

**THE CORPORATION OF THE  
TOWNSHIP OF EDWARDSBURGH/CARDINAL  
BY-LAW NO. 2017-44**

**“A BY-LAW TO ADOPT A CREDIT & COLLECTIONS POLICY”**

**WHEREAS** the Municipal Act 2001, S.O. 2001, Section 373 (1), as amended, provides that 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 municipal may prepare and register a tax arrears certificate against the title to that land;

**AND WHEREAS** the Council of the Corporation of the Township of Edwardsburgh/Cardinal deems it advisable to adopt a Credit & Collections Policy;

**NOW THEREFORE** the Council of the Corporation of the Township of Edwardsburgh/Cardinal enacts as follows:

1. The Credit & Collections Policy attached hereto as Schedule “A” shall form a part of this by-law.
2. That By-law 2015-50 of the Township of Edwardsburgh/Cardinal and all other by-laws inconsistent with this by-law are repealed.
3. That this By-law shall come into force and take effect upon passing.

Read a first and second time in open Council this 28<sup>th</sup> day of August, 2017.

Read a third and final time, passed, signed and sealed in open Council this 28<sup>th</sup> day of August, 2017.

  
\_\_\_\_\_  
**Mayor**

  
\_\_\_\_\_  
**Deputy Clerk**

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**PURPOSE:**

The Corporation of the Township of Edwardsburgh/Cardinal strives to provide a variety of services and programs to the community in an efficient, cost-effective and cooperative 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 infrastructures.

**POLICY STATEMENT:**

Council wishes to ensure prompt billing of the tax levy in order to meet the budgetary expenditures of the corporation and also wishes to ensure that collection procedures are appropriate within the requirements of the legislation relative to tax collection.

Therefore, the Treasurer and the Treasury Department are authorized to exercise to the fullest the powers vested in the municipality under the provisions of the *Municipal Act, 2001* as amended with respect to the collection of tax arrears.

A collection policy for the Corporation will:

- improve the effectiveness of the receivable investment;
- improve revenue generation, since revenue generation is in the collected sale, not the sale itself;
- be designed to make every attempt to keep the customer;
- be designed to be time and cost effective; and
- “train” the customer to pay on time.

The policy consists of the following sections:

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

**TAX ACCOUNTS RECEIVABLE**

The Tax Accounts Receivable Collection Policy consists of the following components:

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

**PROMOTION OF THE PRE-AUTHORIZED PAYMENT PLANS**

The Pre-Authorized Payment Plans are promoted throughout the year to increase the number of taxpayer accounts on automatic withdrawal and reduce potential arrears. Information about pre-authorized payment is included with the tax information notice, new owner information letters and bills on a periodic basis. Preauthorized payment plans are available on a monthly basis without penalty or interest charges where the account is current. The monthly payment begins in January and will be equal to 1/12<sup>th</sup> of the previous year’s annualized taxes until August. The remaining five months will be calculated based on the final tax amount less any previous payments.

**COLLECTION ACTIONS ON TAX ACCOUNTS RECEIVABLE**

<b>Rate By-law</b>	A levying by-law passed by Council is required in advance of either an Interim or Final Billing. Interim and Final taxes will be billed, each due on dates as established by the levying by-law.
<b>Tax Bill</b>	Tax bills are sent out twice a year and include any overdue balances. Interim billing shall be produced in March based on 50% of the annualized taxes of the property for the

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	<p>previous calendar year .Final billing shall be produced in August subsequent to the passing of the annual municipal budget and is based on tax rates established by by-law from the budgetary requirements of the Municipality, United Counties of Leeds and Grenville and the Ministry of Finance in relation to the education rate. The billing will be calculated to produce a tax billing equal to the current value assessment and the appropriate tax rates, all local improvement charges, area charges and any special charges levied by municipal or provincial legislation, less the amount levied under the Interim Tax bill.</p> <p>Supplemental tax billing will be billed in one installment within 30 days of the receipt of the supplementary assessment.</p>
<b>Collection</b>	<p>Payment will be in the form of cash, cheque, debit, telephone/internet banking or monthly preauthorized payment plan. Cheques postdated to the installment date will be accepted and held in the Treasury Department. Payment of taxes will be accepted at all chartered banks located in Canada. Bank charges for this service will be the responsibility of the ratepayer.</p>
<b>Unpaid Taxes</b>	<p>Where a tax account is in arrears, a pre-authorized payment plan can be established by the ratepayer in consultation with the Treasurer. Interest will continue to accrue at the rate established by the Township of Edwardsburgh/Cardinal levy by-laws until such time as the account is no longer in arrears. All returned payments will be charged a fee as set out in the Township of Edwardsburgh/Cardinal fee schedule by-law. If two cheques are returned by the bank, the Township will only accept payment by certified cheque. If two pre-authorized payments are returned, the account will be removed from the payment plan and any outstanding amount will begin to accumulate interest.</p>
<b>Arrears Collection</b>	<p>Rates for penalty and interest are as set out in the Township of Edwardsburgh/Cardinal levy by-laws. The rate is established under provisions of the <i>Municipal Act, 2001</i> Sections 345 (2) and (3). Neither the Treasurer nor any other employee has authority to waive penalty or interest for any reason other than for those participating in the interest-free monthly preauthorized payment plan.</p> <p>Penalty and interest is adjusted only in accordance with:</p> <ol style="list-style-type: none"><li>I. Tax adjustments under Section 357 (application for cancellation, reduction, refund of taxes), Section 354 (2)(b) (as a result of tax relief) and Section 354(3) (uncollectible after a tax sale) of the <i>Municipal Act, 2001</i>.</li><li>II. Assessment Review Board decisions</li><li>III. The postmark on mailed payments being clearly prior to the due date</li><li>IV. Direction of Council under Section 354 (2)(a).</li><li>V. Approved by the Treasurer as gross or manifest clerical error under Section 358 (1).</li></ol>
<b>Reminder Notices or Statement of Unpaid Taxes</b>	<p>Reminder notices or tax arrears statements of Unpaid Taxes are to be mailed monthly as time allows with the minimum being the month after the two installment due dates. Reminder notices/statements for less than \$5.00 are</p>



