



2024-2027

Multi-Year Budget

City of London

2024 to 2027 Business Plan

Service: Finance

\$0.11

Cost per day for the
average rate payer
(2024 to 2027)

1.05%

Of the 2024 to 2027
City of London Net
Property Tax
Supported Budget

Who we are:

- Finance provides financial leadership, planning, advice, guidance (i.e., Strategic Financial Framework) and reporting to internal and external stakeholders as well as transactional services relating to accounts payable, accounts receivable, general ledger, banking and tangible capital assets, along with contributing to business process, redesigning financial system configuration and testing.

What we do:

- Finance takes into consideration three core financial principles; compliance, accountability, and financial sustainability and flexibility by undertaking financial planning and analysis in connection with municipal decisions and strategies. These three (3) principles cascade down to five (5) specific categories; budgeting and expenditure management, revenue, growth management, cash, investment and reserve fund management, and debt management.
- Finance contributes to the safeguarding and reporting of the City's financial assets and liabilities by ensuring policies, procedures and internal controls are effective and efficient.
- Finance prepares the City's consolidated annual Financial Statements.

Why we do it:

- **Mandatory** – Pursuant to Section 286(1) of the Municipal Act, 2001, all Ontario municipalities are required to appoint a Treasurer “who is responsible for the handling of all financial affairs of the municipality on behalf of and in a manner directed by the council of the municipality”. Further Section 290 requires a local municipality to prepare and adopt a budget, including all sums required during the year for the purposes to pay all debts falling due within the year (i.e., debenture debt), amounts required to be raised for sinking or retirement funds, and amounts required for any board, commission or other body. And finally, Section 294.1 identifies that for each fiscal year, a municipality is required to prepare annual Financial Statements in accordance with generally accepted accounting principles for local governments.

The following table provides an overview of the budget for this service:

Budget Summary (\$000's)	2024	2025	2026	2027	2024 to 2027 TOTAL
Gross Operating Expenditures	\$11,454	\$11,680	\$11,896	\$11,959	\$46,989
Other Revenues	-\$2,893	-\$2,946	-\$2,995	-\$3,051	-\$11,885
Net Tax Levy Supported Operating Budget	\$8,561	\$8,734	\$8,901	\$8,908	\$35,104
Total Capital Expenditures	\$890	\$1,057	\$1,122	\$1,135	\$4,205
Full-Time Equivalents (FTE's)	103.5	103.5	103.5	103.5	N/A

Reflects Draft 2024 to 2027 Multi-Year Budget – December 12, 2023.

Linkage to the 2023 to 2027 Strategic Plan

This service supports the following Strategic Areas of Focus in the 2023 to 2027 Strategic Plan:



**Reconciliation, Equity,
Accessibility, and
Inclusion**



**Economic Growth, Culture,
and Prosperity**



**Housing and
Homelessness**



**Mobility and
Transportation**



Wellbeing and Safety



**Climate Action and
Sustainable Growth**



**Safe London for Women,
Girls, and Gender-Diverse
and Trans People**



Well-Run City

Environmental, Socio-economic Equity and Governance (ESG) Considerations

Environmental, Socio-economic Equity and Governance Profile for this service:



Environmental:

- Recently the City of London has started incorporating ESG considerations prominently in the Multi-Year Budget process. From the Environmental perspective, this means that significant new initiatives are generally reviewed using the Climate Lens process (Climate Emergency Screening Tool) prior to their inclusion in the Multi-Year Budget. This tool serves to ensure climate emergency issues are incorporated into decision-making across the City in a consistent manner.
- Recent Council approval of the Climate Emergency Action Plan (CEAP) includes various action items contained within the CEAP workplans to be led by, or that will have a significant impact on, the Finance Supports Service Area. This includes, among others, investigating options for future carbon accounting and budgeting, future sustainability reporting and disclosures, considering opportunities for “green” financing and investment, etc.

Socio-economic Equity:

- Recently the City of London has started incorporating ESG considerations prominently in the Multi-Year Budget process. From the Socio-economic Equity perspective, this means that significant new initiatives are generally reviewed using the Anti-Racism and Anti-Oppression Framework and Equity Tool prior to their inclusion in the Multi-Year Budget. The Equity Tool provides an intentional way to consider the impact of the City’s work on equity-deserving groups and ensures an intentional identification and removal of barriers to inclusion.

Governance:

- The City’s Finance service is guided by a robust set of financial policies that guide financial decision-making. Updates on the City’s financial performance are communicated through a variety of reports and plans (e.g., Annual Financial Report, Multi-Year Budget and related annual updates, semi-annual budget monitoring reports, Corporate Asset Management Plan, Development Charges Background Study, etc.).

The following section provides an overview of the key activities the service plans to undertake from 2024 to 2027 to implement the Corporation's 2023 to 2027 Strategic Plan, as well as an overview of the risks and challenges the service is anticipated to experience during this period:

Service Highlights 2024 to 2027

Financial Planning, Policies and Principles:

- Implement the Corporation's approved financial policies.
- Review the Corporation's financial policies annually.
- Implement the Corporation's Strategic Financial Framework (which will be finalized in 2023).
- Review the City's internal debt cap annually.
- Regularly review the City's portfolio of reserves and progress towards achieving associated targets.
- Implement and monitor the City's investment strategy.
- Update Council on investment performance through the annual Investment Report.
- Complete the annual credit review process by Moody's Investor Services.

