



## The Corporation of the Town of Tecumseh

Financial Services

**To:** Mayor and Members of Council

**From:** Tom Kitsos, Director Financial Services & Chief Financial Officer

**Date to Council:** August 8, 2023

**Report Number:** FS-2023-06

**Subject:** Taxes Receivable – June 2023

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### Recommendations

It is recommended:

**That** Financial Services Report FS-2023-06 Taxes Receivable – June 2023 **be received** for information.

### Background

This report describes the status of property taxes outstanding as of June 30, 2023 for the Town of Tecumseh.

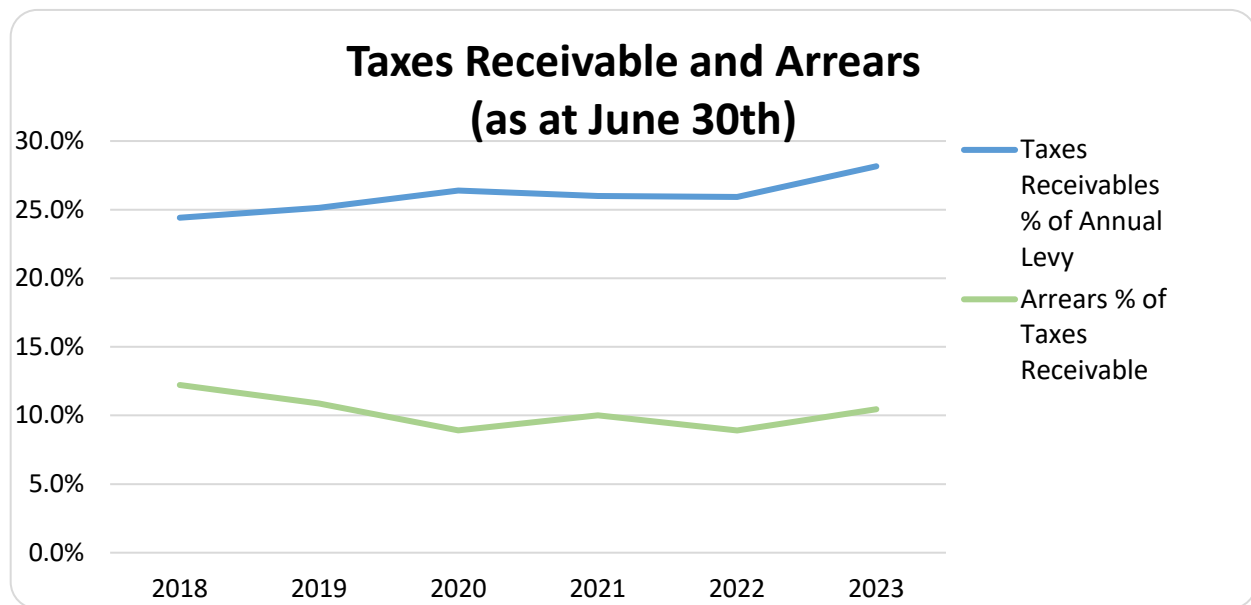
### Comments

#### Taxes Receivable and Arrears

Taxes receivable represents the outstanding taxes owed to the municipality by our property owners. It reflects both the financial circumstances of our property owners and the efficacy of our tax collection procedures. High outstanding taxes could point to property owners facing challenges in meeting their obligations or highlight potential issues with our tax collection procedures. Additionally, it could create cash flow

problems or even result in higher tax rates to compensate for uncollectable taxes or write-offs.

To assess the health of our property taxes, we turn to a crucial financial indicator: the ratio of taxes outstanding as of June 30th to the annual taxes levied. It is essential to note that the taxes receivable balances discussed here include all amounts billed in the current year, some of which may not be due as of June 30th. Consequently, when reviewing our mid-year position, these figures may appear substantially higher compared to end-year calculations.



Despite the uncertainties posed by COVID-19 situation experienced in the past few years, our property tax collection remains strong. As of June 30, 2023, taxes receivable as a percentage of annual taxes levied stood at 28.2% (2022 – 25.9%).

Another performance measure used to analyze an organization’s financial strength is tax arrears as a percentage of taxes receivable. This financial indicator provides insights into the degree of aging within our taxes receivable balance. A higher percentage suggests a larger proportion of older receivables, which can pose a collection risk. Note that tax arrears are defined as tax receivables owing from prior years (i.e., does not include current year receivables).

