

Financial Reports

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](http://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Financial Reports

Reference Number: MTAS-1433

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Unclaimed Property Reporting

Reference Number: MTAS-1434

Tennessee law regarding unclaimed property requires entities, including municipal governments, to file annual reports with the State of Tennessee Department of Treasury by May 1 of each year for all tangible and intangible property that is presumed abandoned. **NOTE** Effective April 24, 2018,** municipalities will be required to file the report to the State Treasurer before November 1, 2019, if the property is held between January 1, 2018 and June 30, 2019. These new regulations require the reports submitted thereafter to be filed before November 1 of each year and cover the 12 months preceding July 1 of that year. T.C.A. §§ 66-29-101-155 is the Tennessee Unclaimed Property Act. The act requires all holders of unclaimed or abandoned property to report and transmit all unclaimed property to the state. All reports must be filed electronically in an accepted format. The Department of Treasury has free software available on their website.

Examples of unclaimed or abandoned property include security or meter deposits, uncashed payroll checks, outstanding vendor checks, refunds, and fees for personal services. Holders should review the law for other examples of unclaimed property that should be reported. Due diligence must be performed to locate every owner of dormant property of \$50 or more. Dormancy rules and many other important rules and regulations can be found in the manual at <http://treasury.tn.gov/unclaim/PDFs/UPCBook2018.pdf> [1]

Penalties for non-compliance can be substantial. A penalty of \$200 per day up to \$5,000 is assessed for failure to report, and \$1,000 per day up to \$25,000 for contracting to avoid obligations under the Act. The state may contract with third parties to conduct an examination of records. Examination of records may occur at any time if the state suspects or learns that an entity may have unclaimed property that has not been reported.

What can cities do to avoid or minimize the possibility of being assessed penalties for unreported property or from an on-site examination of records?

- Diligently identify property owners, and pay those that are found.
- Report all property that is owed to missing owners to the state treasurer by May 1 of each year.
- Provide the state treasurer with full names, addresses, and other details about owners in order to properly identify the owner.
- Maintain accurate books and records to permit identification of owners.
- Become familiar with the provisions of the law pertaining to compliance with reporting requirements.

The State Treasurer's office maintains a website which provides useful information on the law along with forms and frequently asked questions. The website is www.treasury.state.tn.us/unclaim/index.html [2].

Questions can be directed to the Department of Treasury Unclaimed Property Division at (615) 253-5362 or e-mail UCP.Holders@tn.gov [3].

Links:

[1] <http://treasury.tn.gov/unclaim/PDFs/UPCBook2018.pdf>

[2] <http://www.treasury.state.tn.us/unclaim/index.html>

[3] <mailto:UCP.Holders@tn.gov>

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