

**Property Tax Commitments and Accounts Receivable  
Policies and Procedures**

**Approved by:  
Select Board  
Effective: 3/10/21**

**PURPOSE:**

To establish real and personal property tax billing, commitment, abatement and lien processing standards and practices consistent with statutory requirements in order to assure collection of all committed charges based on a sound system of internal controls and division of responsibilities.

**AUTHORITY:**

MGL Chapter 60

**Commitment and Billing (Actual Tax Billing)**

**POLICY:**

The town's policy is to issue bills for real estate and personal property on a quarterly basis in order to optimize cash flow. Interest is charged at a rate of 14 percent per annum for any unpaid balances after the respective due dates. Demand notices will be mailed by May 31st on any unpaid balances after May 1. A demand fee of \$5.00, as well as 14 percent interest, will be included on the demand bills in accordance with state statute.

**PROCEDURES:**

- The assessors maintain an automated file of all property valuations (Patriot database). Before a tax commitment can be run an *LA4 Report* is run on the Patriot System. An LA4 provides the following information: type (class), parcel counts, assessed value and total.
- The assessors will compile and transfer to Point software a legal file, comprising of Real Estate, Personal Property, and Exemptions twice a year for two tax bills to be committed at a time.
- The assessors will independently complete the Assessors Warrant to the Treasurer/Collector – State Tax Form 58 that documents the amount of the total billing to be committed for collection. One copy of the warrant shall be forwarded to the treasurer, one copy to the tax collector, and one copy shall be forwarded to the accountant. The assessors prepare one warrant (State Tax Form 58) for the real estate commitment and a separate warrant (State Tax Form 58) for the personal property commitment.
- The Tax Collector mails out the tax bills after verifying with the Assessors the Control Totals
- The Collector completes State Form 214 and files with the Town Clerk and in the Collector's Office

**Application of Tax Payments**

**POLICY:**

It is the town's policy to assure the correct application of taxpayers' payments to their accounts on a timely basis. Receipts that are subject to interest, demands and other costs shall be applied based on the following order: tax title liens, interest, demand or other fees, utility liens, betterment

assessments, real estate or personal property tax due.

### **PROCEDURES:**

The Town receives tax payments in one of four ways:

- By mail or drop box to, the Collector's Office
- Via electronic transmission from the tax servicing companies that submit payments for multiple taxpayers' accounts
- By online payment (UniPay)
- By in person payment at collector's office.

Procedures:

The Tax Collector processes payments timely, typically weekly, by posting payments and depositing checks in the bank. The reconciled cash control report for each deposit is turned over to the Treasurer and Accountant. At the time of turnover, the funds are transferred to the bank account designated by the Treasurer.

### **Tax Servicing Companies' Payments**

There are many instances where a taxpayer has an arrangement with their mortgage company to pay the quarterly real estate taxes. These payments are processed through the Unibank online payment center

### **PROCEDURES:**

- The Collector posts the payments per the listing the mortgage company provides and turns over the cash control report to the Accountant and Treasurer. At the time of turnover, the tax collections are transferred to the bank account designated by the Treasurer.

### **Payments via online payment (UniPay) PROCEDURES:**

The Collector has currently created the opportunity for residents to pay their current tax bill online at the Town of Monterey website via Unibank's Unipay System. Tax payers can use Unipay to pay current balances. The resident can pay by either bank account, credit card or debit card. The Collector posts payments from the reports issued by Unibank. The Collector turns over the reconciled cash control report to the Accountant and Treasurer. At time of turnover, the tax collections are transferred to the bank account designated by the Treasurer.

### **Cash Payments at the Tax Collector's Office:**

#### **PROCEDURES:**

Taxpayers are issued a written carbon copy numbered receipt for all cash payments received in the collector's office.

Cash payments are noted on the bill stubs retained by the collector and detailed on the bank deposit slip. Reconciled cash payments are posted and turned over to the Accountant and Treasurer in the same manner as payments by check.

*Note: A receipt is provided for "mail- in payments" when the taxpayer has provided a self-addressed stamped envelope and an extra bill stub.*

### **Tax Abatements and Exemptions**

## **POLICY:**

The town's policy is to assure the correct application of taxpayers' abatements and exemptions to their accounts on a timely basis.

