nord	4.8394	5.0133	4.5465	2.4571	2.3507	2.0437
Montréal-Ouest	4.5908	4.5282	3.9501	2.9488	2.8735	2.5007
Mont-Royal	3.9282	3.7881	3.4210	2.4648	2.5462	2.4136
Outremont	4.3517	4.2936	3.6321	2.2171	2.1287	1.7885
Pierrefonds	4.8803	4.7923	4.4868	3.3074	3.5998	3.5388
Pointe-Claire	4.3827	4.3034	4.1098	2.9416	3.0498	2.9222
Roxboro	4.3016	4.1848	3.9898	3.0070	3.3296	3.3126
Sainte-Anne-de-Bellevue	4.1835	4.0420	4.0080	2.8314	2.9732	2.8214
Sainte-Geneviève	4.2961	4.1132	3.8891	2.6514	2.8466	2.9024
Saint-Laurent	3.7836	3.6786	3.4904	2.7804	2.9154	2.7778
Saint-Léonard (e)	4.6003	4.7576	4.3716	3.1534	3.4598	3.4306
Senneville	2.9657	2.8211	2.5003	1.7250	1.5397	1.2421
Verdun <sup>4</sup> (e)	5.1035	5.3525	4.7280	2.1290	2.0604	1.7759
Westmount (e)	4.2614	4.0848	3.5821	2.0184	1.8101	1.5448

1. All property tax rates are expressed in dollars per \$100 of valuation.

2. The sectors refer to the territorial limits of the amalgamated municipalities. Sectors identified by an (e) used forward averaging of the three-year valuation roll for 2001-2003. The forward averaging of value variations has the effect of changing the taxable values of properties and consequently results in higher or lower property tax rates depending on whether the difference between the values on the three-year roll for 2001 is positive or negative. In 2004, the forward averaging of the three-year valuation roll for 2004-2006 was applied in all sectors.

3. For purposes of making the tax rates comparable, the property tax specific to the non-residential immovables category appearing in 2002 is comprised of the general property tax amount, the property tax on non-residential immovables and business taxes translated into property tax equivalent, where applicable.

4. For purposes of making the tax rates comparable, the property tax specific to the vacant lots appearing in 2002 is comprised of the general property tax amount and the surcharge on vacant lots.

## Property Values in the Boroughs

December 31, 2003

	Units	Value of taxable immovables (\$M)				Value of tax-exempt immovables (\$M)	Total roll (\$M)
		Residential immovables	Non-residential immovables	Vacant lots	Total taxable values		
Ahuntsic/Cartierville	25,869	4,141.6	938.8	32.5	5,113.0	1,256.4	6,369.4
Anjou	10,923	1,325.6	821.5	18.3	2,165.4	148.1	2,313.6
Beaconsfield/Baie-D'Urfé	8,249	1,591.2	175.2	11.2	1,777.6	140.5	1,918.1
Côte-Saint-Luc/Hampstead/ Montréal-Ouest	11,883	2,635.3	103.3	16.0	2,754.6	260.3	3,014.9
Côte-des-Neiges/Notre-Dame-de-Grâce	22,734	4,653.4	889.8	20.9	5,564.1	1,847.2	7,411.3
Dollard-des-Ormeaux/Roxboro	15,899	2,180.0	232.4	26.1	2,438.5	212.5	2,651.0
Dorval/Île-Dorval	6,123	785.0	995.9	27.2	1,808.1	540.7	2,348.8
Kirkland	7,089	1,176.5	357.9	17.2	1,551.7	47.3	1,599.0
L'Île-Bizard/Sainte-Geneviève /Sainte-Anne-de-Bellevue	8,013	993.8	80.8	10.2	1,084.8	288.4	1,373.2
Lachine	10,812	1,207.2	662.9	14.1	1,884.2	279.7	2,163.9
Lasalle	16,389	2,142.6	625.9	21.1	2,789.6	418.1	3,207.7
Mercier/Hochelaga-Maisonneuve	25,108	3,284.2	943.1	24.2	4,251.4	1,308.0	5,559.3
Mont-Royal	5,680	1,872.2	521.2	7.8	2,401.3	133.4	2,534.6
Montréal-Nord	13,535	1,930.4	420.2	12.0	2,362.6	314.2	2,676.8
Outremont	5,556	1,681.4	86.8	4.6	1,772.8	345.5	2,118.3
Pierrefonds/Senneville	18,031	2,066.5	158.3	21.7	2,246.5	259.3	2,505.8
Plateau Mont-Royal	21,313	3,296.2	816.6	18.7	4,131.5	722.6	4,854.2
Pointe-Claire	9,978	1,388.8	973.5	25.7	2,387.9	232.7	2,620.6
Rivière-des-Prairies/Pointe-aux-Trembles /Montréal-Est	32,023	3,288.8	1,080.3	68.6	4,437.6	851.0	5,288.6
Rosemont/Petite-Patrie	25,862	3,528.5	569.4	27.9	4,125.9	957.5	5,083.4
Saint-Laurent	20,332	2,925.2	2,807.2	118.2	5,850.6	702.8	6,553.3
Saint-Léonard	11,718	2,311.0	725.6	23.6	3,060.2	217.6	3,277.8
Sud-Ouest	14,601	1,652.9	539.0	17.5	2,209.4	570.2	2,779.7
Verdun	16,183	2,003.3	208.8	26.5	2,238.6	335.8	2,574.4
Ville-Marie	19,627	3,114.0	7,901.9	166.3	11,182.2	3,743.0	14,925.1
Villeray/Saint-Michel/Parc-Extension	22,429	2,887.7	779.6	13.0	3,680.3	664.6	4,344.9
Westmount	5,591	2,590.3	258.9	8.6	2,857.8	439.5	3,297.4
<b>VILLE DE MONTRÉAL</b>	<b>411,550</b>	<b>62,653.7</b>	<b>24,674.7</b>	<b>799.8</b>	<b>88,128.2</b>	<b>17,236.9</b>	<b>105,365.1</b>

