

To: Mayor Pat Humphrey and the Clare City Commission
From: Steven J. Kingsbury, MBA, CPFA, MiCPT
Treasurer, Finance and Technology Director
Date: April 26, 2016
Reference: Treasurer's Report for May 2, 2016

Annual Escheat Processing: We have initiated the annually escheat processing to identify all old checks that have not been negotiated within the established requirements. We have mailed ten letters to the last known address of the payees requesting that they either cash the outstanding check or contact us to initiate the process to reissue the instrument if it has been lost or misplaced. All but one of the checks are for amounts under \$100 and the last check is to a vendor for just over \$300. Attached for the Commission's reference you will find a brief overview of the escheatment process along with a chart of the dormancy periods required under the law.

North Industrial Park and Infrastructure Extension Project: With the EDA Grant in the process of being closed we submitted our final draw from the general infrastructure bond and started the process of closing the three bonds (General Infrastructure \$565,000; Sewer \$335,000; and Water \$560,000). Both the sewer and the water bonds were fully drawn for the project, however, \$38,000 of the General Infrastructure Bond was not needed for the project.



Reporting Unclaimed Property

Most businesses have unclaimed property resulting from normal operations. Any asset, tangible or intangible, belonging to a third party that remains unclaimed for a specified period of time is considered unclaimed property. For example, uncashed payroll checks must be turned over to the State after one year; most other property types, such as vendor checks and accounts receivables credit balances, must be turned over after three years. Government entities must turn over all unclaimed property, regardless of property type, after one year.

Michigan's Uniform Unclaimed Property Act, Public Act 29 of 1995, as amended, requires businesses and government entities to report and remit to the Michigan Department of Treasury abandoned and unclaimed property belonging to owners whose last known address is in Michigan. In addition, every business or government entity that is incorporated in Michigan must report and remit abandoned property belonging to owners where there is no known address.

For a complete list of property dormancy periods, see the [dormancy chart](#) in Appendix A.

What's New:

Senate Bill 538 amends the Uniform Unclaimed Property Act of 1995 effective 12/22/2015:

- Properties with a value of \$25.00 or less are not required to be escheated per Section 567.224a Sec. 4a.
 - Does not apply to dividends or stock-related properties defined in Section 567.231a Sec. 11a.
 - These properties can still be voluntarily escheated.
- New streamlined audit option described in Section 567.251b Sec. 31b. for businesses whose principal place of business is in Michigan as defined by Section 567.222 Sec. 2.
 - This is retroactive and applies to audits in progress as of August 15, 2015, but does not retroactively apply to contested determinations in litigation before the date of enactment of this amendatory act.

Due Date

The due date for filing the unclaimed property annual report is July 1, 2016 for property reaching its dormancy period as of March 31, 2016.

How to Report

Complete instructions and forms are available in the [Manual for Reporting Unclaimed Property](#). The amount of properties that a holder reports determines the method for reporting.

- Those reporting 10 or more properties - File using **free** [third-party software](#)
- Those reporting less than 10 properties - File using **free** [third-party software](#) or [paper forms](#)

Possible Penalty and Interest Charges

If a property holder fails to properly file a report, penalty and interest may be assessed as follows:

- Interest at one percentage point above the adjusted prime rate per annum per month on the property or value of the property from the date the property should have been paid or delivered, and/or
- Penalty at 25 percent of the value of the property that should have been paid or delivered.

How to Pay Electronically

Holders who have previously filed unclaimed property reports with the State of Michigan now have the ability to [remit payment](#) for their unclaimed property report. Since this payment method requires validation, this payment method is not available to first time filers.

Voluntary Disclosure Agreement

Treasury is providing entities that have not previously reported or have underreported unclaimed property in the past with an opportunity to voluntarily comply with the requirements of the Michigan Unclaimed Property Act (Act) by offering a Voluntary Disclosure Agreement.

Entities that submit a Voluntary Disclosure Agreement indicate their desire to be compliant with the Act. Accordingly, the holder agrees to voluntarily comply with the Act by reporting and remitting previously unreported unclaimed property due the State of Michigan. In accordance with the Voluntary Disclosure Agreement, the holder agrees to accurately complete and file unclaimed property reports and remit payments for the current reporting year and the previous 4 reporting years within 6 months from the date the form is filed with the Unclaimed Property Division. Holders will not be assessed penalties or interest.

