



**The CORPORATION OF THE
MUNICIPALITY OF CALLANDER**

**PROPERTY TAX, WATER AND SEWER &
OTHER ACCOUNTS RECEIVABLE**

BILLING & COLLECTION

POLICY

*Prepared By: The Finance Department
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POLICY STATEMENT:

This policy establishes guidelines with respect to billing, account adjustments and collection of property taxes, water & sewer accounts and other accounts receivable.

PURPOSE:

The purpose is to outline the frequency of the billing cycles and their effective due dates, establish adjustment billing processes and administer arrears in a fair and equitable consistent manner.

The billing and collection processes are in accordance with the following legislation:

- The Municipal Act, S.O. 2001 (Parts VIII-Municipal Taxation; IX-Limitation on taxes for certain property classes; X-Tax Collection; XI-Sale of Land for Tax Arrears & XII-Fees & Charges)
- The Assessment Act
- The Planning Act
- Municipal By-Laws (i.e. Tax By-Law, Tax Ratio, Water & Sewer)

DEFINITIONS:

“Cancellation Price” means an amount equal to all the tax arrears owing at any time in respect of land together with all current real property taxes owing, interest and penalties thereon and all reasonable costs incurred by the Municipality after the Treasurer, or designate, becomes entitled to register a tax arrears certificate.

“Extension Agreement” is a contract between the Municipality and the registered owner of the property to obtain information for collection purposes and/or collect tax arrears including, but not limited to, title search fees, corporate search fees, registered or certified mail, administrative charges, legal costs and tax sale costs.

“MPAC” stands for the Municipal Property Assessment Corporation. The Corporation administers property assessments and appeals of assessment in Ontario and determines the assessed value for all properties.

“Municipal Tax Sale” means the total amount of taxes for municipal and education purposes levied on a property and includes other amounts added to the tax roll as may be permitted by applicable Provincial legislation.

“Notice of Vesting” may be issued when there is no successful purchaser for the tax sale(s). The Municipal Act allows for inspection of the property including an environmental assessment. The Municipality has two (2) years to decide on whether they wish to vest a property or to reissue the tender for tax sale(s).

“Omitted Assessment” means additional assessment, as per the Assessment Act-Section 33, if any land that is liable to assessment has been omitted from the tax roll for

the current taxation year and/or part or all the two preceding taxation years. "Land" includes land, buildings, structures, fixtures and machinery.

"Pre-Authorized Payment Plan (PAP)" means an automatic payment plan which authorizes the Municipality to withdraw the funds either on the monthly plan (5th of each month) or on due dates (installments as per the billing cycles). The homeowner completes a PAP enrollment form and provides the banking information for debit authorizations.

"Pre-Authorized Mortgage Plan (Mortgage PAP)" means an automatic payment plan through the homeowner's financial institution for which a mortgage is being held. The Municipality will forward the billing and its due dates to the homeowner and its financial institution within thirty (30 days) before the 1st installment date.

"Registration of tax arrears certificate" means where any part of tax arrears is owing with respect to land in a Municipality on January 1 in the second year following that in which the real property taxes become owing, the Treasurer of the Municipality may prepare and register a tax arrears certificate against the title to that land.

"Supplementary Assessment", means additional assessment, as per the Assessment Act-Section 34, to reflect increases in assessment that result from an improvement(s) to a property or a change in property classification (e.g., residential to commercial) that has occurred after regular notices of assessment have been mailed in the previous year and before the end of the current taxation year.

"Tax Arrears" means any portion of property taxes that remain unpaid after the date on which they are due.

"Third Party Cheque" is defined to be a cheque payable to another party other than the Corporation of the Municipality of Callander.

"Treasurer" is the person appointed by the Municipality who is responsible for handling all financial affairs of the Municipality. During the Treasurer's absence, the designate can perform the assigned duties.

"SCIF" is the Severance Consolidation Information Form prepared by MPAC which indicates the legal changes to properties, provides new property roll numbers if applicable and assessment apportionment.