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	<p>not mailed but the amount will be included as arrears in the next billing cycle. As a result of these statements, many calls are received by the Taxation Clerk with the following results:</p> <ul style="list-style-type: none"> <li>• payment is made to clear account; or</li> <li>• a payment arrangement is established.</li> </ul>
<b>Collection-Payment Incentives</b>	<p>There are five (5) 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"> <li>• Penalty/interest- Section 345</li> <li>• Bailiff action- Section 349</li> <li>• Collection agency- Section 304</li> <li>• Rent attornment- Section 350</li> <li>• Tax registration/ tax sale- Part XL</li> </ul>
<b>Priority of Tax accounts for collection</b>	<ul style="list-style-type: none"> <li>• Tax Accounts with two or more previous years outstanding</li> <li>• Tax Accounts with one previous year outstanding</li> <li>• Tax accounts with current year only outstanding</li> </ul>
<b>Recovery of Arrears through Monies Owed to Taxpayer</b>	<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>
<b>Written Follow Up</b>	<p>For tax accounts with the prior year and the current year taxes owing, a collection letter will be sent in the September of the current year to the property owner(s) advising of the tax arrears situation and asking for payment in full or to establish payment arrangements to be made before December 31<sup>st</sup> of that year to avoid further collection actions. If acceptable payment arrangements are made, the account is monitored for compliance and the Township follows up in writing, as required. In January of the new year a second letter will be sent to all who are 2 years in arrears and have not made suitable payment arrangements advising them that if no payment is received by January 31<sup>st</sup>, the account will be referred to the Township's representative to begin the tax sale procedure as provided in the <i>Municipal Act, 2001</i> (sections 371 through 389). All costs incurred to obtain information and/or collect tax arrears are payable by the property owner and are added to the tax account.</p>
<b>Notice of Potential Tax Registration</b>	<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"> <li>• no payments have been received on the account;</li> <li>• a payment plan is not established; or</li> <li>• a payment plan is in default.</li> </ul>
<b>Extension Agreement</b>	<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 Council within one year of the date that the</p>

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	<p>property was registered for Tax Sale. Extension Agreements are subject to terms and conditions set out in the by-law and are established on a property by property basis using the following principles and guidelines:</p> <ul style="list-style-type: none"><li>• maximum term of the agreement is 24 months to clear all outstanding balances;</li><li>• monthly payment amount required over term of agreement; and</li><li>• advance payment of required fee to establish Extension Agreement, which is currently \$100.</li></ul> <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 Tax Registration and Sale proceedings as it was prior to entering the Extension Agreement.</p>
<b>Tax Sale</b>	<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"><li>• tax arrears are not paid in full within one year from the date of registration; or</li><li>• taxpayer has defaulted on Extension Agreement.</li></ul>
<b>Successful Purchaser</b>	<p>Where there is a successful purchaser, property is transferred to the name of the successful bidder.</p>
<b>Vesting</b>	<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>
<p>The Treasurer appointed by the Township of Edwardsburgh/Cardinal has the authority to exercise discretion in the application of these policies where unusual circumstances are apparent in order that consistent fairness is provided to the taxpayer and municipal collection procedures are maintained in principal, pursuant with approved policies and/or where governed by legislation.</p>	

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A summary of collection activities is outlined in the schedule below:

**EXPLANATIONS:**

ONE YEAR - TAXES OVERDUE IN CURRENT YEAR ONLY  
TWO YEAR - TAXES OVERDUE FOR CURRENT AND PRIOR YEAR

- T Tax Bill**
- D Normal Due Dates of Instalments**
- S Statement of Unpaid Taxes**
- L Collection Letters**
- N Notice of Potential Tax Registration**

	ONE YEAR	TWO YEAR
January	S	L
February		
March	T/D	T/D
April	S	N
May		
June	S	S
July		
August	T/D	T/D
September	S	L
October		
November	S	S
December		N

**WATER/SEWER ACCOUNTS RECEIVABLE COLLECTION POLICY**

The Water/Sewer Accounts Receivable Collection 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. A pre-authorized form is inserted with the water/sewer bill on a periodic basis.

