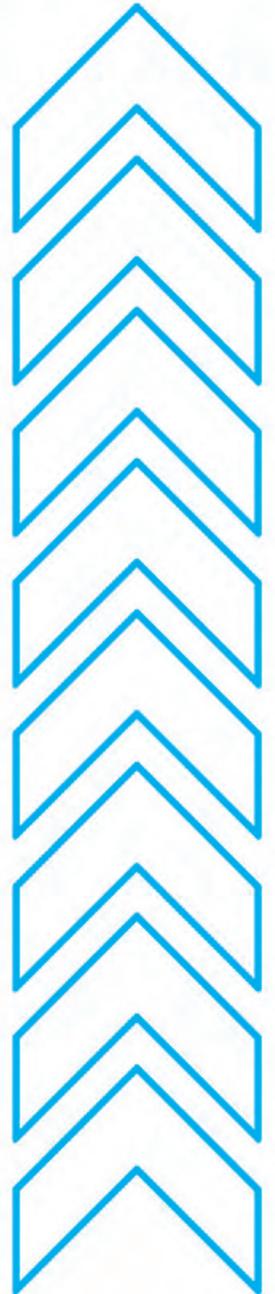


Annual Report

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Comité de gestion
de la taxe scolaire
DE L'ÎLE DE MONTRÉAL

GOVERNANCE

The Comité de gestion de la taxe scolaire de l'île de Montréal (Comité de gestion) is a public body governed by the *Education Act*. It is composed of twelve members, ten of whom are elected representatives appointed by the five school boards on the Island of Montréal and two of whom are appointed by the Minister of Education, Recreation and Sports.

The Comité de gestion offers technical, administrative, and financial services to the five school boards on the Island of Montréal. His territory represents the Island of Montréal; in addition, an area west of the Island of Montréal extending to the Ontario border is included in the territory of the Lester B. Pearson School Board.

For the purpose of the activities :

- Imposes and collects the school tax within the territory served by the school boards on the Island of Montréal.
- Allocates in an equitable manner the income derived from investing the school tax proceeds among the school boards on the Island of Montréal for educational catch-up measures in underprivileged areas.
- Negotiates loans and meets the cash flow needs of the school boards on the Island of Montréal.
- Promotes consensus-building on various issues.
- Offers pooled services to the school boards such as legal services, the Risk management plan, and the Cooperative purchasing system.
- Produces and publishes statistical documents and reference tools related to underprivileged areas.

The Comité de gestion promotes greater social justice on the Island of Montréal by equalizing the tax effort among taxpayers and distributing tax revenues more equitably. It promotes consensus-building, particularly in the area of education in underprivileged areas, and offers services generating significant economies of scale to the benefit of the students.

MEMBERS OF THE COMITÉ DE GESTION FOR 2016-2017

CHAIR



PATRICIA R. LATTANZIO
English Montreal
School Board

DELEGATE MEMBERS



MIVILLE BOUDREAU
Commission scolaire
de la Pointe-de-l'Île



CLAUDE CUIILLERIER
Commission scolaire
Marguerite-Bourgeoys



KENNETH GEORGE
Commission scolaire
de Montréal



SUANNE STEIN DAY
Lester B. Pearson
School Board



ANNE-MARIE LEPAGE
Appointed by the
Minister of Education,
Recreation and Sports

ALTERNATE MEMBERS



RENÉE-CHANTAL BELINGA
Commission scolaire
de la Pointe-de-l'Île



CHRISTIAN DESJARDINS
Commission scolaire
Marguerite-Bourgeoys



FRANK DI BELLO
Lester B. Pearson
School Board



JEAN-FRANÇOIS GOSSELIN
Commission scolaire
de Montréal



SYLVIA LO BIANCO
English Montreal
School Board

In the island of Montréal, there is five school boards, which are three French-speaking and two English-speaking. There are responsible for pre-school, public primary and secondary schools, vocational training centres, and adult education within their respective territories. These five school boards are as follows:

- Commission scolaire de Montréal
- Commission scolaire Marguerite-Bourgeoys
- Commission scolaire de la Pointe-de-l'Île
- English Montreal School Board
- Lester B. Pearson School Board

COMPLAINTS TO THE OFFICE OF THE CODE OF ETHICS AND PROFESSIONAL CONDUCT

In accordance with section 175.1 of the *Education Act* and with the Code of Ethics and Professional Conduct no complaints against any member of the Comité de gestion were filed with the office of the person responsible for handling such complaints.