- Link to [Voluntary Disclosure Agreement \(Form 4869\)](#)

Resources

- [Frequently Asked Questions](#)
- [Key Dates](#)
- [Public Act 29 of 1995](#)
- [NAUPA](#)
- [Forms](#)

Contact Us

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Key Reporting Dates

March 31	Identify properties that may be reportable as unclaimed property as of March 31.
April 15	Prepare and mail due diligence letters to those property owners identified as inactive.
May 15	Determine property owners with whom contact has not occurred (i.e. returned mail, no response, etc.).
June 1	Begin preparing the annual unclaimed property report using free reporting software .
On or Before July 1	Mail the electronic media containing the annual unclaimed property report, <i>Michigan Holder Transmittal for Annual Report of Unclaimed Property (Form 2011)</i> and remittance to the Unclaimed Property Division.

Unclaimed Property Reporting Forms

Filing Requirements and Forms for Reporting Unclaimed Property to the Michigan Dept. of Treasury

2013	Manual for Reporting Unclaimed Property
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1223	Annual Report of Unclaimed Cash and Safe Deposit Boxes
2011	Holder Transmittal and Checklist for Annual Report of Unclaimed Property
3164	Annual Report of Unclaimed Securities
3165	Holder Request for Refund
3167	Report of Unclaimed Property: Safe Deposit Boxes
3277	Claim for Refund of Unclaimed Property

4869	Unclaimed Property Voluntary Disclosure Agreement
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About Treasury

- Treasurer Nick A. Khouri
- Deputy Treasurers
- Public Meetings
- Treasury Organization Chart

Communications

- Treasury Contact Information
-  Sign up for Treasury
- Email Alerts
- Press Releases

Other Resources

- Investments
- Michigan Lottery
- Michigan Gaming Control Board

State of Michigan



More About Flint Water



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State of Michigan - Department of Treasury, Unclaimed Property Division

APPENDIX A PROPERTY TYPE CODES AND ABANDONMENT PERIODS

ACCOUNT BALANCES DUE

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	AC01	CHECKING ACCOUNTS
3	AC02	SAVINGS ACCOUNTS
3	AC03	MATURED CD OR SAVINGS CERTIFICATE
3	AC04	CHRISTMAS CLUB FUNDS
3	AC05	MONEY ON DEPOSIT TO SECURE FUND
3	AC06	SECURITY DEPOSITS
3	AC07	UNIDENTIFIED DEPOSITS
3	AC08	SUSPENSE ACCOUNTS
15	AC10	AUTOMATIC RENEWABLE CD
3	AC11	UGMA ACCOUNT
3	AC99	AGGREGATE ACCOUNT BALANCES UNDER \$50.00

UNCASHED CHECKS

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	CK01	CASHIER'S CHECKS
3	CK02	CERTIFIED CHECKS
3	CK03	REGISTERED CHECKS
3	CK04	TREASURER'S CHECKS
3	CK05	DRAFTS-CHECKS
3	CK06	WARRANTS
3	CK07	MONEY ORDERS
15	CK08	TRAVELER'S CHECKS
3	CK09	FOREIGN EXCHANGE CHECKS
3	CK10	EXPENSE CHECKS
3	CK11	PENSION CHECKS
3	CK12	CREDIT CHECKS OR MEMOS
3	CK13	VENDOR CHECKS
3	CK14	CHECKS WRITTEN OFF TO INCOME
3	CK15	OTHER OUTSTANDING OFFICIAL CHECKS
3	CK16	CD INTEREST CHECKS
3	CK99	AGGREGATE UNCASHED CHECKS UNDER \$50.00

IRA ACCOUNTS/ HEALTH SAVINGS ACCOUNTS

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	IR01	IRA CASH
3	IR08	IRA STOCKS AND BONDS
3	IR13	IRA MUTUAL FUNDS
3	HS01	HEALTH SAVINGS ACCOUNTS

MINERAL PROCEEDS & MINERAL INTEREST

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	MI01	NET REVENUE INTEREST
3	MI02	ROYALTIES
3	MI03	OVERRIDING ROYALTIES
3	MI04	PRODUCTION PAYMENTS
3	MI05	WORKING INTEREST
3	MI06	BONUSES
3	MI07	DELAY RENTALS
3	MI08	SHUT-IN ROYALTIES
3	MI09	MINIMUM ROYALTIES
3	MI99	AGGREGATE MINERAL INTEREST UNDER \$50.00

