



The Township of Asphodel-Norwood Credit and Collections Policy April 2019

Objective

The purpose of this credit and collections policy is to ensure that the Township of Asphodel-Norwood establishes guidelines with respect to the collection of municipal taxes, water/sewer accounts and general accounts receivable billings.

Purpose

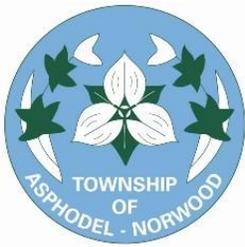
As stated in the Township of Asphodel-Norwood's mission statement, "The Corporation of the Township of Asphodel-Norwood will provide a comprehensive range of municipal services in sustainable, efficient, and cost-effective manner". Our financial goals need to include not only meeting the immediate needs of the public but also the long-term sustainability of the Corporation in terms of service provision and maintaining the integrity of our infrastructure.

The Credit and Collections Policy for the Corporation will build on the following vision and values:

- improve the effectiveness of the receivable investment
- improve revenue generation
- designed to be customer service focused
- designed to be time and cost effective

The policy consists of the following sections

- Tax Accounts Receivable Collection
- Water/Sewer Accounts Receivable Collection
- General Accounts Receivable Credit and Collection



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Tax Accounts Receivable

The Tax Accounts Receivable section of the Credit and Collections Policy consists of the following components:

- Promotion of Internet and Pre-Authorized Payment Plans
- Collection Actions on Tax Accounts Receivable

Promotion of Internet & Pre-Authorized Payment Plans

Pre-Authorized Payment Plans are promoted throughout the year to increase the number of taxpayer accounts on automatic withdrawal and to reduce potential arrears. The availability of pre-authorized and internet payments are advertised in the Township newsletter and the pre-authorization form is provided in the new owner information letter and on the Township website. If two NSF payments are received on a tax account, the pre-authorized payment plan will be cancelled.

Collection Actions on Tax Accounts Receivable

Tax Bill	Tax bills are sent out twice a year and include any overdue balances. The interim bill (due March & May) has the first and second tax instalment remittances and the final bill (due August & October) has the third and fourth tax instalment remittances. The bill includes due dates, current amount due, past due/credit amount, total amount due and the penalty/interest rate.
Statement of Unpaid Taxes	<p>Statements of Unpaid Taxes are sent out at the first of each month except for those months that tax bills are generated and distributed or months that payments are due. As a result of these statements, many calls are received by the Tax Collector with the following results</p> <ul style="list-style-type: none"> • payment is made to clear account; or • payment arrangement is established



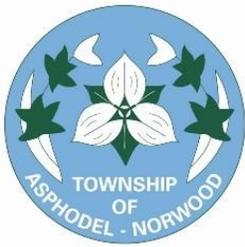
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<p>Collection- Payment Incentives</p>	<p>There are four (4) basic incentives set out by legislation in the <i>Municipal Act</i> to promote timely payment of taxes:</p> <ul style="list-style-type: none"> • Penalty/interest- Section 345 • Collection agency- Section 304 • Rent attornment- Section 350 • Tax registration/ tax sale- Part XI
<p>Priority of Tax accounts for collection</p>	<ul style="list-style-type: none"> • Tax accounts with three or more previous years outstanding • Tax Accounts with two years (previous) outstanding • Tax Accounts with one year (last) outstanding • Tax accounts with current year only outstanding
<p>Payment Agreements</p>	<p>Tax accounts with arrears less than two years qualify for a payment plan agreement. This agreement is for a maximum term of 24 months that includes the arrears, the current year's tax levy and applicable penalties and interest. This is a monthly payment obligation and is entered into with the Township Treasurer and the property owner. Those accounts who have entered into a payment plan agreement must be registered for pre-authorized payments.</p>
<p>Recovery of Arrears through Monies Owed to Taxpayer</p>	<p>If the Township is holding any monies owing to the customer, such as accounts payable cheques, tax adjustments, refunds or rebates, these amounts will be applied to the customer's tax arrears, with notification to the taxpayer.</p>
<p>Notice of Potential Tax Registration</p>	<p>A Notice of Potential Tax Registration is sent to all accounts in arrears at the end of the second year if</p> <ul style="list-style-type: none"> • no payments have been received on the account • a payment plan is not established • a payment plan is in default
<p>Tax Registration Municipal Act 373 (1)</p>	<p>Arrears over two years are subject to the Tax Registration process commencing on the first day of the following year. The Township Treasurer authorizes accounts with a minimum of two years arrears to be registered for Tax Registration and sale proceedings. Properties registered in</p>