A WORD FROM THE CHAIR

I am pleased to present the 2016-2017 annual report of the Comité de gestion de la taxe scolaire de l'île de Montréal. This annual report provides an overview of the achievements of our organization, how it carries out its mandates, and the benefits it generates for the five school boards on the Island of Montréal. The Comité de gestion uses all the resources at its disposal to maximize the amounts distributed to the school boards and offers services designed to reduce their operating costs.

The Comité de gestion was created to promote greater equality in the Montréal school system and provide equal educational opportunity to students in underprivileged areas, ensuring that resources supporting services to those students are distributed fairly and in a non-discriminatory manner. In the same way, the Comité de gestion treats all taxpayers on the Island of Montréal equally, imposing a single tax rate on all properties located within the area served by the five school boards.

The 2016-2017 annual report also examines the organization's management. Maintaining the high quality of services offered to the school boards is at the heart of all decisions made throughout the year. These services include school tax collection, financing, the cooperative purchasing system, risk management, and legal services. The organization's efficient management methods allow it to provide constant support to educational catch-up measures in underprivileged areas.

As chair of the Comité de gestion, I work with the entire management team to ensure the transparency of decisions and of management methods. I can confirm the amazing team spirit with which all members carry out the mission of the Comité de gestion in the service of the school boards on the Island of Montréal. Once again this year, this little-known organization, whose mandate is complementary to those of the school boards, has every reason to be proud of its accomplishments.

In conclusion, I would like to highlight the excellent work done by all of our staff members and reaffirm my full confidence in them. I thank them for all their hard work, which is the cornerstone of the success of all the projects we entrust to them.

Patricia R. Lattanzio
Chair

2016-2017 HIGHLIGHTS

The Comité de gestion is committed to offering efficient and effective services to the school boards on the Island of Montréal while managing its resources efficiently, effectively and transparently and ensuring the proper functioning of democratic life and respect for integrity and governance rules and ethical principles. Its impressive results are presented through the mandates of the Comité de gestion.

SCHOOL TAX

The Comité de gestion has been responsible for the centralized management of the school tax on behalf of the five school boards on the Island of Montréal since 1990. Unique in Québec, this centralization avoids redundancy in the issuing of school tax bills by French and English school boards, standardizes the school tax rate within the territory served, and avoids the five-fold duplication of this administrative service supporting the primary function of the school boards.

All of the school tax proceeds are distributed among the school boards on the Island of Montréal on the basis of their registration numbers, funding almost 20 percent of their operating expenses.

During the initial billing in July 2016, 518 537 school tax bills were mailed to taxpayers in the 39 municipalities within the territory served by the school boards on the Island of Montréal, for a total of \$482,448,744 up 1.10 % over the previous year. To generate this income, the school tax rate of \$0,17765 per \$100 of assessment was applied to the averaged standardized assessments of taxable property within the territory, which totalled \$253.3 billion.

During the year, supplemental billings were sent to taxpayers on the Island of Montréal for additional revenues of \$6,515,230. In addition, investment income from the school tax proceeds and interest charged on overdue taxes generated \$4,380,077 in 2016-2017. The amount of the supplemental billings deducted from collection costs, are available to the school boards.

UNDERPRIVILEGED AREAS

ALLOCATIONS FOR UNDERPRIVILEGED AREAS

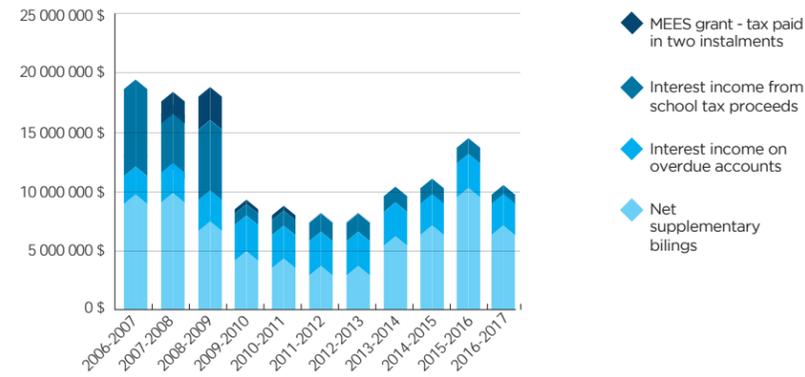
Each year, the Comité de gestion distributes the amounts received from the supplemental school tax billings and the investment income from school tax proceeds to the school boards on the Island of Montréal for educational catch-up measures in underprivileged areas. In 2016-2017, a total of \$10,000,000 was allocated to the school boards. The Comité de gestion was able to release \$2 millions more than the previous year for the benefit of the school boards.

