



City of Los Altos – Administrative Services Department  
**Unclaimed Funds Policy & Procedures**  
1 N. San Antonio Road  
Los Altos, CA 94022

I. PURPOSE

The purpose of the unclaimed funds policy is to establish the proper mechanism to take possession of long standing unclaimed checks in accordance with state law.

II. POLICY

It is the policy of the City of Los Altos to properly account for unclaimed funds in a manner which follows Government Code Sections 50050 through 50056. Unclaimed funds, excluding restitution to victims, that remain unclaimed for at least 3 years will become the property of the City of Los Altos after the procedures identified herein have been followed. Unclaimed funds are defined as money or funds disbursed that remain in the City Treasury or in the official custody of City officers for a period of three (3) years or more without a claim being filed by the legal owner(s). Common sources include accounts payable, payroll, vendor payments, customer refunds and deposits.

The City is required to comply with the requirements of the unclaimed property laws and regulations. Those duties vested by Government Code Sections 50050 through 50056 in the City Treasurer are hereby transferred to the City Finance Director or other designee as stated in this policy. This policy outlines the procedures to be followed regarding checks issued by the City that remain uncashed after a specific period.

III. PROCEDURE

- 1) To minimize the number of unclaimed checks, the payee will be notified in writing when a check remains unclaimed for at least six (6) months. A sample letter is attached in **Exhibit II** to facilitate the notification process.
- 2) Unclaimed money of \$15 or more
  - a) All wages and vendor payments of \$15 or more that are outstanding and unclaimed by the payee at least three consecutive years must be publicly advertised. (Government Code Secs. 50050 and 50051) This procedure provides formal notice to vendors or individuals of the existence of uncashed checks and allows them the opportunity to claim the funds.

- b) The City Clerk's Office shall prepare and place a Notice of Unclaimed Property in the Los Altos Town Crier or other newspaper of general circulation published in the City. The Notice shall state that it is proposed that the money will become the property of the City of Los Altos on a designated date not less than forty-five (45) days nor more than sixty (60) days after the first publication of the notice. The Notice will include the payee, amount and the disbursing fund. **See Exhibit I** (Gov. Code Sec. 50051)
  - c) The City Clerk's Office shall obtain a proof of publication from the newspaper to be retained as verification that the notice was placed in the publication and ran once per week for two consecutive weeks.
  - d) At the end of the public notification period (45-60 days), any remaining unclaimed funds with face amounts of \$15 or more will revert to the City and shall return to the originating fund. The amounts of such funds may be transferred to a miscellaneous General Fund revenue account by resolution of the City Council.
- 3) Unclaimed money less than \$15 and unknown depositors
- a) Unclaimed checks of less than \$15, or any amount if the depositor's name is unknown, will become the property of the City of Los Altos after being unclaimed for at least 12 months and shall return to the originating fund. This may occur without the necessity of a newspaper publication notice. (Gov. Code Sec. 50055). The funds may be transferred to the General Fund by resolution of the City Council.
- 4) Filing a Claim
- a) Potential claimants will contact the Finance Division to obtain instructions for placing a claim. All claims will be facilitated using the claim form. **See Exhibit IV.**
  - b) Upon or prior to publication, a party of interest may file a claim with the City Finance Department, which must include the following information: (Gov. Code Sec. 50052)
    - i) The claimant's name, address and telephone number.
    - ii) Social Security Number or Federal Employer Identification Number.
    - iii) Proof of identity such as a copy of a driver's license, social security card or birth certificate.
    - iv) The amount of the claim.
    - v) The grounds on which the claim is founded.
  - c) The Finance Division may release to the depositor of the unclaimed money, their heir, beneficiary, or duly appointed representative, unclaimed money if claimed prior to the date

the money becomes the property of the City upon submitting proof satisfactory to the Finance Division. (Gov. Code Sec. 50052.5)

- d) The Financial Services Manager will verify the validity of the claim and, if appropriate, submit to the Accounts Payable Technician for payment through the normal accounts payable process.

5) Funds Transfer

- a) At the end of the public notification period (45-60 days) or if no notice is required then on date the money becomes the property of the City, any remaining unclaimed funds shall be returned to the originating fund.
- b) When the unclaimed funds become the property of the City of Los Altos and are in a Special Fund, the City Council may transfer them by resolution to the General Fund. (Gov. Code Secs. 50053 and 50055). **See Exhibit III** attached for the City Council Resolution template.

6) Accounting Transactions

- a) If an unclaimed check is claimed prior to the date designated in the Public Notice or other date the money becomes property of the City, the Financial Services Manager will verify the claimant's supporting information and if the claimant satisfies all conditions required under this procedure, the City will issue a new check for the claimed amount to the claimant.
- b) At the end of the public notification period (45-60 days) or other date the money becomes property of the City, the remaining unclaimed funds will revert to the City. The amounts of such funds will be transferred to a miscellaneous General Fund revenue account upon City Council approval.
  - i) Accounts Payable check will be voided, a journal entry will be prepared to reclass the account number from original to miscellaneous revenue account, Unclaimed Property account (2204). This will Debit Cash and Credit the above revenue account without changing the original Expense or Revenue account.
  - ii) Payroll checks will be voided through the payroll void process. In addition, a journal entry will be prepared to Debit the original expense account and Credit the Miscellaneous Revenue, Unclaimed Property account.
  - iii) The records of voided checks must be retained in Finance in accordance with the City's records retention policy.

7) Policy Review

- a) This policy shall be reviewed at least bi-annually.

Attachments:

B – Sample Letter

C – Sample Public Notice

D – Sample Resolution

E – Sample Claimant Form