



Report to: General Committee

Date Report Authored: November 9, 2015

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<b>SUBJECT:</b>	CLASS Account Credit Balances
<b>PREPARED BY:</b>	Sandra Skelcher, Manager Financial Reporting & Payroll

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**RECOMMENDATION:**

- 1) THAT the report titled “CLASS Account Credit Balances” be received; and,
- 2) THAT Council approve the placement of advertisements in local newspapers and on the City’s website to provide reasonable notice to clients who may be eligible to apply for refund of unclaimed CLASS credits resulting from transactions up to and including December 31 2013; and,
- 3) THAT the costs incurred from placing the advertisements, estimated at \$2,500, be offset against unclaimed amounts; and,
- 4) THAT Council authorize Staff to charge an administration fee of \$10 or 10% of the verified refund, whichever is greater, to recover staff costs associated with refunding these amounts; and
- 5) THAT remaining unclaimed credit balances, less the cost of advertising, resulting from transactions up to and including December 31 2013 be cancelled, deemed non-refundable and transferred to the Corporate Rate Stabilization Reserve; and,
- 6) THAT CLASS accounts be reviewed annually, and after a reasonable effort has been made to alert clients, credit balances left unclaimed for a minimum of two years, be cancelled, deemed non-refundable and transferred to the Corporate Rate Stabilization Reserve; and
- 7) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

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**PURPOSE:**

The purpose of this report is to inform Council of the adopted operating procedures regarding CLASS system credit balances left on account with the City for a specified period. In addition, to obtain Council approval to place advertisements to inform the public of the new procedures and to charge an administration fee on claimed refunds.

**BACKGROUND:**

The City has used the CLASS system for more than 20 years to capture and record program registrations, facility rentals and bookings. As well as event and individual client information, the system records the financial details associated with all transactions. Normally, the client registers for a program or rental, immediate payment is required and the client's account reflects the registration and the zero payment balance outstanding. Periodically, Recreation and Culture program clients register and pay for events but subsequently cancel their registration. If the client does not claim immediate refund upon cancellation, the CLASS system holds the credit balance on the client's account with the City. The credit remains on account until the client personally claims the credit, or uses the amount toward payment for another event.

Given that the City does not have procedures in place to deal with credit balances, many accounts have sat inactive for a long period, some over 15 years, drawing several hours of system and staff resources to provide status and update reports. As at August 31 2015, there were 7,920 inactive CLASS accounts holding credit balances resulting from transactions up to and including December 31 2013. The total of those credits is \$435,026. The actual balances by account range from \$1 to \$2,900. The table below summarizes the number of accounts and total credit balance within a set of ranges.

<b>Account Balance Range</b>	<b># of Accounts</b>	<b>Total at August 31, 2015</b>
\$50 or less	4,799	\$75,807
>\$50 but less than \$250	2,944	\$281,688
>\$250 but less than \$1,000	170	\$66,101
>\$1,000	7	\$11,431
<b>Total</b>	<b>7,920</b>	<b>\$435,026</b>

In an effort to implement best practice processes to manage present and future unused and unclaimed credit balances, Recreation and Finance staff have reviewed methods employed by several other municipalities. From the sampling, Staff determined the fairest and most efficient solutions as presented in this report.

**DISCUSSION:****Credits Generated Up To and Including December 31 2013**

Staff will put forth a reasonable effort to notify residents of the City's intention to cancel all existing CLASS account credit balances resulting from transactions (event cancellations) up to and including December 31 2013. Recreation and Culture Staff will send an email out to all CLASS users on file, affording them the opportunity, if applicable, to claim credit amounts, net of an administration fee of \$10 or 10% of the claim, whichever is greater. Further, Staff will place advertisements (ads) in the Markham Economist and Sun and the Liberal in three separate publications. The first two ads will be placed at 2-week intervals, and the third will be placed approximately 1 month following the date of the second ad. The ads will contain notice of the City's intentions and the final date (approximately 3 months following the first ad) on which clients can claim refund of credits. It will also contain 'how-to' instructions for claimants.

After the published allotted period has expired, all unclaimed CLASS account credit balances generated up to and including December 31 2013 will be cancelled and deemed non-refundable and the total amount, less the cost of advertising, will be transferred to the Corporate Rate Stabilization Reserve.

**Credits Generated From 2014 Onward**

To avoid a similar accumulation of inactive, credit balance accounts in the CLASS system, the City must put in place regular, standard operating procedures. Prior to each fiscal year end, CLASS system accounts with credit balances that have been inactive for a minimum of 2 years, will be cancelled and deemed non-refundable. It is expected that, because of implementing this process, the total annual value amount of credits cancelled will be greatly reduced to an estimated \$8,000 to \$12,000 per year.

We must also ensure that we maintain reasonable efforts to inform the public of our ongoing policy regarding account credits. To this end, a permanent, recurring notice will be posted in each publication of the Markham Life magazine. The notice will advise readers that credit balances may remain on account for a limit of 2 years, after which time, the account will be cleared. This same notice will be permanently included in appropriate section(s) of the online registration system (EZ Reg).

**SUMMARY OF FINANCIAL CONSIDERATIONS:**

As noted above, the total amount of CLASS account credits resulting from transactions up to and including December 31 2013 is \$435,026. After refund of verified claims, less the greater of \$10 or 10% administration fee, and after deducting advertising costs, the remaining revenue amount will be transferred to the Corporate Rate Stabilization Reserve. Going forward on an annual basis, cancelled credits will be transferred to the Corporate Rate Stabilization Reserve.

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**HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

**ALIGNMENT WITH STRATEGIC PRIORITIES:**

Not Applicable

**BUSINESS UNITS CONSULTED AND AFFECTED:**

Recreation Services, Culture, Legal Services and Contact Centre

**RECOMMENDED BY:**

29/10/2015

29/10/2015

X 

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Joel Lustig  
Treasurer

X 

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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Not applicable