



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: Tuesday, July 22, 2025

Report Number: FS-2025-09

Subject: Taxes Receivable – June 2025

Recommendations

It is recommended:

That Financial Services Report FS-2025-09 Taxes Receivable – June 2025 **be received** for information.

Executive Summary

This report provides Council with an overview of property tax receivables as of June 30, 2025.

Total taxes receivable increased to 39.1% of the annual levy, up from 27.9% in 2024, primarily due to a change to the tax billing schedule for Commercial and Industrial properties. Despite the higher overall balance, tax arrears—defined as unpaid taxes from prior years—remained stable at \$1.8 million. The proportion of older arrears has improved, with a significant reduction in accounts overdue by three or more years (from 145 in 2024 to 55 in 2025).

To strengthen the Town's financial position and reduce long-term collection risks, administration has adopted a more proactive approach to manage arrears, including increased use of tax arrears certificates. At the same time, the Town continues to

promote pre-authorized payment plans to support residents in meeting their obligations and to maintain stable municipal cash flow.

Background

This report provides an overview of property taxes outstanding as of June 30, 2025.

Understanding the status of property taxes receivable is essential for assessing the Town's financial health. This report outlines the outstanding taxes and provides insights into key metrics, trends and potential areas of concern.

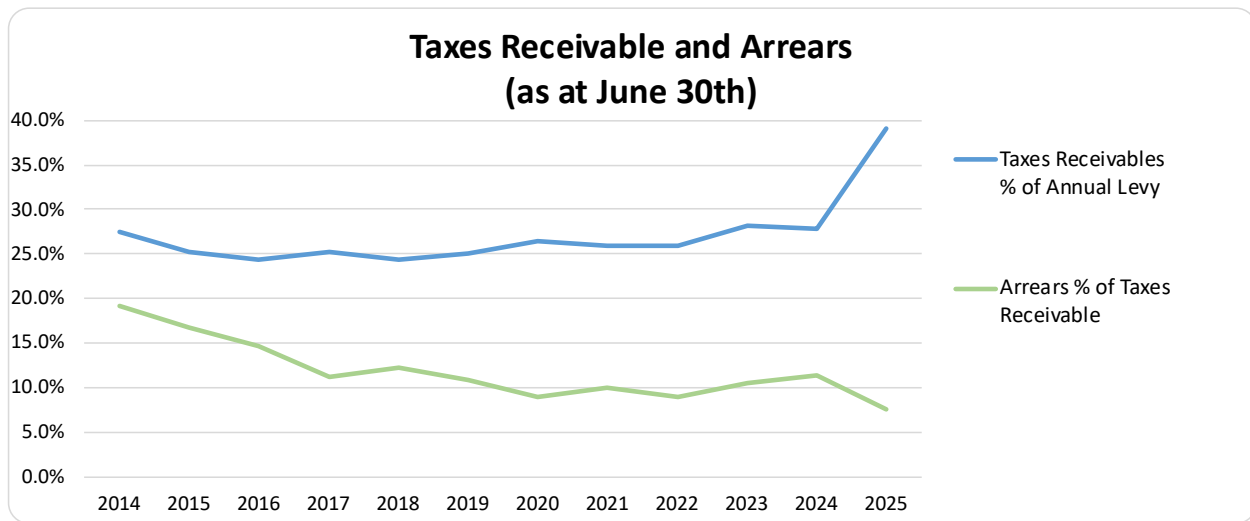
Comments

Taxes Receivable

Taxes receivable represent property taxes that have been billed but not yet paid to the municipality. Elevated receivable levels may signal financial hardship among ratepayers or inefficiencies in collection processes. High taxes can negatively affect our cash flow and, in the long term, may contribute to increased tax rates to offset uncollectable balances.

A key performance indicator is the ratio of taxes receivable to total annual taxes levied. Compared to year-end ratios, this ratio is inherently higher mid-year as it includes current-year instalments not yet due.

As of June 30, 2025, taxes receivable totaled 39.1% of the annual taxes levied, an increase from 27.9% in 2024. This increase is directly attributed to the 2025 changes in the tax billing schedule for Commercial and Industrial property tax classes. In 2024, the final tax bills for these classes were issued in August, so their third and fourth instalments were not yet included in the June receivable balance. In 2025, billing occurred in May, resulting in the third instalment being due in June and the fourth instalment due in September. Both final tax instalments contribute to the higher mid-year total.



Tax Arrears

Tax arrears refer to outstanding tax balances from prior years, excluding current-year amounts. Tax arrears as a percentage of taxes receivable helps gauge the aging of our taxes receivable balance. A higher percentage suggests a larger proportion of older receivables, which can pose a collection risk

As of June 30, 2025, tax receivables were \$23.2 million (2024 – \$15.8 million). Tax arrears totaled \$1.8 million, consistent with 2024 (\$1.8 million). However, tax arrears as a percentage of taxes receivable improved to 7.6%, a 3.8% reduction from 2024. Part of this decrease is attributable to the change in tax billing schedule for Commercial and Industrial property tax classes. While this demonstrates stability in the aging of receivables, sustained oversight is essential to prevent potential escalation. We continue to maintain a healthy balance between ensuring the timely collection of taxes and understanding the challenges some of our residents face. To mitigate the upward trend in older receivables, which pose a collection risk, the Town has taken additional collection measures, including additional arrears notices and letters of intent for tax sale registration.