This amount was allocated in accordance with resolution 7 adopted by the members of the Comité de gestion on March 13, 2014. These allocation rules are based on the principles of solidarity and fairness and are in line with the management tools developed by the Comité de gestion: the poverty map and the annual classification of primary and secondary schools in school boards on the Island of Montréal based on their underprivilege index. The funds were thus allocated as follows :

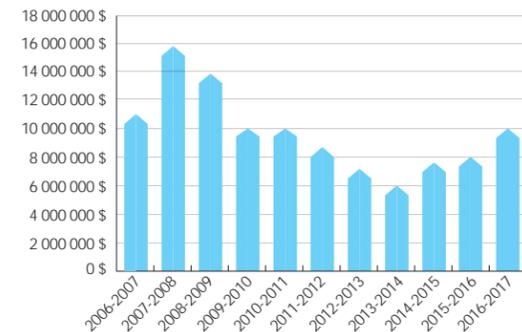
Commission scolaire de Montréal	\$5,127,724
Commission scolaire Marguerite-Bourgeoys	\$1,832,225
Commission scolaire de la Pointe-de-l'Île	\$2,424,219
English Montreal School Board	\$456,343
Lester B. Pearson School Board	\$159,489
	\$10,000,000

The members of the Comité de gestion raised to \$10,500,000 the amount to be allocated for underprivileged areas in the year 2017-2018.

SCHOOL TAX REVENUES



ALLOCATIONS FOR UNDERPRIVILEGED AREAS



TOOLS FOR UNDERPRIVILEGED AREAS

The Comité de gestion's reference tools for use in underprivileged areas were updated in accordance with registration figures in November 2016. *The Classification annuelle des écoles primaires et des écoles secondaires des commissions scolaires de l'île de Montréal selon leur indice de défavorisation*, *the Portrait socioculturel des élèves inscrits dans les écoles publiques de l'île de Montréal* and *the Modalités de répartition en pourcentage des allocations prévues aux règles de répartition du Comité de gestion* were all published and made available (in French only) on the Comité de gestion's Web site.

LONG-TERM AND SHORT-TERM FINANCING

CASH MANAGEMENT

The centralized cash flow management for school boards on the Island of Montréal and the Comité de gestion allows for the daily consolidation of cash needs and the making of loans to obtain the net balance required for daily transactions. This daily operation ensures the cost-effective management of bank balances and interest savings for the school boards on the Island of Montréal.

The Comité de gestion thus acted as borrower throughout 2016-2017, selling commercial paper in the money market and negotiating short-term loans with the Financing Fund. Short-term loans totalled \$144.8 billion, and the average daily outstanding balance was \$396.9 million. Line-of-credit bank loans accounted for just \$22.3 million, or 0.015% of loan transactions. This centralized short-term financing system enabled the school boards on the Island of Montréal and the Comité de gestion to realize interest savings of \$1,559,000 while avoiding unproductive bank balances.

LONG-TERM LOANS

During fiscal 2016-2017, the Comité de gestion negotiated long-term loans totalling \$185,838,000 with the Financing Fund. These amounts were used to fund capital expenditures of the school boards on the Island of Montréal.

LONG-TERM INVESTMENTS

As at June 30, 2017, the Comité de gestion held \$4,581,476 in asset-backed term notes resulting from the conversion of the asset-backed commercial papers (ABCP) acquired in July 2007. In 2016-2017, the Comité de gestion received a return of capital of \$47,182,115 and of interest of \$374,191 on those investments. These investments are now entirely provided.

RISK MANAGEMENT PLAN

The Risk management plan (RMP) is the self-insurance fund covering general liability and the liability of administrators and managers of school boards on the Island of Montréal and the Comité de gestion. It is overseen by a Risk management committee composed of representatives appointed by each of the school boards on the Island of Montréal as well as of the Comité de gestion.

As part of this self-insurance program, civil liability claims are investigated, and compensation is paid as required. In addition, a special insurance policy is taken out covering the liability of organizers of out-of-country student travel.