Source: According to the three-year valuation roll for 2001–2003 tabled on September 13, 2000, updated September 12, 2003.

## Direct and Indirect Debt and Long-Term Unfunded Expenditures

December 31, 2003

*(in thousands of dollars)*

	<u>2003</u>	<u>2002</u>
<b>Gross direct debt</b>		
Long-term debt - repayment of net obligation of pension plans	867,798	
Long-term debt - other	5,400,877	5,503,548
Long-term unfunded investment expenditures (1)	351,219	24,713
Long-term unfunded financial activity expenditures (1)	120,354	289,966
	<u>6,740,248</u>	<u>5,818,227</u>
<b>Less:</b>		
Amounts recoverable from third parties for repayment		
From the Government of Québec (2)	1,186,966	1,246,237
From other third parties	72	74
Amounts accumulated for repayment (3)	1,138,448	1,287,944
Amounts recoverable through user fees	194,298	197,968
	<u>2,519,784</u>	<u>2,732,223</u>
<b>Net direct debt and long-term unfunded expenditures (4)</b>	<u>4,220,464</u>	<u>3,086,004</u>
<b>Indirect debt (A)</b>		
<b>Organizations included in the reporting entity</b>		
<b>Société de transport de Montréal</b>		
Long-term debt	554,339	534,913
Long-term unfunded investment expenditures (1)	86,320	48,774
	<u>640,659</u>	<u>583,687</u>
<b>Less:</b>		
Amounts recoverable from the Government of Québec and the Agence métropolitaine de transport for repayment	266,255	249,233
Amounts accumulated for repayment	141,850	127,322
	<u>232,554</u>	<u>207,132</u>
<b>Société d'habitation et de développement de Montréal</b>		
Long-term debt	148,817	158,347
<b>Société de développement de Montréal</b>		
Long-term debt	125,088	128,134
<b>Anjou 80</b>		
Long-term debt	4,297	4,546
<b>Gross indirect debt and long-term unfunded expenditures</b>	<u>918,861</u>	<u>874,714</u>
<b>Net indirect debt and long-term unfunded expenditures</b>	<u>510,756</u>	<u>498,159</u>
<b>Gross indirect and direct debt and long-term unfunded expenditures</b>	<u>7,659,109</u>	<u>6,692,941</u>
<b>Net direct and indirect debt and long-term unfunded expenditures</b>	<u>4,731,220</u>	<u>3,584,163</u>

