Staff Reports Details (With Text)

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File created:	5/1/2018			**In control:**	CITY COUNCIL OF THE CITY OF NAPA
On agenda:	5/15/2018			**Final action:**	5/15/2018
Title:	Escheatment of Unclaimed Funds				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. ATCH 1 - Resolution, 2. EX A - Unclaimed Funds Outstanding Checks Over $15.00, 3. EX B - Unclaimed Funds Outstanding Checks Under $15.00				

Date	Ver.	Action By	Action	Result
5/15/2018	1	CITY COUNCIL OF THE CITY OF NAPA	approved	Pass

To: Honorable Mayor and Members of City Council

From: Brian Cochran, Finance Director

Prepared By: Donna Lee Lawrence, Account Tech-Entry

TITLE:
Escheatment of Unclaimed Funds

RECOMMENDED ACTION:
Adopt a resolution approving the escheatment of unclaimed funds held by the City in accordance with government statutes.

DISCUSSION:
The City issues checks on a regular basis in payment of various obligations (payroll, vendor payments, deposit refunds, etc.). Checks are forwarded to the address provided to the City by the payee. Occasionally, checks remain uncashed for an extended period of time or are returned to the City as undeliverable as the address provided is not valid. In those instances, City staff attempts to locate the payee by telephone, mail and/or internet searches. Even after those efforts, there are still instances where the checks remain uncashed. Typically a check becomes stale-dated (not honored by the bank) after a period of 180 days from the date of issue. If the payee is located, the original check can be voided and re-issued. In those instances where the City is unable to locate the payee, a process has been developed to provide one final opportunity for the payee (or legal representative) to come forward and claim the funds and to then transfer any remaining unclaimed funds to the City's General Fund. This process is called "escheatment" - which is defined as the process of turning over unclaimed or abandoned property to a governmental authority.

California Government Code Sections 50050 through 50056 provide that funds that are not the property of a local agency that remain unclaimed in its treasury for a period of three years becomes

the property of the local agency after notice is provided. The required notice is the publication one time per week for two successive weeks in a newspaper of general circulation. The notice must identify the payee and the amount of money being held, and state that the funds will become the property of the local agency on a designated date not less than 45 days, nor more than 60 days, after the first publication date. After the appropriate notice has been provided, any unclaimed funds become the property of the local agency and the legislative body may transfer the funds to the general fund. Funds under $15.00, or any amount if the depositor's name is unknown, which remain unclaimed for one year may be transferred by the legislative body to the general fund without the necessity of public notification.

Staff developed an administrative policy addressing the issue of unclaimed monies consistent with the provisions of the California Government Code. In accordance with this policy, staff, on an annual basis, identifies any unclaimed funds which have remained unclaimed for the required three year period, publishes the required public notice to provide an additional opportunity for the funds to be claimed, and then requests that the City Council authorize the transfer any unclaimed funds to the City's General Fund. In addition to the required noticing, staff also sent a follow-up letter to all payees with balances over $15.00 and maintains a listing of unclaimed checks on the City's website and via the "OpenGov" data transparency portal.

Adhering to the policy, the City Treasurer received a list from the Finance Department of unclaimed funds under $15.00 which have remained unclaimed for one year, and unclaimed funds greater than $15.00 which have remained unclaimed for over three years. Pursuant to Government code Section 50055, notices of unclaimed funds were published in the Napa Valley Register on March 16, 2018 and March 23, 2018, including all unclaimed funds over three years old greater than $15.00. The cost of the notice was $1,835.00. The total unclaimed funds prior to payee notification amounted to $8,432.83. The City released funds on all verified claims which were filed timely, which amounted to $1,221.04. The remaining unclaimed funds total $7,211.79. This revenue will offset the cost of the required notice publication.

FINANCIAL IMPACTS:
Authorization of the transfer of unclaimed funds to the General Fund will result in $5,409.10 in additional revenue. ($7,211.79 in unclaimed funds partially offset by the cost of the required notice publication of $1,835.00.)

SOURCES:

Unclaimed Funds Liability (99900-22710):	$7,211.79

USES:

Newspaper Publication (41512-55401):	$ 1,835.00
Misc Revenue (10000-35001)	$5,376.79

CEQA:
The Finance Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution
EX A - Unclaimed Funds Outstanding Checks Over $15.00
EX B - Unclaimed Funds Outstanding Checks Under $15.00

NOTIFICATION:
Published in the Napa Valley Register on March 16, 2018 and March 23, 2018