The RMP also has a prevention component to reduce the risk of accidents in the some 500 public educational institutions on the Island of Montréal. This component includes the inspection of educational institutions and training sessions on civil liability and accident prevention for school board personnel. The *"Manual on civil liability"* and the *"Safety manual covering certain sports and extracurricular activities"* are available.

In regard to the daily activities of educational institutions, 17,681 incident reports were filed this year, compared to 14,213 in 2015-2016. A total of 86 claims were filed, including 65 for incidents that occurred this year. On June 30, 2017, a total of 186 files were active. A provision for unpaid claims of \$1,859,417 is on the books of the RMP.

Averaged over the past five years, the annual cost of the insurance portion of the Risk management plan was \$154,245 or the equivalent of \$0.67 per student. If you compare this with the insurance premiums paid by seven other school boards, the savings in insurance premiums resulting from this pooled service is estimated to be \$642,277.

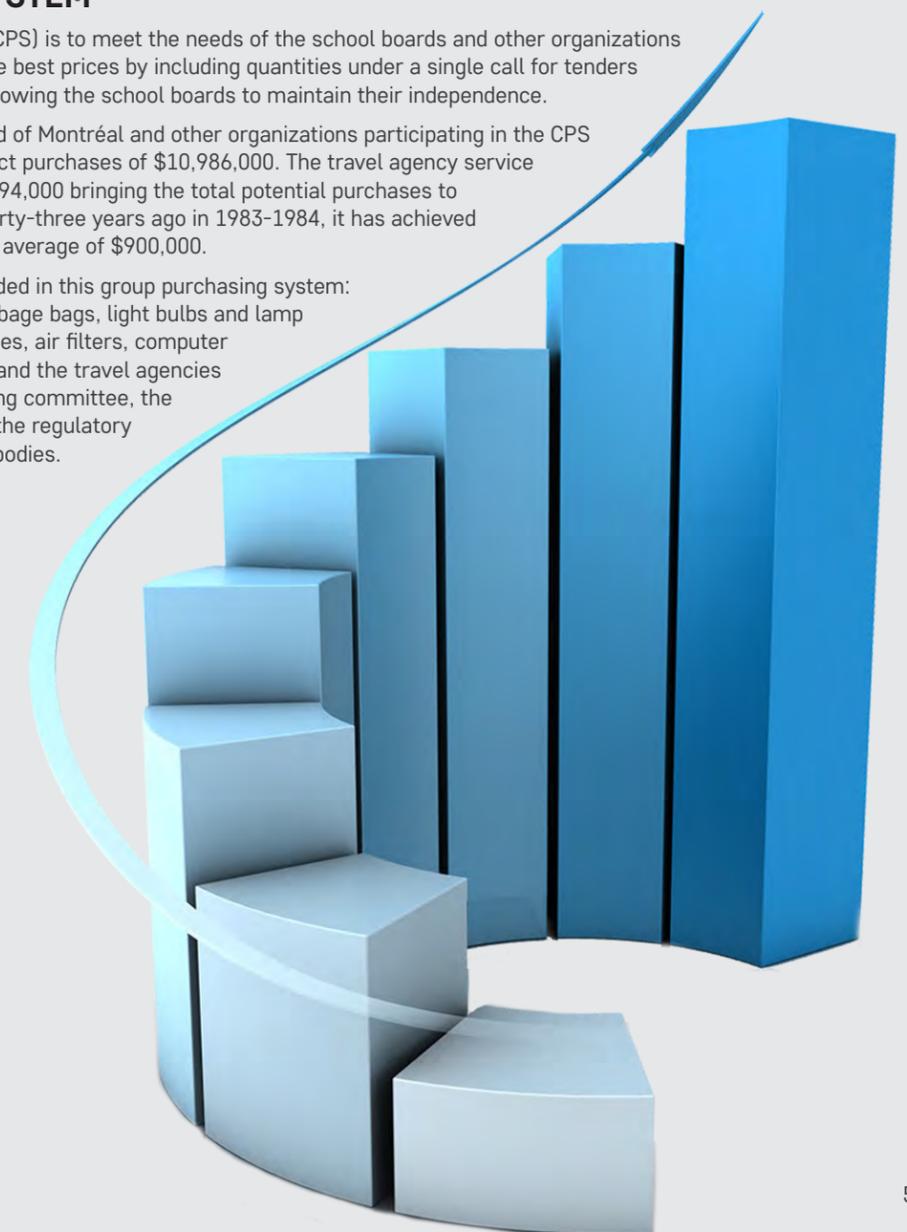
The 2016-2017 fiscal year ended with a deficit of \$3,314. The projected deficit was \$102,762. As at June 30, 2017, the accumulated surplus of the RMP was \$3,696,491.