**Direct and Indirect Debt and Long-term Unfunded Expenditures (continued)**

December 31, 2003

*(in thousands of dollars)*

	<u>2003</u>	<u>2002</u>
Population (5)	1,862,608	1,838,474
Standardized equivalent taxable valuation (page 59)	106,655,173	98,262,144
<b>Net direct debt and long-term unfunded expenditures</b>		
Per capita (in dollars)	2,266	1,679
% of standardized equivalent taxable valuation	4.0 %	3.1 %
<b>Net direct and indirect debt and long-term unfunded expenditures</b>		
Per capita (in dollars)	2,540	1,950
% of standardized equivalent taxable valuation	4.4 %	3.6 %
<b>Debt service</b>		
Financing expenses - repayment of net obligation of pension plan	25,997	
Financing expenses - other	399,950	457,337
Repayment of long-term debt	387,282	386,498
	<u>813,229</u>	<u>843,835</u>
<b>Less:</b>		
Conditional transfers, Sinking Fund interest and user fees	<u>(275,112)</u>	<u>(301,958)</u>
	<u>538,117</u>	<u>541,877</u>
<b>Total adjusted revenues (6)</b>	<u>3,446,842</u>	<u>3,289,587</u>
<b>% of debt service</b>	<u>15.6 %</u>	<u>16.5 %</u>

(A) Indirect bonded debt represents the debt of the organizations included in the reporting entity.  
The organizations are as follows: Société de transport de Montréal; Société d'habitation et de développement de Montréal; Société de développement de Montréal; Anjou 80.

(1) Long-term unfunded expenditures are included in this schedule for comparison from one year to the next, since borrowings are sometimes deferred, due, among other things, to fluctuations in global financial markets.

(2) The amounts recoverable for repayment of long-term debt represent various subsidized projects supported by the Government of Québec.

(3) The amounts accumulated for repayment comprise the amounts accruing to the Sinking Fund and the deferred revenues resulting from the disposal of assets.

(4) Excluding the net obligation for pension plans and other employee future benefits of \$1,033.5 million (\$1,978.9 million in 2002).

(5) The population figures are taken from the Gazette Officielle du Québec.

(6) Adjusted revenues represent total revenues reduced by conditional transfers in payment of debt service, Sinking Fund interest and user fees related to the use of underground conduits.

## Management Indicators

Year ended December 31, 2003

		<u>2003</u>	<u>2002</u>
<b>a) Percentage of tax</b>			
$\frac{\text{Tax revenues}}{\text{Total revenues excluding revenues from electricity}} \times 100 =$		<b>67.04%</b>	67.87%
<b>b) Cost of municipal services per \$100 valuation</b>			
$\frac{\text{Cost of municipal services}}{\text{Standardized real estate wealth (1)}} \times 100 =$		<b>\$2.96</b>	\$2.76
<b>c) Percentage of debt service</b>			
$\frac{\text{Financing expenses + Reimbursement of long-term debt}}{\text{Operating expenditures + Reimbursement of long-term debt}} \times 100 =$		<b>22.45%</b>	23.82%
<b>d) Average annual interest rate on debt</b>			
$\frac{\text{Financing expenses}}{\text{Average long-term debt}} \times 100 =$		<b>7.24% (2)</b>	8.02%
<b>e) Percentage of indebtedness</b>			
$\frac{\text{Net direct debt and long-term unfunded expenditures}}{\text{Net value of capital assets + Immovable property held for resale}} \times 100 =$		<b>70.79% (2)</b>	52.94%
<b>f) Net indebtedness chargeable to taxpayers per \$100 valuation</b>			
$\frac{\text{Net indebtedness chargeable to taxpayers}}{\text{Standardized real estate wealth (1)}} \times 100 =$		<b>\$3.66 (2)</b>	\$2.59

(1) Standardized real estate wealth equals \$104,036 million (\$107,619 million in 2002)

(2) Excluding the debt related to the repayment of the net obligation of pension plans and related financing expenses, these indicators would be d) 7.34%, e) 50.76% and f) \$2.80, respectively.

