



CONSENT CALENDAR

Agenda Item # 7

AGENDA REPORT SUMMARY

Meeting Date: June 12, 2018

Subject: Unclaimed Funds Policy and Procedure

Prepared by: Sarina Revillar, Financial Services Manager

Reviewed by: Sharif Etman, Administrative Services Director

Approved by: Chris Jordan, City Manager

Attachment(s):

1. Unclaimed Funds Policy & Procedure

Initiated by:

Staff

Previous Council Consideration:

None

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to adopt the Unclaimed Funds Policy and Procedure to help streamline the outstanding checks process?

Summary:

- Establish proper accounting for outstanding checks according to Government Code Sections 50050 through 50056
- A formal process for unclaimed money of \$15 or more and less than \$15
- The Unclaimed Funds Policy and Procedures has been reviewed by the Financial Commission

Staff Recommendation:

Move to adopt the Unclaimed Funds Policy and Procedure



Subject: Unclaimed Funds Policy and Procedure

Purpose

To establish an unclaimed funds policy and procedures in accordance with state law.

Background

The City's Unclaimed Funds Policy and Procedures sets guidelines that ensure the City's funds are managed in compliance with state law.

Discussion/Analysis

The Interim Audit conducted by Maze & Associates on April 2018 recommended the City establish procedures for handling outstanding checks. Currently, there are 221 checks, totaling \$54,676 in the General Fund, two checks totaling \$40,000 in other funds, and 23 checks, totaling \$1,292 in payroll.

Options

- 1) Adopt the Unclaimed Funds Policy and Procedures

Advantages: Allows the City to have a proper mechanism to take possession of long standing unclaimed checks in accordance with state law.

Disadvantages: None

- 2) Do not adopt the Unclaimed Funds Policy and Procedures

Advantages: None identified

Disadvantages: The City would not adhere to the recommendation of the auditor or Best Practices.

Recommendation

The staff and Financial Commission recommends Option 1.



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 I** 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 II** (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 or 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 (**See Exhibit III**).
- 4) Filing a Claim
- a) Potential claimants will contact the Finance Department 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.
- 6) 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).
- 7) 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.

8) Policy Review

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

Attachments:

Exhibit I-Sample Letter

Exhibit II-Sample Public Notice

Exhibit III-Sample Resolution

Exhibit IV-Sample Claimant Form



1 North San Antonio Road
Los Altos, California 94022-3087

Date

«Payee_Name»
«Street_Address»
«City»

Dear «Payee_Name»,

Our records indicate that the following check issued to you or your organization has not been cashed.

Check number: «Check_Number»
Amount: \$«Amount»
Date issued: «Issue_Date»

Under California Government Code Section 50050 et seq., unclaimed funds will become the property of the City three (3) years after the check was issued, or after twelve (12) months for checks less than \$15. It is likely that the check was lost or never received. Please check your bank records to verify that the check has never been cashed by you. If your record indicates that you have deposited the check, please mark **X** on number 1 below. If your record shows that you have never received the check, please make **X** on number 2 and we will issue a replacement check to you. This letter should be returned to my attention at the address below.

Please reply to this correspondence below and return to us, either via e-mail or mail.

- 1. Yes, I have received and cashed the above-mentioned check.
- 2. No, I have never received and cashed the above-mentioned check. Please issue a replacement check.

Signed by: _____ Date _____

Sincerely,
Accounts Payable
City of Los Altos
1 N San Antonio Road
Los Altos, CA 94022

CITY OF LOS ALTOS

PUBLIC NOTICE OF UNCLAIMED PROPERTY

NOTICE IS HEREBY GIVEN THAT, the Finance Department of the City of Los Altos, County of Santa Clara, State of California, declares that the following monetary sums have been held by the City of Los Altos and remained unclaimed in the funds hereafter indicated for a period of over three (3) years and will become the property of the City of Los Altos on the _____ day of _____, year a date not less than forty-five (45) days, nor more than sixty (60) days after the first publication of the Notice.

Any party of interest may, **prior** to the date designated herein above, file a claim with the City's Finance Department. The Unclaimed Money Claim Form can be obtained from City Hall at 1 N San Antonio Road, Los Altos, CA 94022 or from the City's website at www.losaltosca.gov/unclaimedpropertyforms. Proof of identify such as a copy of a driver's licenses, social security card or birth certificate must be provided before funds will be released. Any questions, please contact the City of Los Altos, Finance Department at (650)947-2760.

This notice and its contents are in accordance with California Government Code Sections 50050-50056.

NAME	AMOUNT	FUND
Company XX	\$1000.00	General Fund
Doe, Jane	\$ 50.00	Sewer Fund

Sharif Etman, MBA
Administrative Services Director

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
RELEASING UNCLAIMED CHECKS**

WHEREAS, it is the policy of the City of Los Altos to take possession of long standing unclaimed checks in accordance with Government Code Sections 50050 through 50056; and

WHEREAS, each of the checks listed on the attached summary is less than \$15, or for any amount in which the depositor’s name is unknown, and have been unclaimed for more than one year; and

WHEREAS, the attached summary may also include checks in amounts greater than \$15 that have been unclaimed for more than three years and notice thereof was published in the Los Altos Town Crier on [date] and [date] as required by Government Code Section 50050.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby orders that the unclaimed checks on the attached list in the total amount of \$ xxx.xx shall be transferred to the General Fund in accordance with Sections 50053 and 50055 of the California Government Code.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the ____ day of ____, xxxx by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Jean Mordo, MAYOR

Attest:

Jon Maginot, CMC, CITY CLERK



**CITY OF LOS ALTOS
UNCLAIMED PROPERTY-CLAIM FORM**

*Return completed form to:
City of Los Altos
Finance Department
Accounts Payable
1 N San Antonio Road
Los Altos, CA 94022*

Pursuant to California Government Code Section 50052, I wish to file a claim for a previously unclaimed check in the amount of \$ _____ that was published in the Town Crier on _____ (if applicable).

The grounds on which I file this claim are as follows:

Vendor or Individual Name (printed)

Taxpayer I.D. or Social Security Number

Vendor or Individual Name (signature)

Telephone Number

Address

City/State/Zip Code

NOTE: ALL CLAIMS MUST BE RECEIVED BY THE CITY BEFORE THE DATE SPECIFIED IN THE NOTICE OR WITHIN 12 MONTHS IF THE AMOUNT IS LESS THAN 15 DOLLARS OR THE DEPOSITORS NAME IS UNKNOWN. POSTMARKS WILL BE ACCEPTED.

FOR FINANCE DEPARTMENT USE ONLY

Date Claim Received: _____

Name of Payee: _____

Original Check #: _____

Original Check Amount: _____

Original Check Date: _____

Replacement Check #: _____

Replacement Check Amount: _____

Replacement Check Date: _____

Account Code: _____

Verified by: _____

Date Approved: _____