**2024 Budget Deficit Analysis and Mitigation**

Following a comprehensive year-end financial review of the 2024 budget for the Sault Ste. Marie Police Services Board, a deficit in the amount of approximately $2,900,000 has been identified.

**Analysis of Contributing Factors**

A thorough analysis has determined that the principal cause of the deficit relates to increased expenditures in salaries and benefits for members of the Sault Ste. Marie Police Service.

In anticipation of multiple retirements projected for 2024, the Service undertook proactive recruitment efforts to ensure that staffing levels remained sufficient to meet its obligations to deliver adequate and effective policing to the citizens of Sault Ste. Marie and Prince Township. A number of officers eligible for retirement, however, have continued to serve, resulting in staffing levels—and associated costs—exceeding budgetary forecasts.

Additionally, the Service is contending with an unprecedented number of members absent due to workplace injuries, as well as a significant rise in major occurrences, all of which have contributed to a substantial increase in workload. This has further strained operational resources to maintain core policing functions. Costs associated with overtime and staffing contributed approximately $2,499,000 to the overall deficit. This total includes the below approximate costs.

- Overtime Over Budget for Major Occurrences, Staffing Shortages and Investigative Expenses - $942,000
- Full-Time Employees Over Complement - $717,000
- Vacation Accrual - $390,000 (Liability, not financial payment)
- Salary Extras - $327,000 (Relieving pay, stat holiday pay, retirement payouts, etc.)
- Court Time Over Budget - $63,000

Further compounding these challenges, the Service undertook a legislatively mandated five-year Pay Equity Review of all positions. This process identified the need for reclassification of several roles based on enhanced knowledge, skills, and responsibilities, resulting in increased salaries and retroactive payments amounting to approximately $378,000 above the original budget.

It is notable that operational budgets falling outside collective agreement obligations—such as training, travel, and capital expenditures—were effectively managed and concluded the year approximately $670,000 under budget.

**Mitigation Strategies Implemented**

Upon recognition of the deficit in February 2025, the Board and the Senior Leadership Team of the Service implemented immediate cost-mitigation measures, including:

- **Suspension of Hiring**: A freeze on all new hiring, both sworn and civilian, with the exception of those offers of employment already extended or when operational needs require hiring to take place.
- **Restriction of Discretionary Expenditures**: Non-essential travel and participation in external professional committees have been significantly curtailed.
- **Enhanced Financial Oversight**: Strengthened collaboration between the Finance Services of the Sault Ste. Marie Police Service and the Finance Department of the City of Sault Ste. Marie has been initiated. This aims to ensure improved access to financial data critical for accurate forecasting and budgeting processes.
- **Pursuit of Alternative Revenue Streams:** Continue to pursue additional funding sources, including the submission of grant applications and identification of other external revenue opportunities, to offset operational costs and relieve pressure on the municipal budget.

**Commitment to Accountability and Transparency**

To promote transparency, the Board will present regular financial projections at Board meetings, providing the community with ongoing insight into budgetary performance and fiscal management.

Current projections indicate that the 2025 budget may experience a deficit of approximately $1,900,000. However, the mitigation strategies implemented to date—and further measures under consideration—are expected to progressively reduce this projection over the course of the fiscal year.

**Conclusion**

The Sault Ste. Marie Police Services Board remains fully committed to exercising responsible fiscal stewardship on behalf of the taxpayers of Sault Ste. Marie and Prince Township. Concurrently, the Board recognizes its statutory obligation under the Community Safety and Policing Act to ensure the provision of adequate and effective policing services.

Through strategic workforce management, the integration of innovative technologies, and the continued dedication of its members, the Sault Ste. Marie Police Service remains poised to modernize and enhance its operations, delivering on its vision of being a modern police service committed to a safer tomorrow.