**COLLECTION ACTIONS ON WATER/SEWER ACCOUNTS RECEIVABLE**

<b>Water Bill</b>	A customer in the New Wexford, Johnstown & Highway 2 area receives twelve monthly water bills a year. Bills state that they are payable by the due date. Interest will be applied at a rate of 1.25% monthly to accounts over 30 days past due. An annual rate by-law shall be passed to set the rates used in billings at the beginning of the year.
<b>Sewer Bill</b>	A customer in the village of Spencerville receives four quarterly sewer bills in each year. Bills state that they are



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	payable by the due date. Interest will be applied at a rate of 1.25% monthly to accounts over 30 days past due. An annual rate by-law shall be passed to set the rates used in billings at the beginning of the year.
<b>Arrears Notice</b>	<p>An arrears sticker is added on the regular monthly billing to any accounts that are 2 payments in arrears. The sticker advises customers their account is two payments in arrears and to pay amount outstanding immediately.</p> <p>For any accounts over 90 days, a letter is included in the regular monthly billing. This letter advises that the customer's account is in arrears and they need to contact the office in order to make arrangements with staff to set up a payment plan in order to avoid further actions taken by the township.</p> <p>As a result of these notices, many calls are received in the Finance Department with the following results:</p> <ul style="list-style-type: none"> <li>• payment is made to clear account; or</li> <li>• a payment arrangement is established.</li> </ul>
<b>Letter Follow Up on Accounts in arrears</b>	<p>Accounts having arrears in excess of 120 days (with no payment plan in place) are notified in writing for one of the following actions:</p> <ul style="list-style-type: none"> <li>• Water service is disconnected with a reconnection fee of \$150.00</li> <li>• The outstanding account balance plus a \$50.00 administration fee is added to property tax account.</li> <li>• If a mortgage company is paying the customer's taxes, notify the mortgage company of the transfer of the water balance to property tax and the balance may be paid directly by the mortgage company.</li> </ul>
<b>Water Shut-off</b>	<p>Shut-offs commence after the arrears notice due date. Accounts identified for shut-off must meet one of the following criteria:</p> <ul style="list-style-type: none"> <li>• arrears balance is over \$100 and no payments have been received in the last six months; or</li> <li>• arrears balance is over \$100 and payments have been made in the last six months, however, the arrears balance before the last two billings has not been totally cleared.</li> </ul> <p>Despite the criteria above, shut-off will not occur if an approved payment plan has been established and maintained.</p> <p>Before water is turned back on, the reconnection fee of \$150.00 plus the arrears must be paid in full or payment of half of the arrears balance must be paid with a monthly payment plan for the remainder. However, if a customer has defaulted on prior payment plans, relative to shut-offs in previous years, payment in full is required.</p>
<b>Recovery of Arrears through Monies Owed to Customer</b>	<p>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.</p>
<b>Cardinal Water &amp;</b>	<p>An agreement with Rideau St. Lawrence Utilities in By-Law 2013-60 outlines the billing and collection procedures for</p>

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<b>Wastewater Bill</b>	these systems. Residential customers and commercial and industrial customers are billed monthly. The water/sewer collections follow the same guidelines as the electricity. One notice is delivered to the door 10 days after the due date to notify customers of possible disconnection. RSL does not disconnect water, so at that time they send the arrears to the township to add to the taxes. RSL relies on the Township to notify of any transfers of water arrears to tax account whether it is a tenant or owner.
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**GENERAL ACCOUNTS RECEIVABLE CREDIT AND COLLECTION POLICY**

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

- Reduction of Invoicing
- Collection Actions on General Accounts Receivable

**REDUCTION OF INVOICING**

The reduction of invoicing is a proactive measure to increase cash flow and prevent past due accounts.

**Offer Cash Payment Options**

All employees should engage in proactive and preventative actions to reduce credit sales. Standard payment options are cash, cheque and debit card for goods and services provided.

Debit Cards are not accepted at the following locations:

- both library branches
- landfill site
- both arenas and canteens
- community centre

**COLLECTION ACTIONS ON ACCOUNTS RECEIVABLE**

<b>Invoice</b>	Each department generates invoices with the amount due within 30 days to avoid interest charges applied at a rate of 1.25% per month.
<b>Monthly Statement</b>	The Treasury Department issues monthly statements. A statement is generated to advise customers of the balance on their account at the date of the statement. The statements include details of the current month documents; the balance carried forward from the previous month and/or accrued interest. As a result of these notices, many calls are received in the Finance Department with the following results: <ul style="list-style-type: none"><li>• payment is made to clear account; or</li><li>• a payment arrangement is established.</li></ul>
<b>Written Follow Up</b>	The Treasury 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 Treasury Department will consult with the originating department before contacting the customer and will attempt to collect payment in full or negotiate an



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	acceptable payment plan.
<b>Recovery of Arrears through Letters of Credit, Performance Guarantees and Monies Owed to Customer</b>	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.
<b>Denial of Further Credit and/or Service</b>	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 and CAO in consultation with the Department Managers and the Township Solicitor if applicable.