

To: Administration and Finance Committee

Date: January 7, 2020

From: Erick Cheung, Chief Finance Officer

SUBJECT: Uncashed Check Policy

SUMMARY OF ISSUES:

County Connection has a few outstanding checks that remain unclaimed, even though attempts have and are being made to contact the payees and reissue the checks. Normally these unclaimed funds consist of checks issued through Accounts Payable or Payroll. State law allows for uncashed checks which are more than one year old and less than \$15.00, or greater than \$15.00 and more than three years old, to become the property of County Connection following publication on its website or in the local newspaper.

Staff proposes that the City Council adopt a formal policy regarding the proper handling of unclaimed money that follows the requirements of Government Code Section 50050-50057. Adoption of this policy will set up a procedure to escheat these funds to the City after proper notice has been satisfied. The attached policy was developed and approved by the Authority's Attorney and they are preparing a resolution for the Board meeting.

FINANCIAL IMPLICATIONS: None.

ACTION REQUESTED:

Staff requests that the committee approve the Resolution and Uncashed Check Policy and forward to the Board.

ATTACHMENTS:

- A. Resolution Adopting the CCCTA Uncashed Check Policy
- B. Central Contra Costa Transit Authority – Uncashed Check Policy

RESOLUTION NO. 2020-__

**BOARD OF DIRECTORS CENTRAL CONTRA COSTA TRANSIT AUTHORITY
STATE OF CALIFORNIA**

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ADOPTING THE CCCTA UNCASHED CHECKS POLICY

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter "Member Jurisdictions") have formed the Central Contra Costa Transit Authority ("CCCTA"), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions;

WHEREAS, from time to time, CCCTA has money under its control for which there is no claimant, including but not limited to, uncashed CCCTA-issued checks;

WHEREAS, State law provides procedures under which CCCTA can claim money under its control that remains unclaimed for specific periods of time;

WHEREAS, the Chief Financial Officer ("CFO") prepared an uncashed checks policy ("Uncashed Checks Policy"), under which CCCTA may treat uncashed checks as unclaimed property under Government Code sections 50050-50057; and

WHEREAS, the Administration & Finance Committee and the CFO recommend that the Board of Directors adopt the attached Uncashed Checks Policy.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Central Contra Costa Transit Authority hereby adopts the Uncashed Checks Policy, attached hereto, and authorizes the General Manager to take such actions as are reasonable and appropriate to implement the procedures necessary to enforce the policy.

Regularly passed and adopted this ____ day of January 2020, by the following vote.

AYES:

NOES:

ABSTENTIONS:

ABSENT:

Candace Andersen, Chair, Board of Directors

ATTEST:

Lathina Hill, Clerk to the Board

Central Contra Costa Transit Authority

UNCASHED CHECKS POLICY

1. Purpose

The purpose of this Central Contra Costa Transit Authority (County Connection) Uncashed Checks Policy (Policy) is to establish an accounting and disposition procedure for uncashed checks in accordance with California law. County Connection's Chief Financial Officer (CFO), or the CFO's designee(s), will implement this Policy in a manner that complies with the standards set by the Governmental Accounting Standards Board (GASB), the Generally Accepted Accounting Principles (GAAP), and Government Code sections 50050-50057.

2. Applicable State Law

This Policy is established pursuant to Government Code sections 50050-50057. Government Code section 50050 provides special rules for handling money representing restitution collected on behalf of victims. Checks representing restitution for victims are not subject to this Policy. The CFO will consult with County Connection's legal counsel prior to taking action on uncashed victim restitution checks.

3. Definitions

"Uncashed check" is a check, excluding restitution to victims, that has been issued by and delivered by County Connection to the payee, but that has not been cashed by the payee six months after the check issue date.

4. Procedure

- a. Identification of Uncashed Checks. Annually or as needed, the CFO will identify and review all uncashed checks.
- b. Uncashed Checks Under \$15 and One Year Past Issue Date. Uncashed checks that are under \$15 and remain unclaimed for at least one year past the check issue date will be voided and the money will be returned to the fund from which the money was originally drawn against.
- c. Public Notice Required for Uncashed Checks Over \$15 and Three Years Past Issue Date. Uncashed checks that exceed \$15 and remain unclaimed for three years past the check issue date become the property of County Connection after public notices are published in accordance with the requirements stated below, if the uncashed check is not claimed or if no verified complaint is filed and served. Once per week for two successive weeks, the CFO will publish a public notice in a local newspaper of general circulation containing all of the following information for each uncashed check over \$15 and remaining unclaimed for three years past issue date:
 - i. Payee name
 - ii. Amount of the check
 - iii. County Connection fund in which the money is held
 - iv. Instructions for claiming the check

- v. Date on which the money will become County Connection's property if not claimed (45 days from the date the first public notice was published)
- d. Processing Uncashed Checks Over \$15 and Three Years Past Issue Date. Within 45 days after the publication of the first public notice, a claimant must submit a claim for the uncashed check, or a portion thereof, to the CFO containing the claimant's name, address, amount of claim, grounds on which the claim is made, and any other information the CFO requires.
- i. If the CFO receives a timely and complete claim, the CFO will accept the claim and release the money, by voiding the original check and issuing a new check, to the depositor of the uncashed check, their heir, beneficiary, or duly appointed representative in accordance with Government Code Section 50052.5.
 - ii. If the CFO rejects the claim, the CFO will send a rejection letter to the claimant stating the reason the claim was rejected. Pursuant to Government Code section 50052, the claimant may file a verified complaint seeking to recover all, or a portion of, the money in a court of competent jurisdiction in Contra Costa County. A copy of the complaint and the summons must be served within 30 days of the date of the rejection letter. If a court action is filed, the CFO will take no further action on the uncashed check until the action is resolved. If no court action is filed, the CFO will void the check and return the money to the fund from which the money was originally drawn against.
 - iii. If no claim is timely filed pursuant to the public notice, the CFO will void the unclaimed check and return the money to the fund from which the money was originally drawn against.

5. Accounting Transactions and Documentation

The CFO will make all appropriate accounting entries in order to substantiate any action that results from this Policy, and will retain all records necessary to document the actions taken.