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	<p>the tax sale process will also be held responsible for all fees incurred by the Township.</p>
<p>Extension Agreement Municipal Act 378</p>	<p>A taxpayer in Tax Registration may request an Extension Agreement, which will extend the period of time in which the balance outstanding is to be paid. The request must be approved by the Township Treasurer within one year of the date that the property was registered for Tax Sale. Extension Agreements are subject to terms and conditions set out through by-law and are established on a property by property basis using the following principles and guidelines:</p> <ul style="list-style-type: none"> • maximum term of the agreement is 24 months to clear all outstanding balances • monthly payment amount required over term of agreement • advance payment of required fee to establish Extension Agreement, which is currently \$500 • Provisions stated in section 378 of the Municipal Act <p>In the event of default, a taxpayer is notified by registered letter as such, and the agreement is thereby terminated, putting the property in the same position in the Tax Registration and Sale process as it was prior to entering into the Extension Agreement.</p>
<p>Tax Sale</p>	<p>A Tax Sale is held on an annual basis in the late Spring. Properties that meet one of the following criteria will be advertised for Tax Sale</p> <ul style="list-style-type: none"> • tax arrears are not paid in full within one year from the date of registration • taxpayer has defaulted on Extension Agreement
<p>Successful Purchaser</p>	<p>Where there is a successful purchaser, property is transferred to the name of the successful bidder.</p>
<p>Vesting</p>	<p>Where there is no successful purchaser, all risks of taking possession of the property are identified, including any environmental issues, after which time the property is registered in the name of the municipality or the Tax Sale proceedings are cancelled.</p>



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Water/Sewer Accounts Receivable

The Water/Sewer Accounts Receivable section of the Credit and Collections Policy consists of the following components

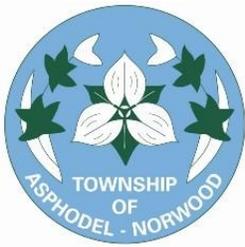
- Promotion of the Pre-Authorized Payment Plan
- Collection Actions on Water/Sewer Accounts Receivable

Promotion of the Pre-Authorized Payment Plan

The Pre-Authorized Payment Plan is promoted throughout the year to increase the number of customer accounts on automatic withdrawal and reduce potential arrears. If two NSF payments are received on a water/sewer account, the pre-authorized payment plan will be cancelled

Collection Actions on Water/Sewer Accounts Receivable

Water/Sewer Invoice	A customer receives six water/sewer invoices per year. Invoices state that they are payable by the due date. The amount to be paid prior to the due date and the amount of the penalty if paid after the due date is provided. The invoice also states the collection process if payment is not received within 14 days of the due date.
Transfer Balance Owing to Taxes Municipal Act 398 (2)	The Township reserves the right to transfer unpaid water/sewer balances to the tax roll of the applicable property.
Arrears Notice	Accounts that have not been paid within 14 days of the due date will receive a notice with one of the following actions: <ul style="list-style-type: none"> • 48 hour water service disconnection notice \$15.00 fee • Notice of the \$75.00 disconnection fee • Allocation of arrears to property tax account including a \$50.00 administration fee • Payment arrangements
Water Shut-off Municipal Act 81 (1) (2) (3)	Shut-offs commence after the arrears notice due date unless an approved payment plan has been established and maintained. Before water is turned back on, the 48 hour disconnection



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	notice fee of \$15.00, the disconnection fee of \$75.00 and the arrears balance must be paid in full.
Recovery of Arrears through Monies Owed to Customer	If the Township is holding any monies owing to the customer, such as accounts payable cheques, these amounts will be applied to the customer's water arrears, with notification to the customer.

As of January 1, 2020 all water/sewer accounts shall be in the name of and shall be the responsibility of the registered property owner.



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General Accounts Receivable

The General Accounts Receivable section of the Credit and Collections Policy consists of the following components:

- Reduction of invoicing
- Collection Actions of General Accounts Receivable

Reduction of Invoicing

The reduction of invoicing is a proactive measure to increase cash flow and prevent past due accounts. The reduction of invoicing occurs through the proactive and preventative actions by staff to reduce credit sales. Standard payment options are cash, cheque and debit card.

Debit machines are accepted at the following locations:

- Municipal office
- Community Centre

ATM machine is available at the Community Centre.

Collection Actions on General Accounts Receivable

Invoice	Each department generates invoices with the amount due within 30 days.
Monthly Statement	The Finance Department issues monthly statements. A statement is generated to notify customers of the balance on their account at the date of the statement. The statements include the balance carried forward from the previous month and/or accrued interest.
Written Follow Up	The Finance Department will follow up on accounts over 90 days past due by sending statements with balances in arrears, with a message notification that states "TO AVOID A COLLECTION PROCESS PLEASE PAY IMMEDIATELY." The Finance Department will consult with the originating Manager before contacting the customer and will attempt to collect payment in full or negotiate an acceptable payment plan.



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Recovery of Arrears through Letters of Credit, Performance Guarantees and Monies Owed to Customer	If the Township is holding any Letters of Credit, Performance Guarantees or has monies owing to the customer, such as accounts payable cheques, these amounts will be applied to the customer's general accounts receivable arrears, with notification to the customer.
Denial of Further Credit and/or Service	A customer credit status will be undertaken for accounts over 90 days past due. The decision to deny further credit and/or service will be made by the Treasurer in consultation with the Department Managers and the Township Solicitor if applicable.