COOPERATIVE PURCHASING SYSTEM

The goal of the Cooperative purchasing system (CPS) is to meet the needs of the school boards and other organizations by obtaining the best products and services at the best prices by including quantities under a single call for tenders what favors a greater purchasing power while allowing the school boards to maintain their independence.

In 2016-2017, the five school boards on the Island of Montréal and other organizations participating in the CPS will save an estimated \$2,593,800 on total product purchases of \$10,986,000. The travel agency service accounts for additional purchases of almost \$4,294,000 bringing the total potential purchases to \$15,281,300. Since this system was launched thirty-three years ago in 1983-1984, it has achieved total savings of about \$29.7 million, or an annual average of \$900,000.

Twelve product and service categories was included in this group purchasing system: printing paper, toilet paper and paper towels, garbage bags, light bulbs and lamp ballasts, heating oil, cleaning products and supplies, air filters, computer supplies, office supplies, envelopes, art supplies and the travel agencies for student travel. At the request of the Purchasing committee, the Comité de gestion manages this program within the regulatory framework governing supply contracts of public bodies.



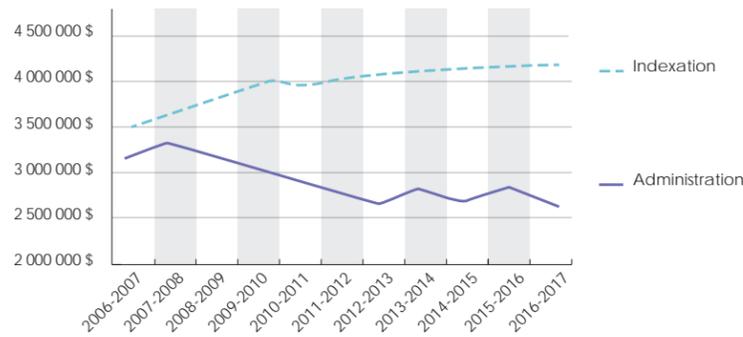
ADMINISTRATION OF THE COMITÉ DE GESTION

The net expenditures for administering the Comité de gestion and collecting the school tax reduced from \$2,647,340 in 2016-2017 to \$2,719,871 in 2015-2016.

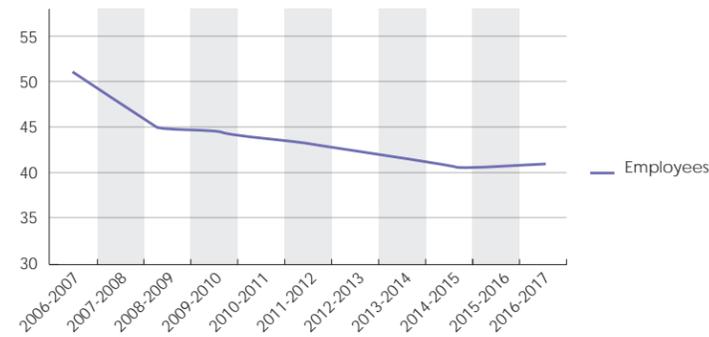
The operating costs of the Comité de gestion were funded by a \$1,691,531 operating grant from the Ministère de l'Éducation et de l'Enseignement supérieur and by a \$955,810 contribution from the interest income from the school tax proceeds. The administration's gross expenditures were \$370,791 lower than projected in the 2016-2017 budget adopted in July 2016.

In 2016-2017 the Comité de gestion had 40.6 employees, including 5 managers, 5 professionals, 29.6 technical and administrative support workers, and 1 worker.