ACCOUNT ACTIVATION AND TERMINATIONS:

All account activations and terminations are controlled and set-up by the Treasury Department for all services, property taxes, water & sewer and other accounts receivable.

All new and replacement water meters are administered and handed out by the Finance Department. The appropriate supporting documents for activation and replacements

are completed by the Finance Department and provided to the Administrative Assistant for release and payment processing.

The water reads are processed electronically on a monthly basis. A reading will be provided by downloading all active Water accounts from the accounting software. There is no cross-referencing mechanism in place with the water reading software to determine if there are any active meters that have not been set-up through the accounting software. To clarify, any unaccounted meter which is not set up through the accounting software will result in lost revenues.

The Operations Department will administer the water meter inventory levels.

BILLING CYCLES AND DUE DATES:

A) Property Taxes

The following are four (4) billing types and/or assessment changes to property taxes:

i) Interim Tax Bill:

The Interim Tax Bill is processed, as per the Interim Tax By-Law, in January of each year and is based on 50% of the previous year's total levies (combined municipal & education).

The Interim Tax Bill can be paid in two installments on the last business day in February and March.

ii) Final Tax Bill:

The Final Tax Bill is processed, as per the Final Tax Rate & Ratio By-Laws, in May of each year and is based on the full annual phased-in assessment value for the current year provided by MPAC. The Final Tax Bill includes any additional charges, if applicable, such as local improvement charges. The reversal of the Interim Tax Bill is deducted in the Final Tax Bill calculation. The Final Tax By-Law is based on the financial requirements outlined in the annual budget.

The Final Tax Bill can be paid in two installments on the last business days in June and July of each year.

iii) Supplementary and Omitted Assessments:

The Supplementary and Omitted assessment billing report files are provided monthly by MPAC. For the first part of the current calendar year, the billing cannot be processed until the tax rate By-Law is passed. There is no levying By-Law for the Supplementary and Omitted Assessments. The billing will be processed within thirty (30) days of receipt of the MPAC file.

There are two installments and the due dates must be post-marked and mailed no later than twenty-one (21) calendar days prior to the date of the first installment due date.

A letter is issued to each property owner which indicates the calculation of the revised assessment and the revised balance by due dates. If the homeowner is registered through a PAP or a mortgage PAP, the monthly PAP amount will be adjusted within the next thirty (30) days. If the homeowner is enrolled through the mortgage PAP, the homeowner and the financial institution will receive the additional billing information and the due dates.

iv) SCIF's from MPAC:

The SCIF allows the Treasurer to divide the assessment information as per the severances indicated in the MPAC report.

The SCIF does not constitute an invoice or a tax billing adjustment. If a SCIF is received prior to the issuance of the Final Tax Bill, the assessment changes will be adjusted in accordance with the SCIF for the Final Tax Bill.

If the SCIF is received after the Final Tax Bill, then the seller's and the buyer's lawyers would address the taxes owing as part of the sale process.

The Treasurer may adjust the subsequent Interim Tax Bill by calculating fifty (50%) of apportioned assessment as per the SCIF and apply the previous year's tax rates.

B) Water & Sewer

Quarterly Billing:

The water and sewer billing cycles are entirely based on consumption and are processed on a quarterly basis on the following electronic readings:

1st Quarter Reading-15 of March with due date on last business day in April

2nd Quarter Reading-15 of June with due date on last business day in July

3rd Quarter Reading-15 of September with due date on last business day in October

4th Quarter Reading-15 of December with due date on last business day in January

If the reading date does not fall on a business day, the reading will occur on the next subsequent business day.

The water & sewer rates will be based on the annual Water & Sewer By-Law.

Annual Billing:

An annual billing for homeowners who have sewer services only (billing based on frontage), will be billed in January of each year.

C) Other Accounts Receivable

The other accounts receivable module consists of billing of all other items other than property taxes and water & sewer usage. The billing is mainly for the 3rd party recoverable planning fees, shared services and fire assistance. All billings are due within thirty (30) days from the invoice date.

