

Cabinet de la mairesse  
Hôtel de ville  
4333, rue Sherbrooke O.  
Westmount, QC H3Z 1E2



Office of the Mayor  
City Hall  
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## **Presentation of the 2023 financial statements highlights and the external auditor's report**

Westmount - May 6, 2024

In accordance with Article 105.2.2 of the Cities and Towns Act, I am pleased to provide a report of the highlights of the financial report for 2023 and the external auditor's audit report.

### **Auditor's Report**

For the third consecutive year, Deloitte conducted an independent audit of the City of Westmount's 2023 financial statements. After assessing the risks of fraud and examining internal controls in accordance with Public Sector Accounting Standards (PSAS), Deloitte reports that the financial statements accurately reflect the City's financial position as of December 31, 2023.

However, Deloitte specifies that this is a "qualified opinion." This qualification exclusively concerns the application of the new guidelines under Section PS 3280 "Asset Retirement Obligations." This accounting standard requires an assessment of the costs for the majority of our assets. Although the City has a detailed inventory of its assets, cost assessment is a lengthy and complex process that could not be completed in 2023. We plan to comply with the new standard in the fiscal year 2024.

Westmount is not the only public body in this situation. This new public sector accounting standard has been applied for the first time this year. As a result of this new standard coming into effect, several health and education organizations, and a large number of cities and municipalities, will also receive a "qualified opinion" on their financial statement audits.

### **Financial Report**

As of December 31, 2023, Westmount showed a positive net financial position, with financial assets exceeding financial liabilities by \$16.1 million (compared to \$23.7 million in 2022). Considering non-financial assets (roads, buildings, water and sewer

infrastructure, machinery and equipment), the total net asset value of the City amounts to \$243.4 million (compared to \$233.8 million in 2022).

This positive financial situation is the result of the City's investments in infrastructure. In 2023, capital works amounted to \$25.9 million, representing an achievement rate of 92.9% of the budgeted amount. We therefore have managed to mobilise almost the entire budget allocated for this purpose to heavily invest in our infrastructure. These investments were primarily allocated to roads (\$10.3 million in 2023 compared to \$6.4 million in 2022) and the City's water infrastructure (\$4.4 million in 2023 compared to \$2 million in 2022). This high budget achievement rate aligns with the City's investment strategy and was made possible through the work of the Engineering Department.

The audited financial statements confirm an operating surplus of \$2.8 million for the year 2023. This surplus mainly stems from a few unexpected items, including savings of \$1.3 million due to the postponement of projects such as heritage inventory, adjustments to the cadastral register, and the demolition of the building that housed the City's former incinerator.

The total municipal revenues, excluding Hydro Westmount, amounted to \$132.5 million, slightly exceeding the budgeted amount of \$132.2 million.

The City's operating results for 2023 show that total departmental expenditures amounted to \$18.2 million, which is \$1.3 million less than the budgeted amount. Except for special projects, total department expenditures were very close to the budgeted \$18.3 million. Public Works Department expenditures amounted to \$11.3 million, representing 60% of the total departmental budget. These expenses were primarily for public services such as snow removal, water network and road maintenance, garbage collection, tree pruning, etc.

City payroll decreased by \$2.8 million (9.7%) compared to budgeted amounts due to labour shortages, vacant positions, and sick leave.

As of December 31, 2023, the total accumulated surplus amounts to \$31.7 million, of which \$27.9 million is allocated to various projects. As it has been done every year, the Council will determine the appropriate use of the remaining surplus.

On May 3, 2024, the City Treasurer signed the 2023 operating results financial report and the audited financial statements, which will be submitted to the *Ministère des*

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*Affaires municipales et de l'Habitation* (MAMH). The operating results for the 2023 financial year will be published on our website. A link will also be available on our website to view the full 2023 financial report.

As Westmount celebrates its 150<sup>th</sup> year, we are more committed than ever to investing responsibly and sustainably in our infrastructure so that our community and future generations can enjoy the quality of life that defines our beautiful city.

**Christina M. Smith**  
Mayor of Westmount