



The Corporation of the
City of Sault Ste. Marie
COUNCIL REPORT

May 12, 2025

TO: Mayor Matthew Shoemaker and Members of City Council
AUTHOR: Shelley J. Schell, CPA, CA Chief Financial Officer and
Treasurer
DEPARTMENT: Corporate Services
RE: Year End Financial Report – December 31, 2024

Purpose

The purpose of this report is to provide the Year End Operating and Capital Financial Report for December 31, 2024 and to seek Council approval of year end reserve transfers.

Background

Council approved the Surplus Policy on September 11, 2017, which provided that any surplus would be allocated as follows:

- 40% to Tax Stabilization Reserve
- 30% to Capital Reserves
- 30% to Long Term Debt

As at December 31, 2024, the unaudited surplus for the year is \$60,362, after accounting for the Sault Ste Marie Police Services Board (SSMPSB) deficit of \$2,889,856. The surplus has been allocated in accordance with the policy in the financial report.

Analysis

The 2024 year-end position was significantly impacted by the deficit of Police Services.

Corporate surplus, excluding SSMPSB	\$2,950,218
SSMPSB deficit	<u>(\$2,889,856)</u>
Net corporate surplus	<u>\$ 60,362</u>

The SSMPSB did not report a forecasted deficit to Council or staff during the fiscal year, and a deficit was not reflected in the City's SSMPSB local board levy budget variance until after year-end. The SSMPSB has provided their review of the year-end results, which is included in Appendix B and also on the Police Services website (<https://saultpolice.ca/2024-budget-deficit-analysis-and-mitigation/>).

Key variances to note for the Corporate surplus, excluding the SSMPSTB deficit, are:

\$(000)	Variance (+ surplus/-deficit)
Tax stabilization not realized	(1,000)
Interest income (investments and penalties on receivables)	2,014
Long Term Care grant	483
Winter control	(207)
Insurance	370
Salary Gapping	1,050
Street lighting	764

The detailed operating department variances are included in the Manager of Finance's fourth quarter report in Appendix A.

The SSMPSTB's significant deficit impacts the overall City operations in that surpluses from City operations must be utilized to offset the deficit. These surpluses are no longer available to assist in building reserves as per the Surplus Policy or to be used for other City investments, as was done with the 2023 surplus.

The SSMPSTB 2024 financial report can be found in Appendix B.

Capital

Appendix C includes a summary of the 2024 Capital Budget.

Year-End Reserve Transfers

Year-end reserve transfers for 2024 are reflected in Appendix D for Council approval. The transfer to the Computer Software Reserve will exceed the current established target level of \$100,000. With limited resources in this area, exceeding the target level would preserve much-needed funding.

Financial Implications

The financial impact of the year end surplus and Capital budget are included in the analysis section of the report.

Strategic Plan / Policy Impact / Climate Impact

This is an operational matter not articulated in the strategic plan.

Recommendation

It is therefore recommended that Council take the following action:

Resolved that the report of the Chief Financial Officer and Treasurer dated May 12, 2025 concerning the Year End Financial Report – December 31, 2024 be received and that 2024 year-end transfers be approved.

Year End Financial Report – December 31, 2024

May 12, 2025

Page 3.

Respectfully submitted,

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Chief Financial

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