## General Statistics

### MAJOR TAXABLE PROPERTIES

Identification	Address	Valuation roll	Percentage (1)
		(in millions) \$	%
Place Ville-Marie	1-5 Place Ville-Marie	415.0	0.47
Complexe Desjardins	100-190 Sainte Catherine Street West	321.9	0.37
Tour I.B.M. – Marathon	1250 René Lévesque Boulevard West	205.0	0.23
Centre Fairview Pointe-Claire	6701-6901 Trans-Canada Highway	186.0	0.21
Le 1000 de la Gauchetière	1000 de La Gauchetière Street West	182.0	0.21
Centre Bell	1200-1260 de La Gauchetière Street West	150.0	0.17
Les Galeries d'Anjou	8001 les Galeries d'Anjou Boulevard	147.7	0.17
Eaton Centre	705 Sainte Catherine Street West	135.0	0.15
Caisse de dépôt et de placement du Québec	1000 Place Jean-Paul Riopelle	134.0	0.15
Complexe Les Ailes	677, Sainte-Catherine Street West	125.9	0.14
Place Bonaventure	800-900 de La Gauchetière Street West	124.0	0.14
Bell Canada	700 de La Gauchetière Street West	121.0	0.14
Rockland Shopping Centre	2305 Rockland Road	120.0	0.14
Sun Life	1153-1155 Metcalfe Street	117.0	0.13
Place Versailles	7255-7525 Sherbrooke Street East	110.2	0.13
Banque Nationale de Paris	1981 McGill College Avenue	110.0	0.12
Casino de Montréal	1 Casino Avenue	107.2	0.12
Le 100 de Gaspé	100 de Gaspé	104.0	0.12
Merck Frosst	16701-16711 Transcanada Highway	103.3	0.12
Place Victoria	800 Place Victoria	100.5	0.11

(1) Percentage applicable to total valuation of the taxable immovables of \$88,128.2 million on the 2001-2003 roll, tabled on September 13, 2000, updated on September 12, 2003.



## General Statistics (continued)

MAJOR NON-TAXABLE PROPERTIES YIELDING  
PAYMENTS IN LIEU OF TAXES

Identification	Address	Valuation roll	Percentage (1)
		(in millions) \$	%
FEDERAL GOVERNMENT AND AGENTS			
Transport Canada - Aéroport de Montréal	Aéroport de Montréal	354.8	2.06
Canadian Broadcasting Corporation	1400 René Lévesque Boulevard East	101.8	0.59
Transport Canada - Hervé-Saint-Martin	Aéroport de Montréal (Annex)	93.3	0.54
GOVERNMENT OF QUÉBEC			
Société immobilière du Québec	1 Notre-Dame Street East	127.0	0.74
Société de la Place des Arts	105-175 Sainte Catherine Street West	114.0	0.66
SOCIAL AFFAIRS NETWORK			
Centre hospitalier de l'université de Montréal	1560 Sherbrooke Street East	128.6	0.75
Hôpital Sainte-Justine	3165-85 Côte Sainte Catherine Road	97.6	0.57
Jewish General Hospital	4615 Côte Sainte Catherine Road	96.2	0.56
Royal Victoria Hospital	687-835 Pine Avenue West	91.8	0.53
Hôpital Louis-H.-Lafontaine	7401-45 Hochelaga Street	84.4	0.49
McGill University Health Centre	1547-1597 Pine Avenue West	82.9	0.48
EDUCATION NETWORK			
Université de Montréal	2900 Édouard Montpetit Boulevard	269.1	1.56
McGill University	677-961 Sherbrooke Street West	203.2	1.18
Université du Québec à Montréal	400 Sainte Catherine Street East	113.2	0.66
McGill University	455-551 Pine Avenue West	82.4	0.48
McGill University	21111 Lakeshore Road	74.0	0.43
École des Hautes Études Commerciales	3000 Côte Sainte Catherine Road	71.0	0.41
McGill University	3644-90 Peel Street	69.5	0.40
Université du Québec à Montréal	200 Sherbrooke Street West	68.4	0.40
OTHER			
Société du Palais des Congrès	155-301 Saint-Antoine Street West	254.0	1.47

(1) Percentage applicable to the total valuation of the tax-exempt immovables of \$17,236.9 million for the 2001-2003 roll, tabled on September 13, 2000, updated on September 12, 2003.

