

TAILINGS

PURPOSE

To minimize the negative impact of uncashed checks on cash position certainty, to provide appropriate opportunities for payees to claim uncashed checks, and to properly recover unclaimed funds for the Town's general fund, this policy sets guidelines for the resolution of tailings.

APPLICABILITY AND SCOPE

Applies to:	<ul style="list-style-type: none">Treasurer, Town Accountant, and all department headsPayees of Town disbursements
Scope:	<ul style="list-style-type: none">Managing uncashed checks, including notifying payees, handling claims, and escheating unclaimed funds to the general fund

BACKGROUND

A tailing is a form of unclaimed property that results from a disbursed but uncashed check, and it represents a debit liability on the Town's books. It can arise from any treasury check issued to pay an employee or vendor, refund a municipal tax or charge, or pay any other municipal obligation. Having accepted M.G.L. c. 200A § 9A, the Town can expedite tailing resolutions and escheat to the Town's general fund the funds that remain unclaimed at the completion of the process rather than surrendering the money to the state, as would be required otherwise. This policy sets forth the steps that must be taken to properly manage tailings under § 9A.

POLICY

Periodically throughout the year, the Treasurer, relevant department heads, and the Town Accountant will work together to resolve accumulated tailings, either by prompting actual pay outs or through escheatment to the Town.

A. Monthly Management of Tailings

As part of the monthly cash reconciliation, the Treasurer will review the accounts payable bank accounts online to determine which checks have been cashed by recipients and update their status in Munis. The Treasurer will then run a Munis report of all checks outstanding 30 days or more after issuance and email the department head associated with each of them to follow up with the payee. The department head will attempt to contact the payee by phone to determine why the check has not been cashed. For all checks still outstanding two weeks after notices to departments, the Treasurer will send an uncashed check notice to the payees at their last known addresses.

B. Yearly Review

The Treasurer will identify all checks that are uncashed one year after being issued and notify the bank to stop payment. At this point, the checks may still be claimed by the payees but will require reissuance. The Treasurer will provide a report of the stop-paid checks to the Town Accountant, who will then record the funds as abandoned property liability in the general ledger

At least once a year, the Treasurer will review the accumulated inventory of stop-paid tailings and do the following:

1. List the payee names on the Town’s website for a minimum of 60 days under the heading: “Notice of names of persons appearing to be owners of funds held by the Town of Edgartown and deemed abandoned.” This posted notice will detail the process to claim funds and state a deadline for making a claim that is not less than 60 days after the initial posting date of the notice on the website.
2. For all checks still unclaimed after the website deadline, publish in *The Martha’s Vineyard Times* and *Vineyard Gazette* a notice in the same form as the website posting but stating a new claim deadline not less than 60 days after the publication date.
3. For checks of \$100 or greater that remain uncashed after the publication deadline, publish a second notice in the same two newspapers with the same language as the previous except with a deadline for claiming the funds at least one year after the new publication date.
4. Schedule a calendar prompt one year after the second publication date to review all the published checks again. When the prompted date occurs, notify the Town Accountant of all those that are still unclaimed at that time.

C. Check Claiming

If a payee submits a claim to the Treasurer within the given deadline, or at any time before the funds are escheated, the Treasurer will review the claim and make a determination as to its validity.

- If the claim is deemed valid, the Treasurer will submit the amount to the Town Accountant for inclusion on the next disbursement warrant.
- If the claim is deemed invalid, the Treasurer will segregate the funds into a separate, interest-bearing account and notify the claimant of this action within 10 days. Within 20 days after receiving this notice, the claimant may file an appeal at Edgartown District Court (or at Superior Court if the amount is \$50,000 or more).
- If the court rules for the claimant, the Treasurer will submit the tailing amount, along with any interest, to the Town Accountant for inclusion on the next disbursement warrant after receiving the court order.
- If the court rules against the claimant, or if the Treasurer receives no notice of any court appeal being filed within one year of the Treasurer’s notice to the claimant that the funds were being withheld, the Treasurer will notify the Town Accountant to escheat the total tailing and interest amount.

D. Escheatment

Upon receipt of a notice from the Treasurer as described in Sections B and C above, the Town Accountant will escheat the listed funds. This involves reversing the abandoned property liability and recognizing the funds as revenue in the general fund to be available for future appropriation by town meeting for any public purpose.

REFERENCES

[M.G.L. c. 200A, § 9A](#)

Edgartown policies on Disbursements and Reconciliations

EFFECTIVE DATE

This policy was adopted on May 17th 2021.