

## Report to Council

**Report Title:** Semi-Annual Tax Arrears to June 30, 2025

**Prepared By:** Jessica Schmidt, Tax Collector/Deputy Treasurer

**Department:** Finance

**Date:** July 15, 2025

**Report Number:** FIN2025-20 **File Number:** C11FIN

**Attachments:** N/A

### Recommendation:

That the Council of the Municipality of Brockton hereby receives Report Number FIN2025-20 – Semi-Annual Tax Arrears to June 30, 2025, prepared by Jessica Schmidt, Acting Tax Collector/Deputy Treasurer 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 June 30, 2025 and the steps in the collection process to protect these receivables. The tax process is a highly regulated process under the Municipal Act.

#### Analysis:

As of June 30, 2025, total tax arrears stand at \$824,512.30, representing 3.70% of the 2025 Levy. While this reflects a 12.97% increase from the same period in 2024, it's important to note that this figure includes a broad range of charges—County, Educational, Municipal, Tile Drain Loans, Waste Management Fees, and administrative fees—providing a comprehensive view of receivables.

#### Arrears Breakdown by Year

| Year                 | Amount Outstanding  | Percentage of Total |
|----------------------|---------------------|---------------------|
| 2025                 | \$408,215.24        | 49.50%              |
| 2024                 | \$307,914.32        | 37.35%              |
| 2023                 | \$97,670.22         | 11.85%              |
| 2022+                | \$10,712.52         | 1.30%               |
| <b>Total Arrears</b> | <b>\$824,512.30</b> | <b>100.00%</b>      |

**\*Note, the above table does not include penalty and interest charges outstanding.**

The majority of arrears (86.85%) are from the current and previous year, indicating that older arrears (2022 and earlier) have been significantly reduced, now comprising just 1.3% of the total.

### **2024 Arrears by Property Class**

As of January 1, 2025, the total outstanding tax arrears from 2024 amounted to \$744,932.83. Since then, the Municipality has successfully collected \$437,018.51, leaving a remaining balance of \$307,914.32 still outstanding from 2024 accounts.

The breakdown of the remaining 2024 arrears by tax class is as follows:

| <b>Tax Class</b>      | <b>Amount Outstanding 2025</b> | <b>Percentage Total</b> | <b>Total Number of Properties</b> | <b>Amount Outstanding 2024</b> | <b>Change from Previous Year</b> |
|-----------------------|--------------------------------|-------------------------|-----------------------------------|--------------------------------|----------------------------------|
| Commercial/Industrial | \$60,392.69                    | 19.61%                  | 10 properties                     | \$22,283.91                    | 171.01%                          |
| Multi-residential     | \$9,915.96                     | 3.22%                   | 1 property                        | \$9,367.07                     | 5.86%                            |
| Residential/Farm      | \$237,605.67                   | 77.17%                  | 99 properties                     | \$237,198.71                   | 0.17%                            |
| <b>Total</b>          | <b>\$307,914.32</b>            | <b>100.0%</b>           |                                   | <b>\$268,849.70</b>            |                                  |

The Residential/Farm class, which represents the majority of properties, has shown remarkable stability, with only a 0.17% increase in arrears. This suggests strong payment consistency among most property owners.

It's important to note that the 2024 tax arrears amount excludes any balances owing from 2023 or earlier. Among the ten (10) commercial/industrial properties and one (1) multi-residential property with outstanding balances in 2023, five (5) properties continue to carry arrears dating back to 2023 or earlier.

Since 2023, a noticeable trend has emerged: property owners already in arrears are increasingly struggling to pay off balances from as far back as 2022. This ongoing financial strain is likely influenced by broader economic factors, including inflation, increased tax rates, and higher interest rates.

Meanwhile, municipalities across Ontario are still awaiting an official announcement from the Province regarding the commencement of a new property assessment cycle.

Since January 2025, several supplemental tax bills have been issued for 2024 reassessments. These bills were sent to property owners with payment due dates of May 30, 2025, and June 30, 2025. As a result, the Municipality realized an additional \$6,279 in taxation revenue. Any unpaid amounts from these supplemental bills are now included in the 2025 arrears.

In June 2025, tax credits were issued due to changes in eligibility for the Farm Forestry Exemption and the application of the Farm Tax Rate to qualifying properties. These adjustments resulted in a reduction of \$105,828 in taxation revenue. Notably, these tax write-offs were not anticipated in the budgeted revenue projections.

Supplemental tax bills for 2025 reassessments have not yet been processed. These are scheduled to be issued following the release of the Final Tax Bills, with due dates of September 30, 2025 and November 28, 2025. The

Municipality anticipates receiving approximately \$230,000 in additional tax revenue from these upcoming reassessments.

**Tax Sales**

The Municipality of Brockton currently has four (4) properties registered for tax sale and one (1) property on a payment plan to pay their tax arrears balances.

**Tax Collection Efforts**

The Municipality’s proactive and compassionate approach to tax collection—through flexible plans and consistent communication—has helped many residents stay on track. Listed below are a few of the various tools that staff utilize throughout the year to collect tax arrears:

- **Late Payment Charges** – Penalty and interest of 1.25% are added monthly when payments are not received. This is set at the highest legislated amount.
- **Systematic Follow Up** – Overdue tax arrears notices are mailed out monthly.
- **Telephone Contact** – Phone calls are made to residents whose property tax arrears are approaching the two-three-year timeframe.
- **Payment Plans** – 12, 18 and 24-month payment plans are available to accommodate paying taxes, for both the current and arrears balances

Staff continue to work with residents to ensure their account remains in good standing.

**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 has a negative impact on the Municipalities cash flow.

**Reviewed By:**



Trish Serratore, Chief Financial Officer

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**Respectfully Submitted by:**



Jessica Schmidt, Tax Collector/Deputy Treasurer

**Reviewed By:**



Sonya Watson, Chief Administrative Officer