The 3rd party progress billing will be processed at the end of each quarter. If the planning services are complete, a final bill will be sent to the applicant/homeowner.

The shared services billing will be processed on a monthly basis, as soon as the last pay period in a month has been finalized.

As for all other billings, they will occur upon five (5) business days of receipt of the billing information from the corresponding Manager.

BILLING DISTRIBUTION:

All billings will be mailed by regular mail. On a request basis and with written consent by the property owner or third party, the billing may be sent by e-mail.

If the e-mail is no longer valid, the billing will be sent by regular mail.

With upcoming software developments, the Municipality is aiming to utilize e-billing to minimize postage costs.

Water & Sewer Accounts:

All water & sewer accounts are linked to a property roll number. If a landlord requires that the residential tenant receives the water & sewer invoice, then an application must be made by the landlord and each tenant.

All commercial tenants will be set-up in the commercial tenant's name instead of the property owner.

MINIMUM BILLING:

A) Property Taxes

All amounts for property taxes will be billable. The Treasurer may approve write-offs of up to \$5.00 when changes in ownership occur and the cost of collection would not be deemed worthwhile.

B) Water & Sewer

The water & sewer quarterly billing's minimum fee is stipulated in the annual Water & Sewer By-Law.

On the final water meter billing, following a change of ownership or tenant, the Treasurer may write off amounts up to \$5.00.

C) Other Accounts Receivable

In regards with the 3rd party progress planning billing, all recoverable costs less than \$5.00 will not be billed. This may occur when the property owner has provided the Municipality with an advance and the 3rd party costs exceed the advance by less than \$5.00.

METHOD OF PAYMENTS AND PENALTY AND INTEREST CHARGES:

The following payment methods are available:

- 1) Cash and coins rolled as per the Canadian Financial Institutions
- 2) Cheques and post-dated cheques
- 3) Money orders and Bank Drafts
- 4) US currency (funds will be translated into Canadian currency based on the date of deposit of US funds)
- 5) Internet and telephone banking for property taxes and water & sewer accounts. Property taxes must use the nineteen (19) digit number commencing with 4966 and the water and sewer accounts must use the twelve (12) digit number as their reference number.
- 6) Property taxes: PAP monthly plan, PAP by installment dates, PAP mortgage plan
- 7) Water: PAP by quarterly billing
- 8) Property owners can utilize our drop box located outside of our main office by depositing cheques only.

Third party cheques will not be accepted.

The penalty and interest charges for overdue property taxes and water & sewer accounts are calculated on the second business day of each month. The first business day constitutes a grace day. The financial charges are indicated in the Tax By-Law and the Water & Sewer By-Law. The financial charges cannot exceed the maximum percentage indicated in the Municipal Act under Part X, Section 345.

Penalty and interest charges do not apply for other accounts receivable billings.

BILLING & ACCOUNT ADJUSTMENTS:

A) Property Taxes

At the request and consent of the property owner, the Municipality may make the following adjustments:

- Transfer payments from one property account to another
- Transfer tax payment to water account
- Write-off penalty and interest if the Municipality did not process the provided authorized address change or if any other irregularities arise.

Other billing adjustments will be processed in accordance with the authorized supporting documents received from MPAC such as:

- Approved Minutes of Settlement/Results of Request for Reconsideration
- Appeals through Assessment Review Board
- Application under Section 357, 358 and 359 (calculated by Treasurer and approved by Finance & Community Development Executive Committee prior to processing)
- Application for Rebate for Vacancies in Commercial and Industrial Buildings

All property tax adjustments are to be processed within thirty (30) days following the request. A letter will be issued to the property owner and will reflect the updated property tax balance and any corresponding information pertaining to the adjustment calculation.

B) Water & Sewer

The water & sewer adjustments will be based on the current Water & Sewer user fees and other applicable By-Laws and will consist of the following:

i) Construction Water:

For all new builds, there will be a flat rate during the construction period which is paid simultaneously with the development charges, building

permit fees, water meter administration as well as the flat rate connection fee.

