REQUEST FOR COUNCIL ACTION

CITY COUNCIL MEETING DATE:
JULY 2, 2019

TITLE:
APPROVE THE RECOGNITION OF
REVENUE AND TRANSFER OF
CERTAIN UNCLAIMED DEPOSITS
FROM THE CITY AGENCY FUNDS AND
THE WATER ENTERPRISE FUND
{STRATEGIC PLAN NO. 4, 1}

APPROVE

CITY MANAGER

RECOMMENDED ACTION

1. Approve the recognition of $399,606.30 of revenue in the General Fund and $529,796.45 of revenue in the Water Enterprise Fund for certain unclaimed deposits, as allowed by state law.
2. Approve the transfer of active deposits from the Treasurer's Trust Fund (Fund 098) to the City Services Fund (Fund 053), and the closure of the Treasurer's Trust Fund as of June 30, 2019.

DISCUSSION

This request for action is a routine item to clean-up the City’s trust deposit accounting. For many years, the City has accepted deposits from developers, property owners, and utility companies for City services and the privilege to temporarily utilize City resources or the public right-of-way for private projects. State law allows the City to publish notification of the stale deposits, offering the public an opportunity to claim them. When no claims are made, the City can recognize the stale deposits as revenue. Finance and Management Services Agency (FMSA) staff has identified $399,606.30 of deposits that can be recorded as revenue in the General Fund and $529,796.45 of deposits that can be recorded as revenue in the Water Enterprise Fund.

Due Diligence Efforts – Fiscal Year (FY) 2017-18
During the fiscal year 2017-18, FMSA staff conducted extensive research to obtain supporting documentation for the unclaimed deposits by reviewing the City's financial records. FMSA staff worked with the following Departments to identify supporting documentation:

- Clerk of the Council
- Police Department
- Public Works Agency
- Planning and Building Agency
- Parks, Recreation, and Community Services Agency

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From the City Agency Funds and the Water Enterprise Fund
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The Departments noted above confirmed that no records exist to determine the nature of the accounts, and/or to confirm if deposits were accepted to provide a service. To ensure the public was aware of the existence of unclaimed deposits on file with the City, FMSA staff published a Public Notice in April 2018 in accordance with the applicable Government Code Sections. No claims were filed with the City, and staff requested City Council action to recognize these deposits as City revenue in June 2018. However, staff was advised by the City Council to expand its due diligence efforts.

Due Diligence Efforts – FY 2018-19
FMSA staff continued working with other departments to gather information during fiscal year 2018-19. The departments confirmed that either the City had provided a service, or due to change in financial software, no corresponding records are readily available.

FMSA staff published a second Public Notice in accordance with the relevant Government Code Section on April 27 and May 4, 2019 (see Exhibit 1). The City did not receive any claims (the cut-off was June 11, 2019 or 45 days from Public Notice). As a result, the unclaimed deposits held by the City are now eligible to be recorded as City revenue.

In addition, FMSA staff has developed an Unclaimed Funds Policy (Policy) for distribution to all City Staff. The Policy outlines the treatment of funds when they are considered unclaimed, along with the process in notifying the public the existence of the said funds.

If City Council approves the staff recommendation, the following actions will be taken.

Recognize Revenue in the Water Enterprise Fund
Unclaimed deposits related to Water Services, in the amount of $529,796.45 will be recorded as revenue in the Water Enterprise Fund. The funds were accepted by the Water Department from contractors to allow the use of City water during a construction project within the City limits.

Transfer to General Fund
Unclaimed deposits in the amount of $399,606.30 will be recorded as revenue in the General Fund, in accordance with the Government Code section 50053. The funds become property of the City when the funds remain unclaimed after two (2) Public Notice filings.

Transfer to City Services Fund (Fund 053)
The City Services Fund (Fund 053) was established in July 2017 as a means for City departments to continue accepting deposits on behalf of outside parties commonly referred to as pass-thru activities. The activity previously recorded in the Treasurer’s Trust (Fund 098) will be recorded in the City Services Fund going forward. Departments are aware that established accounts within the City Services Fund will require documentation identifying the source of deposits (e.g. date, name of the party, and amount), to avoid the accumulation of stale deposits in the future. Active deposits with proper documentation will be transferred from Fund 098 to Fund 053, and Fund 098 will be closed.