The assessor's office grants abatements for real estate and personal property if appropriate. Once approved by the board of assessors, or on appeal by the Appellate Tax Board. Exemptions are granted for one year only. The qualifying date is July for veterans, blind, surviving spouses, elderly and others along with any tax deferrals that meet the statutory requirements.

The assessor's office staff will submit all abatements and exemptions to the tax collector and accountant. As a result of this process, a *Notice and Certificate of Abatement Document* is created, signed by the board of assessors, and mailed to the taxpayer and provided to the collector and accountant as evidence of the reduction in accounts receivable.

## **PROCEDURES:**

- The assessors forward a documentation of each abatement or exemption that has been granted by the board of assessors to the /collector and to the accountant.
- The/collector files and retains the *Assessor's Abatement/Exemption Report* as the paper record of the abatements/exemptions for the period. This document will be a reconciling document to assure the accountant has posted the activity to the General Ledger.
- The collector should review the abated accounts to determine any credit balances in real and personal property tax accounts caused by the granting of the abatement/exemption.
- The/collector must issue a refund to any taxpayer whose account has a credit balance due to an abatement/exemption within 30 days.

## **Property Tax Refunds**

### **POLICY:**

The policy of the Town is that the collector is responsible for taxpayer refunds. Refunds for real estate and personal property are processed timely (last tax due date) of any given year to assure all taxes due for the fiscal year have been paid. All precautions must be taken to assure the correct party receives the refund. Refunds must be processed within 30 days (of the posting of the abatements/exemptions) for credit balances caused by the abatement/exemption.

### **PROCEDURES:**

The Tax Collector turns over authorized refunds to be paid to the Accountant via the AP Warrant Schedule. The Tax Collector and Accountant reconcile monthly to verify that refund checks were issued and mailed.

## **Refunds on Abatements**

### **POLICY:**

The town's policy is to assure the accurate calculation and the subsequent distribution of taxpayers' refunds to the proper party on a timely basis.

## **PROCEDURES:**

The same procedures as on above described refunds are followed.

### **Reconciliation**

The Tax Collector and Accountant reconcile refunds monthly as part of the monthly reconciliation process.

### **Special Situations/Real Estate**

## **POLICY:**

It is the policy of the Town to bill, collect and record in the tax system in an accurate and timely manner all of the special situations listed below in accordance with Massachusetts General Law.

### **BACKGROUND: Omitted/Revised Assessments**

The assessors' office shall correct omitted or revised assessments either by June 20 or 90 days after the mailing of the tax bill, whichever is later. If the omission or revision is not corrected by June 20th, it cannot be corrected.

The assessors record the amount of the omitted assessments on *State Tax Form 62* – *A warrant issued by the Assessors to the Tax Treasurer/Collector to collect taxes for the omitted assessment*. Revised assessments are recorded on *State Tax Form 63*. One copy of the warrant is issued to the treasurer/collector and at the same time they provide one copy of the *State Tax Form 63* to the accountant for posting to the General Ledger and to provide an audit trail for month-end reconciliation of the tax receivable.

### **Apportionment (of unpaid taxes)**

An apportionment divides unpaid taxes between the assessed owner and the owner who is acquiring the property after the January 1 assessment date.

### **Reassessments**

Reassessments correct the already committed tax bill. Reassessments are issued because of various errors. There must be a balance of taxes due to issue a reassessment.

A warrant is issued to the collector and a copy of the warrant is sent to the accountant with the corrected name. The assessors' office uses *State Tax Form 44* to warrant reassessments. When completing *State Form 44*, the total taxes to be collected do not change.

### **Pro forma**

A *Pro forma* is issued when a previously exempt property is sold. The *Pro forma* takes the property out of its exempt status. In this case, a letter is issued to the collector identifying the property as an omitted assessment and a warrant is issued using *State Tax Form 62* to assure that the full tax is collected. The warrant (*State Tax Form 62*) is also submitted to the accountant for posting to the General Ledger.

### **Special Situations/Commitment/Receivable Update**

**PROCEDURES:**

- The collector must record the amount of the taxes to be collected as a result of the omitted assessment or the revised assessment
- This procedure to adjust the commitment for the quarter is important and should be done by the collector timely (i.e. *State Tax Forms, 44, 62 or 63*).
- The collector should verify that all accounts that have been adjusted reconcile to the source documents (revised and omitted assessment *warrants* from the Assessors).
- The accountant also has the original warrants as submitted by the assessors.

