



Grand Traverse County

UNCLAIMED PROPERTY/ESCHEATMENT POLICY

Grand Traverse County is required by law to comply with the requirements of Michigan's Unclaimed Property Act (Public Act 29 of 1995 as amended), which relates to various forms of abandoned property including uncashed checks and monetary funds. Michigan's Unclaimed Property Act requires annual reporting and delivery of abandoned or unclaimed property to the State of Michigan.

Policy Statement

It is the policy of Grand Traverse County to comply with Michigan's Uniform Unclaimed Property Act, PA 29 of 1995 as amended; MCL 567.221 et seq. The Treasurer's office is responsible for reporting escheatment annually according to the State of Michigan's guidelines including directing officials and staff in the processes to be followed for turning over to the State unclaimed property greater than \$25 and in handling and accounting for property equal to or less than \$25 to be retained by the County.

General Statement of Procedure

The State of Michigan requires businesses and government agencies who have unclaimed property to remit an unclaimed property report annually with the State Treasurer. For a County Treasurer, unclaimed property is most often in the form of an uncashed check, specifically for the purpose of this procedure, as a check that reaches its dormancy period as of March 31, of the prior year.

Description of the Process

The Treasurer's office transmits unclaimed checks once a year according to the Unclaimed Property Act. The Treasurer's office is also responsible for attempting to get funds to the rightful owner. After one year on the unclaimed check list the checks are voided in Grand Traverse County's accounting records and also voided at the drawing bank via positive pay. If the checks are still not claimed after sitting in the escheat holding accounts for another year, then they will be disbursed based on amount. Any checks that are \$25 and under are retained by Grand Traverse County and recorded in a revenue account. Any checks that are more than \$25 are aggregated according to the guidelines listed in the Unclaimed Property Act and sent to the State in a check form.

Accounting Controls

The Treasurer's Office along with the Finance Department will work together to establish appropriate accounting controls and procedures in order to limit escheatable property. This includes but is not limited to:

- 1) Maintaining proper accounting systems.
- 2) Creating reports that identify and age outstanding common and payroll checks.
- 3) Reconciling accounts and researching on a regular basis.

Reporting to the State

Property escheated to the State of Michigan must be reported on Form 2011 by July 1 after reaching its dormancy as of March 31st of the given year. If there is nothing to escheat, a report to the State will not be required unless requested by the State in writing.

Procedures

1. Prior to filing with the State in July of each year, due diligence is made by the Grand Traverse County Treasurer to contact the owner of the funds. Letters and Affidavits are sent to owners with outstanding checks greater than \$25 using the most recent address on file.
2. When an affidavit is signed and returned, the Chief Deputy Treasurer sends a request to Accounts Payable to have a new check issued and cancels the original check at the drawing bank.
3. Any property still unclaimed and greater than \$25 is sent on to the State following the guidelines set forth in the *Manual for Reporting Unclaimed Property*, and the processing procedures below.
4. Any checks that are less than \$25 and still outstanding after one year are voided in the County's accounting records and at the bank. A journal entry is then made to move the funds to liability account 701-000-268.00. Any checks that are still outstanding after being held a year in the liability account are then recognized as other revenue and a journal entry is made reducing the liability and recording the revenue in 101-000-686.00. Any claim made after surrender will be processed by the County Treasurer's Office if it is determined to be an existing liability.

PROCESSING UNCLAIMED CHECKS IN AS400 SYSTEM

1. Every month a report is generated reconciling bank outstanding check information to the AS400 system.
2. All checks that are determined to be more than six months outstanding and over \$25 on the outstanding check register are selected and investigated.
3. Unclaimed Circuit Court and District Court check information is then sent to the Court for due diligence contact. The Treasurer's Office sends out due diligence letters to all remaining outstanding checks that are greater than \$25 to the most recent address on file.
4. If a response is received checks are voided and reissued through the Finance Department. If no response is received, and the check dates are past the one year holding period, the funds are moved into a liability account.
5. After the checks reach the end of their dormancy period according to the guidelines set by the State of Michigan's Department of Treasury's Unclaimed Property Manual they are escheated to the State no later than July 31st of the following year.

Uncashed Payroll Checks

1. Payroll checks drawn on Grand Traverse County's bank accounts that remain on the outstanding check reconciliation list after 90 days from the check date shall be considered to be stale dated.
2. The Deputy Treasurer, working with the Finance Department, shall review to determine if payment is still owed. After the review is complete, the Deputy Treasurer shall generate a due diligence letter to the payee. The letter will contain the payee name, address, check number, check date and a contact person for related questions. The letter will also include a section for the payee to certify that the check was never received, was lost and if the check should be reissued.
3. If the check does need to be reissued, the check is voided at the issuing bank and a liability is set up for the net amount of the check. This retains the accuracy of W2 records while allowing a replacement check to be issued out of our Common account.
4. If there is no response to the due diligence letter the check will be held until it reaches one year dormancy. At that time, a liability will be set up for the net amount of the payroll check and it will be escheated to the State using guidelines listed in the Michigan Department of Treasury's Unclaimed Property Manual.

Uncashed Restitution Checks

District Court and Circuit Court follow the guidelines of the JIS Recommended Procedure for Unclaimed Restitution Checks.

The Court will identify unclaimed restitution checks through monthly outstanding check listings. If a check stays on the report for more than six months, follow up letters will be sent to the address on file. For the District Court, if no response is received the check is taken to the Treasurer's office and a journal entry is made recording it as a liability in a holding account 701-000-268.01. After 2 years, the funds are transferred into a liability line item 701-136-228.37 and reported on the LCVR Assessment Report on line 7 of the State Transmittal.

For Circuit Court, the check remains in the restitution account for two years. After 2 years, the funds are transferred into a liability line item 701-131-228.37 and reported on the LCVR Assessment Report on line 7 of the State Transmittal.

Archival Requirement:

According to the Retention-General Schedule #27 copies of reports and supporting records must be kept current + six years. Information on the unclaimed property report must be supported by an adequate audit trail.

MCL 567.252 Sec.32(1) implies that records on those checks not sent to the State should be maintained for current + 9 years.

STATUTORY REFERENCES

State of Michigan PA29 of 1995 as amended, MCL 567.221 et seq.

State of Michigan PA242 of 2015, amendments to PA 29 of 1995.

Public Act 503 Crime Victims Rights Act 2000.