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STRATEGIC PLAN ALIGNMENT

Approval of this item allows the City to meet Goal #4 City Financial Stability, Objective #1 (Maintain a Stable, Efficient, and Transparent Financial Environment).

FISCAL IMPACT

The following unclaimed deposits maintained in the fund(s)/account(s) noted below will be reclassified utilizing the balance noted on May 31, 2019 as follows:

1) Reclassify the following:
   i. Account # 09201001-24029 – Contractor Water Deposit - $529,796.45 to the Water Enterprise account # 06017002-57010 – Miscellaneous recoveries.
   ii. Balances noted in the Therapeutic Recreation Program Deposits (Fund 091) and Treasurer’s Trust (Fund 098) to the General Fund account #01102002-57010 - Miscellaneous recoveries.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Account Description</th>
<th>Dept</th>
<th>Amount</th>
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<tr>
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<td></td>
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<td>399,606.30</td>
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iii. Balances noted in the Treasurer's Trust Fund (Fund 098) to the City Services (Fund 053) various balance sheet, revenue and/or expenditures accounts:

<table>
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<th>Account</th>
<th>Account Description</th>
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* Balance as of May 31, 2019 and is subject to change due to transactions through June 30, 2019.

APPROVED:

![Signature]

Kathryn Downs, CPA
Executive Director
Finance and Management Services Agency

Exhibit: 1. Public Notice – Unclassified Deposits
COPY OF NOTICE

Notice Type: GPN GOVT PUBLIC NOTICE
Ad Description: PUBLIC NOTICE OF UNCLAIMED MONEY HELD BY CITY OF SANTA ANA

To the right is a copy of the notice you sent to us for publication in THE REGISTER. Please read this notice carefully and call us with any corrections. The proof of publication will be filed with the County Clerk, if required, and mailed to you after the last date below. Publication date(s) for this notice is (are):

04/27/2019, 05/04/2019

The charge(s) for this order is as follows. An invoice will be sent after the last date of publication. If you prepaid this order in full, you will not receive an

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(619) 232-3486
(510) 272-4747

CNS 3248001

PUBLIC NOTICE OF UNCLAIMED MONEY HELD BY CITY OF SANTA ANA

This is a public notice that the City of Santa Ana ("City") is in possession of certain unclaimed money in connection with the following claim(s) noted below. The total amount of unclaimed money is $229,422.75. These claim(s) are no longer on file with the City. The above funds were received by the City of Santa Ana. The funds have been deposited into the City's designated financial institution's general operating account ("Unclaimed Money"). Pursuant to Government Code section 30600 et. seq., it is proposed that the Unclaimed Money shall become the property of the City on June 15, 2019. Anyone who has a legal claim to the Unclaimed Money must file a written claim with the City Treasurer on or before June 15, 2019, at the address provided below. The claim must identify the name of the claimant, the claimant's current address and phone number, the amount claimed, and the grounds on which the claim is founded. The City Treasurer has the right to demand further proof of identity and other facts to establish any claim, and may accept or reject a claim. If the claim is rejected, the claimant may file a verified complaint seeking to recover all or a designated part of the Unclaimed Money in a court of competent jurisdiction within Orange County and serve a copy of the complaint and summons upon the City Treasurer. A copy of the complaint and summons must be served within 30 days of the date of this notice. The claim was received further information regarding Unclaimed Money may be obtained from the City Treasurer, City of Santa Ana, 20 Civic Center Plaza, Santa Ana, CA 92701. Claims or further information related to Unclaimed Money may also be submitted by email to account@santa-ana.org.

DEPOSITED FUNDS WITH THE CITY:

New Treasurer's Trust Fund (Public Works-Cash Deposits) - $16,847.72
New Treasurer's Trust Fund (Volunteer Firefighter Deposits) - $3,700.00
Bulk Water Deposits (Contractor Water Deposit) - $59,796.48
Therapeutic Recreation Program Deposits (Trust & Agency) - $596.64

EXHIBIT 1

THE REGISTER