Upon final building occupancy, the Operations Department will provide the water meter reading to the Finance/Water Department as the fixed rate construction fee will be replaced by actual consumption commencing with the meter read based on the occupancy date.

To prevent any tampering, the Operation's technician will attach a security cable and will provide an electronic image file to the Finance Department which indicates the original installation of the meter.

ii) Final Water Meter Reads:

A final water meter reading must be obtained when a tenant vacates a property (if the account is in their name) or when a change in ownership occurs.

A request to the Finance Department for a final water meter read must be received by at least ten (10) business days prior to the change in ownership or tenant.

The final meter reading will be done electronically. If there is a meter malfunction, the landlord or tenant will need to provide access to conduct the final water meter read.

iii) Malfunctions, Detected Leaks & By-Passes:

As the water meter is considered municipal property, malfunctioning meters will be replaced free of charge. If the damages to the meter were self-inflicting, then the meter replacement fee will be charged to the property owner.

The Municipality will conduct in the middle of each month an electronic reading to obtain a listing of continuous leaks and listing of malfunctions. If leaks are detected, a letter will be provided by the Finance Department to advise the user of the known leak to prevent higher than normal water and sewer bills.

When a malfunction is detected (reverse flow, no-reading, battery replacements etc..) the user will be notified of the malfunction and the Municipality will need to access the meter to resolve the technical issue.

It is expected that the user collaborates within thirty (30) days of the detected technical malfunction. If the user refuses to allow access to the meter, a registered letter will be sent to advise that a penalty fee resulting of three times the normal consumption will be billed or a water shut-off may occur.

If by-passes are detected, the Municipality also reserves the right to invoice based on the triplicate consumption.

A confidential report to Council will be prepared for all unusual technical issues which surpass \$5,000 per quarter if billing adjustments are required.

iv) Ninety (90) Day Water Meter Reading Requests:

A ninety (90) day water meter reading request will provide daily consumption and a daily graphic. The ninety (90) service request will be invoiced on the following quarterly billing.

v) Connection and Disconnection of Services:

The water supply may only be turned on or off by municipal staff or their agents.

All requests must be sent to the Finance/Water Department within five (5) business days prior to the date of the connection or disconnection. The Finance/Water Department will forward the request to the Operations Department.

vi) Meter Testing Request:

If the user requests their meter to be tested as they are currently debating the consumption, the Municipality will supply them with a replacement meter.

The testing is done by a 3rd party and they will provide the results to the Municipality. If the meter results confirm that it was malfunctioning, there will not be an applicable fee to the user for the testing of the meter. The meter consumption will be retroactively adjusted based on the current consumption use for the duration of the malfunction.

If the meter was functional, there will be a fee charged to the user for the meter testing.

vii) Transfer to another water account:

If the homeowner or tenant makes a payment to an incorrect water account, the Municipality will transfer the payment to the appropriate account and reverse penalty or interest, if applicable. A request will need to be in writing prior to the adjustment.

viii) Transfer water payment to taxes:

If the homeowner paid a water account in error instead of their property tax account, the Municipality will transfer the payment to taxes and reverse any property tax penalty or interest charges, if applicable.

C) Other Accounts Receivable

Other billing adjustments can be processed if there were errors, omissions or changes to the accounts receivable billing.

A revised invoice will be forwarded with the attached adjustment information.

COLLECTIONS PROCESSES

A) Property Taxes

Reminder Letters:

The reminder letters stating the property tax arrears are issued twice a year as follows:

- i) Mid-April of each year (following 2nd installment due date of the Interim Tax Bill)
- ii) Mid-August of each year (following 2nd installment due date of the Final Tax Bill)

Collection Letters & Municipal Tax Sale Proceedings:

i) 1st Collection Letter:

At the beginning of October of each year, letters are sent out for one (1) year arrears and more. It is requested that the homeowner pays the arrears portion or make reasonable payment arrangements with the Treasurer.

