

REFERENCE COPY

FILE: DI-AP2
Critical

**EXPLANATION: FISCAL ACCOUNTING AND REPORTING/ACCOUNTING SYSTEM
*(Disposition of Abandoned Property)***

This is a NEW procedure for district consideration that covers two procedures recommended by auditors: 1) the steps to be followed when a check issued by the district has not been deposited or cashed, and 2) the steps that must be followed when any intangible personal property, including checks, is unclaimed after three years.

The state treasurer maintains a list of unclaimed intangible personal property. Intangible personal property is property that is not real estate or tangible personal property and usually includes cash, checks and securities. Every political subdivision in the state is supposed to report any unclaimed intangible personal property to the state treasurer following procedures established by the treasurer.

Uncashed checks are the forms of intangible personal property most likely to be held by a district and covered under this procedure. The district should try to locate any payee with an uncashed check before it becomes "abandoned," which is defined by law as being unclaimed for three years. After three years, the district must report and remit the unclaimed property to the state treasurer. If the amount of the unclaimed property is \$50 or more, the district must make an effort to locate the owner. The district can be financially penalized for failing to use "reasonable and necessary diligence as is consistent with good business practice" to locate the owner. Notification by the method described in this procedure meets this standard. Forms for filing reports of unclaimed property and an FAQ about the reporting process can be found on the Missouri state treasurer's website at: <http://www.treasurer.mo.gov/>.

MSBA recommends that copies of this document be routed to the following areas because the content is of particular importance to them. The titles on this list may not match those used by the district. Please forward copies to the district equivalent of the title indicated.

X	Board Secretary	X	Business Office		Coaches/Sponsors
	Facility Maintenance		Food Service		Gifted
	Human Resources		Principals		Library/Media Center
	Health Services		Counselor		Special Education
	Transportation		Public Info/Communications		Technology

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FISCAL ACCOUNTING AND REPORTING/ACCOUNTING SYSTEM *(Disposition of Abandoned Property)*

General

Abandoned intangible personal property, as defined below, will be reported and remitted to the Missouri state treasurer's office in accordance with law. This procedure is not applicable to tangible personal or real property. Property is considered abandoned if not claimed by the owner within three years.

Intangible personal property (property) subject to this policy includes, but is not limited to:

1. Uncashed (outstanding) checks issued by the district.
2. Other intangible property, including liabilities written off to an income or other account and recorded obligations for which no check was issued, such as overpayments.

Outstanding Checks

Each month, the district's internal outstanding checks list will be reviewed. If a check is still outstanding after six months, the person to whom the check was issued ("payee") will be notified using the most recent contact information available to the district. A copy of the notice will be retained by the district.

The notice will:

1. Explain that the check has not been cashed and is presumed lost.
2. Request that the payee cash or deposit the check if it is still in his or her possession.
3. Instruct the payee on how to submit a claim for the funds if the payee no longer possesses the check.
4. Notify the payee that if the funds payable by the outstanding check are not claimed, the district is required to transfer those funds to the state treasurer's office as abandoned property.
5. Notify the payee of the date on which the funds will be transferred to the state.

A payee reporting a lost check must submit a written request for a replacement check and include proof of identity as the payee, including the payee's signature, current address and the last four digits

of the payee's Social Security number. Companies or vendors may use letterhead, tax identification numbers or other appropriate documentation of entitlement to receive the funds. The district will issue a replacement check when a properly documented request is received.

If a replacement check is not requested within three years, the outstanding check will be reported to the state treasurer as abandoned property in accordance with law and the procedures described below.

Intangible Personal Property Other Than Uncashed Checks

If the district holds any intangible property other than outstanding checks, the district will attempt to contact the person to whom the property belongs before declaring it abandoned in accordance with the process outlined below.

Notice that Property Will be Declared Abandoned

During the 12-month period immediately prior to reporting property to the state treasurer's office as abandoned, the district will attempt to contact the property owner in accordance with the following:

1. If the value of the property is less than \$50, the district may attempt to locate and notify the owner.
2. If the value of the property is \$50 or more, the district will attempt to locate and notify the owner by sending a notice regarding the unclaimed property via first-class mail, postage prepaid and marked "Address Correction Requested." If the postal service provides the district with additional information as part of the address correction process, the district shall send second and subsequent notices in the same format as the first notice to any new address provided to the district.

Reporting

Abandoned property of any value will be reported in accordance with law by filing a report with the state treasurer of property presumed abandoned. The report will be filed no later than November 1 following the close of the fiscal year in which the property became abandoned. A check for the amount of the abandoned property made payable to the state treasurer will accompany the report. Amounts under \$50 per owner may be reported in aggregate.

The district will retain the cost of postage and the clerical costs of filing the report. Clerical costs are limited to the lesser of \$10 per hour for the actual time expended or one hour per 50 owners reported.

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Note: The reader is encouraged to review policies and/or forms for related information in this administrative area.

Implemented: **FIELD**(AdoptDate)

Revised:

FIELD(DistrictLocationLine)