The following table shows arrears by property class.

	June 30, 2025		June 30, 2024	
Property Class	# of Properties	Tax Arrears	# of Properties	Tax Arrears
Residential	266	\$ 1,406,491	254	\$ 1,460,968
Industrial	17	334,953	17	290,987
Commercial	9	34,179	7	58,040
Total	292	\$ 1,775,623	278	\$ 1,809,995

Residential tax arrears decreased by 4% from the previous year but continue to account for the majority of all tax arrears (79% of all tax arrears). Industrial tax arrears account for 19% (2024 - 15%) of all tax arrears. Commercial tax arrears declined by 41%, primarily due to the successful collection efforts of one significant account during the year.

Aging of Tax Arrears

The aging of tax arrears provides insight into the relative risk of non-collection. Longer-standing arrears are generally more difficult to recover and warrant greater attention.

The table below shows the number of properties in arrears for each aging category.

	1 Year	2 Years	3 or More Years	Total
2025	188	49	55	292
2024	56	77	145	278
2023	54	55	174	283

The number of accounts with 3+ years of arrears has decreased significantly, from 145 in 2024 to 55 in 2025. The shift toward newer arrears (1 year) suggests more recent delinquencies, which are typically easier to manage from a collection perspective.

Pre-Authorized Payment (PAP) Plans

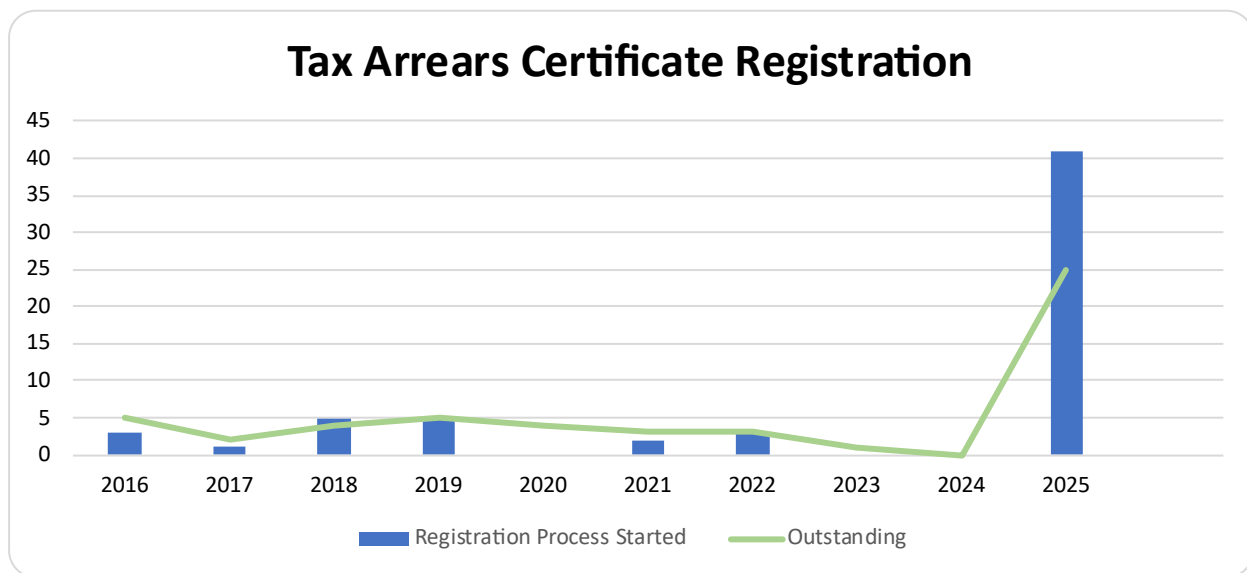
Pre-authorized payment (PAP) plans facilitate the timely payment of taxes, improving both ratepayer convenience and municipal cash flow stability.

As of June 30, 2025, we have 2,581 properties enrolled in our monthly PAP plan and 1,035 properties in the due date PAP plan. In total, approximately 36% of all properties (2024 – 34%) are participating in PAP programs.

Tax Arrears Certificate

A tax arrears certificate may be registered on a property once it has accumulated two years of unpaid taxes. This process is initiated only after all other collection efforts have been exhausted. Once registered, the owner has one year to pay the arrears before the Town proceeds with the tax sale process.

The chart below shows the number of tax arrears certificates initiated in a calendar year.



In 2025, the Town initiated registration of 41 new tax arrears certificates (2024 – none). As of the reporting date, collection has yet to occur for 25 of these properties.

Tax sale outcomes in recent years:

- 2024 – one (1) property was sold
- 2023 – none
- 2022 - two (2) properties were sold
- Prior to that, all other registered property owners have been able to redeem their properties, thus avoiding this process

Following the 2017 amendment to the Municipal Act, 2001, a municipality is authorized to register properties with unpaid taxes after two years of arrears (decreased from three years). The Town has generally followed the former three-year guideline to allow property owners more time. However, considering recent trends, the Town has begun adopting a more proactive approach to limit the growth of long-term arrears and strengthen fiscal resilience.

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

Attachment Number	Attachment Name
None	None