Reasonable payment arrangements consist in resolving the arrears within a six (6) month period.

This letter is sent by regular mail or e-mail.

ii) 2nd Collection Letter:

At the beginning of November of each year, if there has not been a response to the 1st collection letter, the 2nd collection letter states that if the account is left unpaid it will be available for legal action. The final

deadline for payment and/or satisfactory payment arrangements is December 31st of each year.

This letter is sent by regular mail or e-mail and by registered mail.

iii) **3rd Collection Letter:**

If responses are not received for 1st and 2nd collection letters, our legal counsel will issue a demand letter. The homeowner then has thirty (30) days to contact the Treasurer to remit payment or make payment arrangements.

This letter is sent out to the homeowner by registered mail by our legal counsel.

iv) **Registration of a Tax Arrears certificate:**

If the overdue balance is still unpaid and no response or communication from the homeowner has been received following the 3rd collection letter, the registration of a tax arrears certificate will be issued.

The certificate states that if the cancellation price is not paid within one (1) year, following the date of registration, the property will be sold by public tender.

If the property is paid in full within the one-year period, the Treasurer will request a Tax Arrears Cancellation Certificate and the legal fees will be added to the tax account.

v) **Tax Sale of Land:**

In the spring of each year, the Treasurer will proceed with the tender preparation for the tax sale.

Land is advertised for sale in the Ontario Gazette and once a week for a four-week period in the local newspaper. Tenders are opened in the same manner stipulated in our Procurement Policy. Council may bid on a property, by resolution, but they must have a public purpose for the property. A deposit representing a percentage of the bid must be submitted with the bid form.

The two highest tenders will be retained. The minimum acceptable bid must meet the cancellation price. Notice will be sent to the highest bidder to remit the balance of the amount tendered within a specific timeframe. If the 1st highest bidder does not comply, then the tender becomes available to the second highest bidder.

The proceeds of the sale will be in accordance to Section 379 of the Municipal Act.

A report to Council will be prepared indicating if the tax sale(s) occurred. If there is no successful purchaser, a Notice of Vesting may be issued at that time. Council has two (2) years to decide on whether they wish to vest a property. If we proceed to vest, the request will be contracted out to legal counsel.

B) Water & Sewer

Reminder Letters:

Reminder letters are not issued to active accounts as a water & sewer bills are issued every quarter and reflect any outstanding balance, if applicable.

A reminder letter is sent to previous homeowners regarding their final water & sewer bill.

1st Collection Letter:

At the commencement of each quarter (except for the last quarter of the year) a letter will be mailed out advising the water and sewer user to remit payment of the one hundred and eighty (180) days overdue amount within thirty (30) days. For year-end purposes a collection letter is sent in mid-November of each year.

The letter is sent by regular mail. If a response is not received, the letter will be sent by registered mail within five (5) business days.

The registered mail fee, if applicable, will be added to the water & sewer account.

Transfer overdue portion to Property Taxes:

If the 1st collection letter was unsuccessful, a transfer of the overdue portion plus penalty and interest, will be transferred to the property tax account along with an administration fee.

Collection Agency:

When an ownership change has occurred, and the user is no longer a resident of our community, any outstanding amount will be handled through a collection agency.

Other Accounts Receivable

Reminder Letters:

Statements will be sent out twice a year in January and July.

1st Collection Letter:

At the commencement of each quarter (except for the last quarter of the year) a letter will be mailed out advising the client to remit payment of the one-hundred and eighty (180) days overdue amount within thirty (30) days. For year-end purposes a collection letter is sent in mid-November of each year.

The letter is sent by regular mail. If a response is not received, the letter will be sent by registered mail within five (5) business days.

The registered mail fee, if applicable, will be added to the accounts receivable account.

Transfer overdue portion to Property Taxes:

If the 1st collection letter was unsuccessful, a transfer of the overdue portion plus an administration fee will be transferred to the property tax account.