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MAYOR'S REPORT ON THE FINANCIAL POSITION OF THE TOWN OF MONTREAL WEST

We are pleased to report on the financial position of the Town of Montreal West. This report is a summary of the fiscal year ending December 31, 2020.

The Financial Statements for 2020 were presented at the Council Meeting of April 26. The external auditor gave an unqualified opinion, meaning that the statements accurately reflect the financial situation of the Town with no exceptions or concerns.

The results showed an unprecedented operating surplus of \$2,573,049. Although we are pleased with the results, we are aware that these are one-off results which we likely will not see again for a couple of reasons.

First, they include the sale of the library lot and adjacent park which amounted to \$1.6M. And secondly, they included a one-time grant from the provincial government of \$503K to cover lost revenue and additional expenses related to the pandemic. Without the capital assets sale and the grant, the operating surplus would have been \$450K, which is 2.7% of our budget, and more in line with our typical surplus.

The following are some of the highlights.

Revenues

Operating revenues were \$533K over budget. In addition to the aforementioned \$503K government grant, other budget variances included:

- an additional \$418K in duties on transfers due to the increase in home sales and sale prices
- water taxes \$56K over estimate due to higher usage
- increased payments of \$43K in lieu of taxes for schools and other social service organizations
- permit fees \$26K higher due to the large number of building permits for renovation projects
- an additional \$22K in interest due mainly to bank interest and interest on arrears
- a loss of \$513K in Recreation revenue for programs which were cancelled due to COVID-19
- revenue from tickets \$42K lower due to fewer tickets being issued by the SPVM



Expenses

On the Expense side, total operating expenses were \$417K under budget. This was due to:

- a savings of \$511K in remuneration, due to the cancellation of recreation programs
- a decrease in other recreation costs of \$265K, related to the arena, parks, and program costs
- interest on long-term debt lower by \$80K due to decreased borrowing and favourable rates
- Public Work costs down \$75K related mainly to lower snow removal costs

However a few budget expense categories were higher such as:

- Public Hygiene which was \$37K higher than forecast, due to costs related to sewer repairs
- an increase in capital investments. As part of our Pay-as-you-go financing (see details below) we spent an additional \$142K on Capital Expenditures and \$344K for the reimbursement of our Working Fund. The Working Fund is a fund set up with surplus amounts from prior years which we use to fund various capital expenditures. We effectively borrow from ourselves and reimburse the fund over a maximum period of ten years. The fund currently stands at \$1.5M.

Capital Expenditures

In 2020, the Town continued with its Pay-as-you-go financing of capital projects from our operations budget. When possible, Council prefers to fund certain projects this way rather than incurring more debt. This totalled \$526K and included:

- renewal and replacement of some of our vehicle fleet \$344K
- building improvements \$66K
- financing of the Percival infrastructure project \$45K
- park improvements \$32K
- office equipment \$28K
- traffic calming equipment \$11k

Debt

In 2019 The Town undertook a very large infrastructure project, redoing both Wolseley and Crestwood. This caused our net debt to increase by \$779K in 2020. Since we did the equivalent of two years infrastructure investment in 2019, we did not undertake any major new projects in 2020, and anticipate our net debt will decrease by approximately \$1M this year. Our net debt at year end was \$14.3M. The auditor pointed out that over the past seven years, the Town has been able to make capital investments totalling \$16M, while actually decreasing its net debt by over \$2M.



Long Term Finances

Council voted to appropriate the \$1.6M from the sale of the library lot to a special infrastructure fund to be used for future projects. In anticipation of an increase in our shared Agglomeration expenses due to COVID-19, Council also voted to appropriate \$260K from the surplus to balance the 2021 budget if necessary, and offset potential property tax increases which may arise due to the Agglo increase. At year end, our unappropriated operating surplus stood at \$2.9M.

All the above strategies regarding capital investments, infrastructure renewal and debt management are in accordance with the Town's Strategic Financial Plan which helps guide Town Council and the administration in setting financial priorities and managing risk.

This has truly been an extraordinary year in so many ways, and Council wishes to express its appreciation to our Treasurer, Valentina Todoran as well as our DG, Raffaele Di Stasio, and all our Directors for their careful management of the Town's finances. They have had to adapt to changing rules, restrictions and working environments while always looking out for the best interest of the Town and its residents.

We are very pleased with excellent results of the 2020 Financial Statements; they have strengthened the long-term financial health of the Town. Full details of the financial results can be found on the website under [Financial Reports](#).

Beny Masella

Mayor

Colleen Feeney

Councillor, Finance, Administration, Human Resources and Urban Planning