

CITY OF WHITE SETTLEMENT



UNCLAIMED PROPERTY POLICY

PREFACE

The aim of the Unclaimed Property Policy is to guide the City of White Settlement in the required annual review of its records and reporting of all tangible and intangible property presumed abandoned that is held or is owed in the ordinary course of White Settlement's business and remained unclaimed by the owner for more than a specified period of time after it became payable or distributable.

REVIEW & CITY MANAGER APPROVAL

March 2021

I. BACKGROUND

All financial institutions, businesses, government entities, and organizations that are holding abandoned property belonging to Texas residents should file a report with the Texas Comptroller's office. Title 6 of the Texas Property Code governs the State of Texas Unclaimed Property Program. Chapters 72 through 75 apply to the reporting, delivery and claims process for abandoned property. Chapter 76 applies specifically to unclaimed property held and reported by Texas counties, municipalities, independent school districts and junior colleges.

Unclaimed property can be any financial asset that appears to have been abandoned by the owner, such as the following:

- Uncashed dividends, payroll, cashier's checks;
- Stocks, bonds, mutual fund accounts;
- Utility deposits and other refunds;
- Bank accounts and safe deposit box contents;
- Insurance proceeds;
- Mineral interest or royalty payments; and/or
- Court deposits, trust funds, escrow accounts.

The abandonment period is the number of years that an entity holds the property before sending it to the state Comptroller's office. The property type determines the length of the abandonment period.

The City of White Settlement recognizes its responsibility to make a good faith effort to determine the whereabouts of the owner of property, and also recognizes that there are limits to what can be done to locate the rightful owner of property.

II. POLICY

On an annual basis, the City of White Settlement is required to review its records and determine whether it is holding any funds, securities or other property that has been unclaimed for the required dormancy period, and to report and remit these unclaimed funds to the State of Texas.

III. LEGAL REQUIREMENTS

- A. Property is classified as unclaimed if it has reached the required abandonment period as of March 1st each year. The City must hold property until the appropriate abandonment

period has run, and if property is determined to be unclaimed after this date, it must be included in the next annual remittance to the State.

- 1) The abandonment period is determined by the property type. For more specific detail, refer directly to the Texas Comptroller of Public Accounts: Unclaimed Property Reporting Instructions. Instructions are subject to change due to new or revised requirements, so annual review of this manual is required.
- B. Prior to remitting property to the Comptroller's Office as described below, the City must mail a written notice to the property owner of each dormant account valued at **more than \$250.00** and no later than May 1st of the year in which the property is classified as unclaimed per Section 74.1011 of the Texas Property Code. This notice requirement does not apply if a letter has already been mailed to the missing owner earlier in the abandonment period. For sample letter, refer directly to the Texas Comptroller of Public Accounts: Unclaimed Property Reporting Instructions. Instructions are subject to change due to new or revised requirements, so annual review of this manual is required.
- C. Property that is valued at **more than \$100.00** will be remitted to the State Comptroller's office along with the required report form(s) by July 1st **following** the date the property is classified as unclaimed.
- 1) Property that is due July 1st may be remitted any time after the annual cut-off date of March 1st and before July 1st.
- D. Per Chapter 74 of the Texas Property Code, property that is valued at **less than \$100.00** will be retained by the City.
- 1) Per Title 6, Chapter 76 of the Texas Property Code, the City shall publish a notice on or before July 1st in the calendar year **immediately following** the year in which the property report is filed. For example: Notices for property classified as unclaimed on March 1st, must be published by July 1st.
 - 2) At a minimum, the owner's name and last known address must be listed.
 - 3) The City will publish all claims of amounts of \$100 or less on its official website.

IV. CLAIMS PROCESS

- A. There is no statute of limitation on filing a claim.
- B. Claimants must fill out a claim form and present proof of ownership.

- C. Within **90 days** from the date of receiving the returned claim form, the Finance Department will determine in good faith if the claim is valid. If the claim is valid, the City will pay the full amount of the claim.
- D. If the claim is determined to be invalid, it will be rejected. The claimant may appeal this decision in accordance with Section 76.504 of the Texas Property Code.

V. ACCOUNTING

- A. For property, which is valued at **less than \$100.00** and retained by the City, the Finance Department will transfer funds from the City's operating funds to the Unclaimed Property Account for each fund on or before March 1st for property classified as unclaimed.
 - 1) Finance Department must void account payable entries code to a liability account in Unclaimed Property Account for each fund versus hitting an expense line item.
- B. The Finance Department will transfer all funds retained by the City on **an annual basis** to the Unclaimed Property Liability Account. Each Fund will then become responsible for paying a valid claim should a valid claim be submitted.
 - 1) This action will clear out the liability account in the Unclaimed Property Account for each fund to the each fund and provide revenue to the each fund.
- C. All publication and postage expenditures will be charged to Finance Department within the General Fund. These items are budgeted annually.