MISC. CHECKS & INTANGIBLE PERSONAL PROPERTY

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
1	MS01	WAGES, PAYROLL, SALARY
1	MS02	COMMISSIONS
3	MS03	WORKERS' COMPENSATION BENEFITS
3	MS04	PAYMENT FOR GOODS & SERVICES
3	MS05	CUSTOMER OVERPAYMENT
3	MS06	UNIDENTIFIED REMITTANCES
3	MS07	UNREFUNDED OVERCHARGES
3	MS08	ACCOUNTS PAYABLE
3	MS09	CREDIT BALANCES-ACCTS. REC.
3	MS10	DISCOUNTS DUE
3	MS11	REFUNDS DUE
3	MS12	UNREDEEMED GIFT CERTIFICATES
3	MS13	UNCLAIMED LOAN COLLATERAL
3	MS14	PENSION & PROFIT SHARE PLANS (IRA,KEOGH)
1	MS15	DISSOLUTION OR LIQUIDATION
3	MS16	MISC. OUTSTANDING CHECKS
3	MS17	MISC. INTANGIBLE PROPERTY
3	MS18	SUSPENSE LIABILITIES
3	MS99	AGGREGATE MISC. PROPERTY UNDER \$50.00

SAFE DEPOSIT BOXES & SAFEKEEPING

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	SD01	SAFE DEPOSIT BOX CONTENTS
3	SD02	OTHER SAFEKEEPING
3	SD03	OTHER TANGIBLE PROPERTY

COURT DEPOSITS

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
1	CT01	ESCROW FUNDS
1	CT02	CONDEMNATION AWARDS
1	CT03	MISSING HEIRS FUNDS
1	CT04	SUSPENSE ACCOUNTS
1	CT05	OTHER COURT DEPOSITS
1	CT06	CHILD SUPPORT PAYMENTS
1	CT07	ABANDONED VEHICLE PROCEEDS
1	CT99	AGGREGATE COURT DEPOSITS UNDER \$50.00

INSURANCE

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	IN01	INDIVIDUAL POLICY BENEFITS OR CLAIM PAYMENTS
3	IN02	GROUP POLICY BENEFITS OR CLAIM PAYMENTS
3	IN03	PROCEEDS DUE BENEFICIARIES
3	IN04	PROCEEDS FROM MATURED POLICIES, ENDOWMENTS OR ANNUITIES
3	IN05	PREMIUM REFUNDS
3	IN06	UNIDENTIFIED REMITTANCES
3	IN07	OTHER AMOUNTS DUE UNDER POLICY TERMS
3	IN08	AGENT CREDIT BALANCES
2	IN77	LIMITING AGE POLICIES
3	IN99	AGGREGATE INSURANCE PROPERTY UNDER \$50.00

SECURITIES

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	SC01	DIVIDENDS
3	SC02	REGISTERED BOND INTEREST (CORP.)
3	SC03	REGISTERED BOND PRINCIPAL (CORP.)
3	SC04	EQUITY PAYMENTS
3	SC06	FUNDS PAID TO PURCHASE SHARES
1	SC07	MUNICIPAL BOND PRINCIPAL AND INTEREST
3	SC08	SHARES OF STOCK (RETURNED BY P.O.)
3	SC09	CASH FOR FRACTIONAL SHARES
3	SC10	UNEXCHANGED STOCK OF SUCCESSOR CORP.
3	SC11	OTHER CERTIFICATES OF OWNERSHIP
3	SC12	UNDERLYING SHARES OR OTHER OUTSTANDING CERTIFICATES
3	SC13	FUNDS FOR LIQUIDATION/REDEMPTION OF UNSURRENDERED STOCK OR BONDS
3	SC14	DEBENTURES
1	SC15	US GOVERNMENT SECURITIES
3	SC16	MUTUAL FUND SHARES
3	SC17	WARRANTS (RIGHTS)
3	SC19	DIVIDEND REINVESTMENT PLANS
3	SC20	CREDIT BALANCES
3	SC99	AGGREGATE SECURITY RELATED CASH UNDER \$50.00

TRUST, INVESTMENT & ESCROW ACCOUNTS

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
3	TR01	PAYING AGENT ACCOUNTS
3	TR02	UNDELIVERED OR UNCASHED DIVIDENDS
3	TR03	FUNDS HELD IN FIDUCIARY CAPACITY
3	TR04	ESCROW ACCOUNTS
3	TR05	TRUST VOUCHERS
3	TR99	AGGREGATE TRUST PROPERTY UNDER \$50.00

UTILITIES

<u>Yrs</u>	<u>Code</u>	<u>Description</u>
1	UT01	UTILITY DEPOSITS
3	UT02	MEMBERSHIP FEES
3	UT03	REFUNDS OR REBATES
3	UT04	CAPITAL CREDIT DISTRIBUTIONS
3	UT99	AGGREGATE UTILITY PROPERTY UNDER \$50.00

Regardless of property types, all government entities must report all properties after one year of dormancy.