Financial Accounting

Title: **Collections Policy**	**Policy Number:** **FI-01**
Authority: Resolution 2026-200 - July 21, 2026 Council Minutes	**Next Review:** February 2029

Purpose:

To establish consistent guidelines and fair practices for the collection of outstanding amounts owed to the Town of Carrot River through Accounts Receivable and Utility Billing.

Accounts Receivable:

To ensure consistent and fair handling of all amounts owing to the Town, the following shall apply to outstanding accounts receivable, excluding utilities unless otherwise specified:

- All invoices issued by the Town must be paid within 30 days of the invoice date unless otherwise stated in the agreement or invoice.
- A 2% interest charge per month (24% annually) will be applied to all overdue accounts, beginning on the 31st day after the invoice date.
- Statements of account will be issued monthly to any customer with an outstanding balance.

If payment is not received after 60 days, a follow-up notice will be issued with a reminder of the accruing interest and a deadline for payment.

If the account remains unpaid after 90 days, the Town reserves the right to:

- Suspend or deny further services or bookings,
- Submit the account to a collection agency, or
- Add the outstanding amount to the property tax roll in accordance with applicable legislation, if the customer is a property owner.

Payment arrangements may be made in writing with the approval of the Administrator or their designate, provided regular installments are maintained.
Returned cheques or failed pre-authorized payments may be subject to an NSF fee as set out in the Town's Fees & Charges Bylaw.

Utilities:

Policy:

To provide consistent guidelines for collecting overdue utility accounts, ensuring fair treatment and reducing the risk of service disconnections or uncollected bills.

- A utility deposit and signed application are required before water service begins.
- Utility bills are issued monthly.
- 2% interest is charged monthly on overdue accounts.
- Invoices are sent out monthly to customers stating any overdue balances.

Landlords & Tenants:

- Property owners are responsible for all utility charges at their properties, including when rented.
- Owners must maintain a separate account and deposit, even if a tenant has an account.
- Effective upon approval; Tenants must sign an authorization form allowing their billing info to be shared with the owner. Without this, billing remains in the owner's name.
- Deposits will not be refunded until all related tenant accounts are paid in full.

Collection Procedure:

FINAL NOTICE: A final notice will be sent to overdue accounts that are 60 days or more past due. After 60 days, the final notice should detail that the water will disconnected if the balance of the account is not paid within 10 days of the date of the letter.

SHUTOFFS: When scheduling the shutoff date, it is not to be scheduled on a Friday, on a stat holiday or day in lieu, or any day where the office is not open to accept payment on accounts.

SEPTEMBER NOTICES: When preparing utility bills in September, those in arrears need to be sent by registered mail with a forewarning that any unpaid amounts as of December 31st of that year may be transferred to the tax roll for the property. Final notices at other times of the year shall be sent by regular mail and are not required to contain the warning.

24-HOUR SHUT OFF NOTICE: Delivered or posted if payment is still not made. This notice gives 24 hours before disconnection. For commercial properties/businesses: the 24 hour notice is to be delivered during business hours to the owner or manager or other employee if the owner or manager is not present or unavailable at the time the notice is being delivered. If the business is closed on the day of posting, the notice will be posted at the main entrance to the business. Once posted, a notice is considered to have been delivered.

DISCONNECTION & FINAL BILLING: Water is disconnected if no payment or plan is made within 24 hours. A disconnect fee is charged and a final meter read is done. The deposit is applied to the outstanding balance. To restore service, both disconnect and reconnect fees must be paid. A new account must be opened with updated forms and a new deposit if the previous one was refunded.

Payment Plans:

- Available before disconnection and must bring the account current within the next month.
- Accepted formats: weekly, bi-weekly, or lump sum.
- If the plan is not followed, water will be shut off without further notice.
- Payments are recorded when received by the Town, not when sent or initiated online.

Minimum Payment Plan Requirements to Avoid Disconnection

*To stay off the disconnect list, customers **must***:

1. Contact the Town office to set up a payment plan before disconnection is scheduled.
2. Agree to a written payment plan that:
    - Covers the full arrears
    - Includes an estimate of the upcoming bill
    - Ensures the account is fully paid by the next due date

Example Payment Plan (Assuming $168 overdue + $84 estimated bill):

Plan Type	Amount per Payment	Schedule
Weekly	$63.00	4 payments
Bi-weekly	$126.00	2 payments
Lump Sum	$168 now + $84 later	2 payments total

To Avoid Disconnection:

Before 24-hour notice: Pay at least 50% of the arrears and sign a plan to pay the rest within 30 days.

OR

After 24-hour notice is posted: Pay the following
Disconnect fee
First installment of the plan
Signed agreement with specific dates and amounts

Failure to follow the plan will result in **immediate** shutoff, with no notice given.

Accounts Receivable and Utility Collections & Write Offs:

If any amounts remain unpaid at year-end, the Town may exercise its authority under The Municipalities Act to add outstanding accounts receivables and utility charges to the property tax account.

At any time during the collection process the Town reserves the right to use the services of a collection agency or bailiff, pursuant to the powers outlined in The Distress Act.