

Westmount is in a very solid financial position

Description

The 2020 audit confirms the city's healthy monetary situation

By **Kathleen Kez**, Commissioner of Finance, City of Westmount

The City of Westmount's financial statements were once again audited by the firm **Raymond Chabot Grant Thornton** and a "clear opinion" was given. There were no discrepancies found and the financial results present an accurate picture of the City's financial position as at December 31, 2020. The firm evaluated fraud and risk, as well as reviewed internal controls in accordance with Public Sector Accounting Standards. Fortunately, the audit confirmed that we are in a very healthy financial position.

I am pleased to report that as of December 31, 2020, Westmount was in a net financial asset position, meaning its financial assets were higher than its financial liabilities by \$31M, an increase of \$7M over the previous year. The total net worth of the city, if we include non-financial assets (buildings, sewers, machinery, equipment etc.) is \$218M compared to \$205M in 2019.

The audit confirmed that we are in a very healthy financial position.

The audited statements confirmed an operating surplus of \$9.7M, which is very close to what was originally projected last fall in the amount of \$8.5M. The surplus was mainly the result of two extraordinary items which could not have been anticipated. The first being an unexpected increase of \$5.7M in transfer duties (the sale of 4300 De Maisonneuve alone amassed an amount of \$3.8M) over budget and the second being a provincial grant amounting to \$4.2M to help reduce the financial impact of the pandemic for 2020 and 2021.

Had it not been for these two revenue items, we would be finding ourselves in a deficit situation of roughly \$200K. Regarding deficits, in general, as municipalities cannot carry a deficit from one year to the next, it would have to be made up the following year with a balanced budget by either increasing revenues or cutting expenses or a combination of both.



Aside from the revenue increases mentioned, there were some notable revenue decreases resulting from the pandemic. Pay-by-plate & parking permit revenues decreased by \$978K, ticket & fine revenues decreased by \$831K and recreational & library revenues decreased by \$1M compared to budgeted amounts.

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Total departmental expenditures came to a total of \$13.3M whereas the budgeted amount was \$14.8M. This favorable variance can be largely attributed to Public Works where spending was \$1.1M less than budgeted. Public Works expenditures were less because of lower spending on snow removal operations, less vehicle repair & maintenance, and lower-than-expected overall recycling & waste management costs. Though there were favorable variances in other departments, they were offset somewhat by an increase in expenses related to Public Security, Engineering, Urban Planning and COVID-related costs (\$540K).

Regarding Hydro Westmount, the decrease in gross revenue amounting to \$3.1M was mainly a result of a decrease in consumption of electricity by commercial customers as their occupancy was relatively low due to the pandemic. This decrease was somewhat offset by a decrease in overall expenses amounting to \$2.6M in large part due to less Hydro-Québec purchases (\$2.1M).

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The municipal pay-as-you-go was \$11M lower than budgeted and the use of our appropriated surplus was \$8.9M lower than originally planned as some of our capital works projects (road reconstruction on Sunnyside, green house, City hall exterior project, garage yards etc.) were postponed and will be completed over a two-year period for pandemic-related reasons.

As at December 31, 2020, the total accumulated surplus was \$37M and, of this amount, \$27.6M is appropriated for various projects.

The financial report and the auditor's report have been tabled by the treasurer and have been forwarded to the Ministère des affaires municipales et de l'habitation. The 2020 financial statement is available on the City's website for consultation.

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Looking back at the past year with all the challenges the COVID pandemic has posed, Westmount remains in excellent financial health, however with the looming Agglomeration budget for 2022 council will have to be judicious in its use of any surplus to weather future storms.

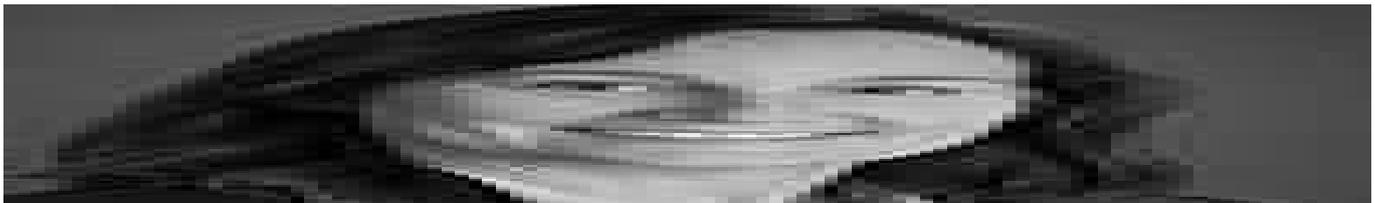


Moving forward, in addition to continuously evaluating the impact of COVID on our 2021 operating budget we have begun the process of planning for the 2022 capital and operating budgets. I look forward to sharing with you more information as it becomes available.

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Kathleen Kez is the Westmount City Councillor for District 8, the Commissioner of Finance and a Member of the Finance and Administration Committee.

You may reach her at 514 989-5078 or kkez@westmount.org



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Date Created

May 2021