

Report to Council

Report Title: 2023 Property Tax Arrears
Prepared By: Jessica Schmidt, Acting Tax Collector/Deputy Treasurer and Trish Serratore, Chief Financial Officer
Department: Finance
Date: March 5, 2024
Report Number: FIN2024-10 **File Number:** C11FIN

Attachments:

Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2024-10 – 2023 Property Tax Arrears, prepared by Jessica Schmidt, Acting Tax Collector/Deputy Treasurer and Trish Serratore Chief Financial Officer for information purposes.

Report:

Background:

Property Taxation is the main revenue source for the Municipality of Brockton to fund its operations. As such, the Municipality must ensure that this major source of revenue is protected and monitored closely. This report shows the level of arrears as of December 31, 2023 and the steps in the collection process to protect these receivables. The tax process is a highly regulated process under the Municipal Act.

In 2023 the Municipality of Brockton levied \$11,483,398 in municipal taxes, this was an increase of 9.81% over the 2022 levy, and this resulted in an annual increase to the average household of \$188.81.

Analysis:

This report is to provide Council with additional information on the Property Tax Arrears for the year ending December 31, 2023. Each year the municipality reports their financial position to the Province, below is a chart that illustrates the Provincial standards on Tax Arrears:

Potential Level of Challenge		
Low	Moderate	High
Less than 10%	10 to 15%	More than 15%

At the end of 2023, the overall outstanding tax arrears were \$636,703.89 (excluding accumulated interest). However, the total uncollected for 2023 taxes equals \$491,484.85 which equals a total of 4.28% of the 2023 Municipal Tax Levy. The chart below will illustrate the changes from 2018 – 2023:

Year	Total Outstanding Taxes	Total Current Outstanding Taxes	Total Percent of Current Taxes Outstanding
2018	\$640,721	\$427,046	5.3%
2019	\$606,237	\$382,545	4.33%
2020	\$509,276	\$373,300	3.86%
2021	\$577,316	\$463,651	4.70%
2022	\$496,302	\$387,636	3.71%
2023	\$636,704	\$491,485	4.28%

The Municipality of Brockton had one tax sale proceeding in 2023. One (1) new property commenced for the Tax Sale Process in 2023; no accounts (0) are outstanding as all registrants have paid their taxes in full. Staff continue to work with residents to ensure their account remains in good standing.

Listed below are a few of the various tools that are utilized by staff throughout the year to collect tax arrears:

- Send tax arrears notices (monthly)
- Make calls to those who are within the two - three-year arrears time frame
- Make payment arrangements to accommodate paying current year taxes, as well as any arrears balance

With the Municipality of Brockton having 4.28% outstanding Tax Arrears at year-end, we are below the Provincial low-risk average of < 10%. Therefore, this low average indicates that residents are able to pay their taxes, the Municipality has adequate tax collection procedures and low risk to cash flow issues.

In 2023, several supplemental tax bills and write-offs were processed. Many properties at the Walker West Subdivision, Turner Subdivision and JDR Subdivision have been reassessed due to increased housing construction in that area. Supplemental Tax Bills were sent to the residents, with payment due dates of September 29, 2023, and November 30, 2023.

Additionally, several write offs were processed. Write offs were most commonly for the Farm Tax Rebate Program as well as changes to physical property structures. Overall, the Municipality realized an additional \$180,602.37 in taxation revenue from the supplemental tax bills net of the write offs issued.

Strategic Action Plan Checklist:

What aspect of the Brockton Strategic Action Plan does the content/recommendations in this report help advance?

- | | |
|---|-----|
| • Recommendations help move the Municipality closer to its Vision | N/A |
| • Recommendations contribute to achieving Heritage, Culture, and Community | N/A |
| • Recommendations contribute to achieving Quality of Life | N/A |
| • Recommendations contribute to achieving Land Use Planning and the Natural Environment | N/A |
| • Recommendations contribute to achieving Economic Development | N/A |

- Recommendations contribute to achieving Municipal Governance

N/A

Financial Impacts/Source of Funding:

- Do the recommendations represent a sound financial investment from a sustainability perspective?
N/A

The outstanding taxes have a negative impact on the Municipality's cash flow.

Respectfully Submitted by:



Jessica Schmidt, Acting Tax Collector/Deputy Treasurer



Trish Serratore, Chief Financial Officer

Reviewed By:



Sonya Watson, Chief Administrative Officer