Multi-Year Budget:

- Develop and submit for Council's approval the 2024 to 2027 Multi-Year Budget and annual updates.
- Develop and implement a comprehensive engagement strategy for the Multi-Year Budget and annual updates.
- Partner with community organizations for enhanced engagement through the Multi-Year Budget process.
- Regularly monitor budget performance through the semi-annual Operating and Capital Budget Monitoring Reports.

Financial Operations and Accounting:

- Supporting annually the City's external auditors as appointed, in accordance with Section 296 of the Municipal Act, 2001, through their audit of the City's Annual Financial Statement. This includes the implementation of new Public Sector Accounting standards such as, but not limited to; Asset Retirement Obligations, Financial Instruments and Foreign Currency Translation, Revenue, Purchased Intangibles, Public Private Partnerships, Concepts Underlying Financial Performance, Financial Statement Presentation, and Employee Benefits over the coming years.
- Support internal auditors in executing the internal audit plan.
- Review existing processes within Finance that may be informed by annual reporting and annual financial system upgrades. These reviews may require updates and the operationalization of process improvements as required that are identified by the external audit, internal audit, or through the City's continuous improvement initiative(s).

- Working through existing financial processes for much needed improvements based on the Covid-19 pandemic experience which saw a fundamental shift in the work/office environment.
- Continued annual updates to the City's financial system, JD Edwards (JDE), to keep current with releases from Oracle. Finance will be providing leadership and a significant number of resources on these annual updates. The JDE system includes Payroll, Budget, Accounts Payable, Work Orders, Fixed Assets, Purchasing, Inventory, Address Book, Accounts Receivable and General Ledger. An Enterprise Resource Planning (ERP) system provides for data input, storage, retrieval, reporting and analysis features to meet corporate business needs. The annual updates will provide both the opportunity and tools necessary to streamline existing business processes.
- The City is and has initiated a number of major systems projects that will require the expertise from Financial Services staff. Staff will be involved in the planning, development, documentation, process reengineering, testing, procedure creation, internal controls, interface design and training for these new implementations. Examples of projects to be, that will garner Financial Services attention are Corporate Point of Sale, Cityworks (Computerized Maintenance Management System), and Human Resources Information System (HRIS).
- Review of the City's existing Financial ERP JDE, given that it was introduced in the year 2000 noting the introduction of HRIS in the fall of 2023.

Risks and Challenges Anticipated in 2024 to 2027

- Considerable investments are anticipated through the 2024 to 2027 Multi-Year Budget in order to implement Council's 2023-2027 Strategic Plan. Balancing the need for community investment with the Corporation's financial policies and principles will be of paramount importance. Public engagement through the budget process will be a significant focus to ensure that the community understands this balancing act.
- Recent legislative changes, including the More Homes Built Faster Act (Bill 23), are anticipated to have significant impacts on municipal finances. The City will continue advocacy efforts with the aim of informing the Provincial government of the potential impacts of the proposed changes, as well as working proactively to identify solutions to areas of shared challenges.
- Recent higher interest rates driven by general economic conditions, while beneficial in terms of increased investment returns on the City's investment portfolio, will increase the City's debt servicing costs on future debt issuances (assuming current conditions continue to prevail). Finance staff monitor economic conditions actively and incorporate the most up-to-date information available from the City's fiscal agents and financial institutions into budget forecasts.
- Public Sector Accounting Board (PSAB) Changes:
Implementation of PSAB PS3280 Asset Retirement Obligations, which establishes an accounting standard that addresses the accounting and reporting of legal obligations associated with the retirement of tangible capital assets.

Implementation of this accounting standard is estimated to be a multi-year project that will require a dedicated project leader to manage a multi-disciplinary team of accounting and engineering professionals.

- Other changes: Financial Instruments and Foreign Currency Translation, Revenue, Purchased Intangibles, Public Private Partnerships, Concepts Underlying Financial Performance, Financial Statement Presentation, and Employee Benefits.
- Financial Service Contracts:
Various financial contracts including financial banking services, merchant card processing services, external and internal audit contracts, and third party debt collection agency services will expire between 2024 and 2027, etc. A number of these renewals may include the Request for Proposal (RFP) process as determined by the Procurement of Goods and Services Policy, which can take 4 to 6 months for each RFP. A project lead and team will need to be established for each contract, noting that some will run concurrently, with some team members serving on more than one project at the same time.
- Staff Turnover:
The cyclical nature of the work requires many months and years of training over the peaks and valleys of the cycle. The year-end processes are complex and require numerous years of preparation in order to master and comprehend all the intricate details of municipal financial reporting under the Public Sector Accounting Board (PSAB). As staff move on to other opportunities, other financial areas of the Corporation benefit from the corporate training these staff have learned. Sometimes it is difficult to replace these staff on a timely basis which can impede year-end reporting deadlines causing excess overtime for staff. Automation of some of the year-end reporting will help but not eliminate these challenges.

Other reference information and links:

- Link to the City of London website [Multi-Year Budget | City of London.](#)
- Link to Strategic Priorities and Policy Committee Report, October 10, 2023, [City of London Strategic Financial Framework](#)

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