ADMINISTRATIVE EXPENSES OF THE COMITÉ DE GESTION

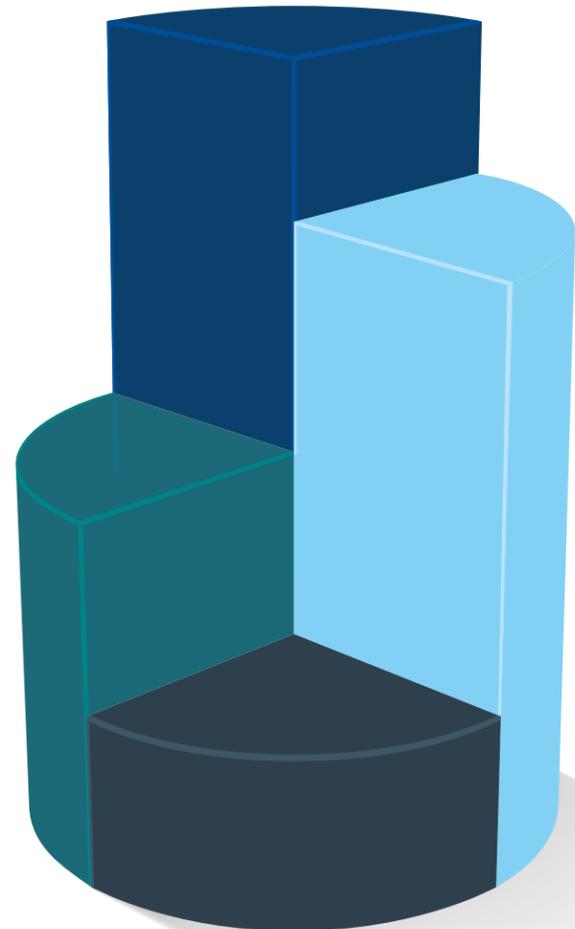


EMPLOYEES OF THE COMITÉ DE GESTION



WORKFORCE MANAGEMENT AND CONTROL

Pursuant to section 20 of the *Act respecting workforce management and control within government departments, public sector bodies and networks and state-owned enterprises*, the Comité de gestion must provide an annual report of its results. Between April 1, 2016, and March 31, 2017, the Comité de gestion remained below the target of 78,363 paid hours.



STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	8,981,594	7,655,857
Operating grant receivable	14,349,876	14,026,976
School taxes and interest receivable	7,651,321	7,227,584
Financing grant receivable	153,376	167,649
Advances to school boards on the Island of Montréal	440,025,680	369,311,292
Debtors	139,996	128,633
Investments in debentures	4,822,947	4,729,074
Long-term investments		45,100,241
Amount to provide for repayment of short-term borrowings or long-term debts	2,042,209,078	1,973,587,185
	2,518,333,868	2,421,934,491
LIABILITIES		
Short-term borrowings	378,699,980	367,175,755
Advances to school boards on the Island of Montréal	62,140,537	48,363,188
Accounts and charges payable	15,013,987	14,172,801
Deferred revenues	77,531	9,807
Allowance for future employee benefits	248,706	253,450
Allowance for compensation payable	1,683,047	1,520,431
Reserve for Risk management plan	3,696,491	3,699,806
Other liabilities	170,117	179,117
Subsidized long-term debt	2,043,159,388	1,974,599,800
	2,504,889,784	2,409,974,155
NET FINANCIAL ASSETS	13,444,084	11,960,336
NON-FINANCIAL ASSETS		
Fixed assets	1,659,300	1,668,021
Prepaid expenses	424,937	100,650
	2,084,237	1,768,671
ACCUMULATED SURPLUS	15,528,321	13,729,007

STATEMENT OF EARNINGS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	\$	\$
REVENUES		
School tax – annual billing	482,448,744	477,181,931
School tax – supplemental billing	6,515,230	9,786,838
Payments in lieu of school taxes	5,330,922	5,390,515
Debt service grant	158,180,608	180,233,968
Operating grant	1,691,531	1,708,658
Sale of goods and services	1,444,333	1,368,475
School tax interest	4,380,077	3,950,605
Short-term financing	4,927,525	6,227,570
	664,918,970	685,848,560
CHARGES		
Allocations to the school boards		
School tax	482,476,438	477,200,551
Underprivileged areas	10,000,000	8,000,000
Payments in lieu of school taxes	5,330,922	5,390,515
Debt service	162,836,496	186,205,234
Administration	4,188,401	4,190,850
Risk management plan	355,000	355,000
	665,187,257	681,342,150
SUBTOTAL	(268,287)	4,506,410
Gain on disposal of long-term investments	2,081,874	10,184
Variation of financing grant	(14,273)	3,712
SURPLUS FOR THE YEAR	1,799,314	4,520,306
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,729,007	9,208,701
ACCUMULATED SURPLUS, END OF YEAR	15,528,321	13,729,007

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