## General Statistics (continued)

## PROPERTIES GENERATING HIGHEST REVENUES FROM TAXATION

Identification	Address	Revenues (1)	Percentage (2)
		(in millions) \$	%
Transport Canada - Aéroport de Montréal	Aéroport de Montréal	27.4	1.01
Place Ville-Marie	1-5 Place Ville-Marie	21.8	0.80
Complexe Desjardins	100-190 Sainte Catherine Street West	17.1	0.63
Tour I.B.M. – Marathon	1250 René Lévesque Boulevard West	10.9	0.40
Le 1000 de la Gauchetière	1000 de La Gauchetière Street West	9.4	0.35
Centre Fairview Pointe-Claire	6701-6901 Trans-Canada Highway	8.3	0.30
Centre Bell	1200-1260 de La Gauchetière Street West	7.7	0.28
Société du Palais des Congrès	155-301 de La Gauchetière Street West	7.3	0.27
Eaton Centre	705 Sainte Catherine Street West	7.3	0.27
Société immobilière du Québec	1 Notre-Dame East	7.1	0.26
Place Bonaventure	800-900 de La Gauchetière Street West	6.9	0.25
Les Galeries d'Anjou	8001 les Galeries d'Anjou Boulevard	6.8	0.25
Bell Canada	700 de La Gauchetière Street West	6.5	0.24
Sun Life	1153-1155 Metcalfe Street	6.4	0.23
Place Versailles	7255-7525 Sherbrooke Street East	6.1	0.22
Société de la Place des Arts	105-175 Sainte Catherine Street West	6.1	0.22
Caisse de dépôt et de placement du Québec	1000 Place Jean-Paul Riopelle	5.9	0.22
Casino de Montréal	1 du Casino Avenue	5.9	0.22
Complexe Les Ailes	750 de Maisonneuve Street West	5.7	0.21
Société Radio-Canada	1400 René-Lévesque Boulevard East	5.7	0.21

(1) These amounts are made up of business taxes, water-rate and services taxes and real estate taxes.

(2) Percentage applicable to fiscal 2004 mass income tax revenues of \$2,726.0 million (including taxable and tax-exempt immovables yielding payments in lieu of taxes).

**Published by the Ville de Montréal**

Service des finances  
Direction de la comptabilité et du contrôle financier  
155 Notre-Dame Street East, Suite 207  
Montréal, Québec  
Canada H2Y 1B5

Fax : 514 872-3145

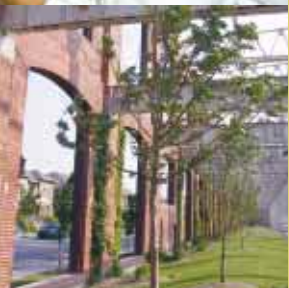
[ville.montreal.qc.ca](http://ville.montreal.qc.ca)

Legal Deposit  
1<sup>st</sup> quarter 2004  
Bibliothèque nationale du Québec  
ISBN : 2-7647-0360-0

Graphic Design and Printing

**Ville de Montréal**  
Studio de design graphique  
07.20.003-1

Printed in Canada



AHUNTSIC-CARTIERVILLE ANJOU BEACONSFIELD-BAIE D'URFÉ CÔTE-DES-NEIGES-NOTRE-DAME-DE-GRÂCE  
 CÔTE-SAINT-LUC-HAMPSTEAD-MONTRÉAL-OUEST DOLLARD-DES-ORMEAUX-ROXBORO DORVAL-L'ÎLE-DORVAL  
 KIRKLAND LACHINE LASALLE L'ÎLE-BIZARD-SAINTE-GENEVIÈVE-SAINTE-ANNE-DE-BELLEVUE  
 MERCIER-HOCHELAGA-MAISONNEUVE MONT-ROYAL MONTRÉAL-NORD OUTREMONT PIERREFONDS-SENNEVILLE  
 PLATEAU-MONT-ROYAL POINTE-CLAIRE RIVIÈRE-DES-PRAIRIES-POINTE-AUX-TREMBLES-MONTRÉAL-EST  
 ROSEMONT-LA-PETITE-PATRIE SAINT-LAURENT SAINT-LÉONARD SUD-OUEST VERDUN VILLE-MARIE  
 VILLERAY-SAINT-MICHEL-PARC-EXTENSION WESTMOUNT