As at June 30	Tax Receivables	Arrears	# in Arrears
2023	\$ 15,227,177	\$ 1,593,406	276
2022	\$ 13,497,687	\$ 1,202,183	234

As of June 30, 2023, tax receivables were \$15.2 million (2022 - \$13.5 million) of which \$1.6 million (2022 - \$1.2 million) came due in prior years. The tax arrears as a

percentage of taxes receivable measure of 10.5% is 1.6% unfavourable compared to the previous year. We continue to maintain a healthy balance between ensuring the timely collection of taxes and understanding the challenges faced by some of our property owners.

### Pre-Authorized Payment Plans

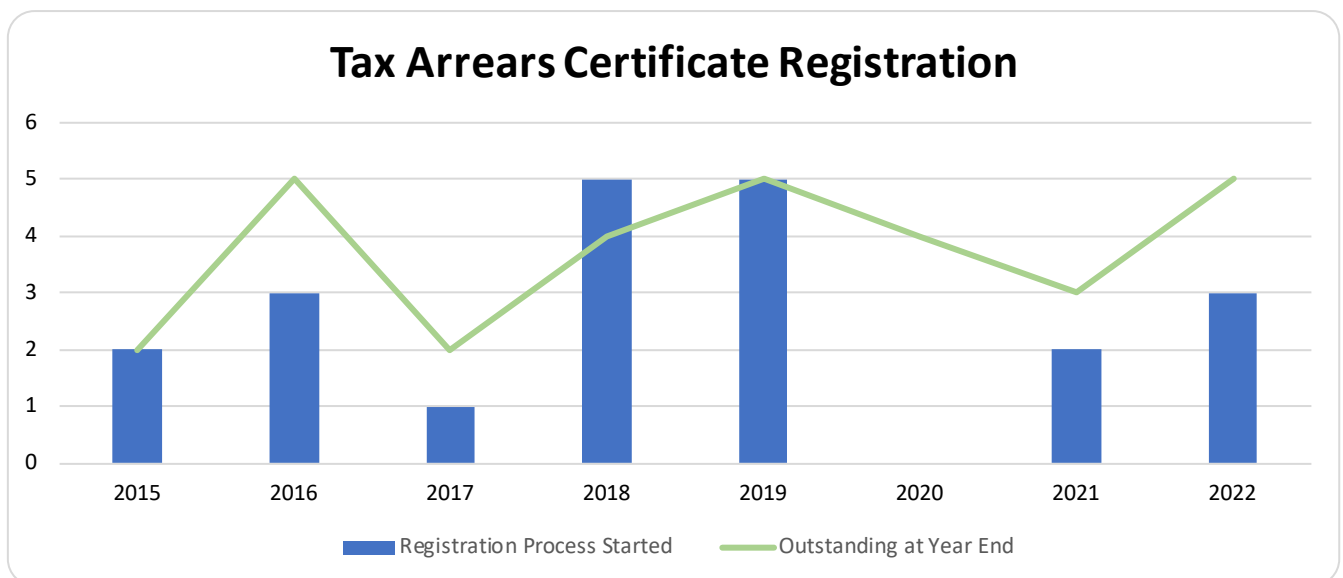
In our pursuit of efficiency and convenience, we have successfully enrolled 2,441 properties in our monthly pre-authorized debit (PAD) plan, while 899 properties are enrolled in the due date PAD plan. These numbers represent approximately 34% of all properties in Tecumseh (2022 – 33%).

By promoting PAD plans, we empower our residents to spread their tax payments throughout the year, providing stability and convenience while maintaining a steady cash flow for the Town.

### Tax Arrears Certificate

Within our fiscal landscape, a tax arrears certificate is a mechanism available in our efforts to recover unpaid property taxes. It is used as a last resort when an account is three years in arrears and all other collection avenues have been exhausted.

The chart below shows the number of tax arrears certificates initiated in a calendar year. A ratepayer has one year after registration to redeem the property, at which point the Town will continue with the tax sale process to recover unpaid property taxes. In 2022 two (2) properties were sold through tax sale. Prior to that, all property owners have been able to redeem their properties, thus avoiding this process.



To date, we have not begun the tax arrears certificate registration process for any new properties (2022 – three). We also have one outstanding registrations for which collection has yet to occur. These properties are scheduled to be advertised for tax sale later this year.

## Consultations

None

## Financial Implications

All costs incurred by the Town concerning property registration and tax sale are recoverable except if a property is not sold at tax sale. In that situation, a notice of vesting in the name of the Town may be registered.

## Link to Strategic Priorities

Applicable	2023-2026 Strategic Priorities
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

## Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Vanessa DaDalt, CPA, CA, CTP  
Deputy Treasurer & Manager Revenue Services

Reviewed by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
None	None