

Agenda Summary Report (ASR)

Franklin County Board of Commissioners

DATE SUBMITTED: 07/26/2021	PREPARED BY: Tim Anderson
Meeting Date Requested: 08/03/2021	PRESENTED BY: Keith Johnson
ITEM: (Select One) <input checked="" type="checkbox"/> Consent Agenda <input type="checkbox"/> Brought Before the Board Time needed:	
SUBJECT: Approve a Franklin County Unemployment Fund Policy	
FISCAL IMPACT: The impact is variable and will depend on usage from prior years. Current Expense has been contributing to this fund each year and will continue to do so. Current Expense paid \$65,435, \$28,898, and \$60,215 in 2018, 2019, and 2020 respectively. Other funds (e.g., The Hapo Center) will also pay based on historical usage.	
BACKGROUND: The State Auditor's Office (SAO) recommended in the 2019 accountability audit of Franklin County that we "approve a policy for reserve, settling, and adjusting claims, the establishment of a reserve process and review of reserve amounts set aside." This was an exit item during that audit, which is the lowest level of reporting made by the SAO. This policy is to remedy the State Auditor's Office recommendation.	
RECOMMENDATION: Approve the resolution	
COORDINATION: Tom Westerman, Director of Finance; Tim Anderson, Accounting Supervisor; Maisey Stein, Accounting Assistant III; Keith Johnson, County Administrator.	
ATTACHMENTS: ASR/Resolution,	
HANDLING / ROUTING: (Once document is fully executed it will be imported into Document Manager. Please list <u>name(s)</u> of parties that will need a pdf) Tom Westerman, Director of Finance, Auditor's Office	

I certify the above information is accurate and complete.

Keith Johnson, Administrator

FRANKLIN COUNTY RESOLUTION _____

BEFORE THE BOARD OF COUNTY COMMISSIONERS,
FRANKLIN COUNTY, WASHINGTON

ADOPTION OF A FRANKLIN COUNTY UNEMPLOYMENT FUND POLICY

WHEREAS, the State Auditor’s Office recommended in the 2019 accountability audit of Franklin County that we “approve a policy for reserve, settling, and adjusting claims, the establishment of a reserve process and review of reserve amounts set aside;” and

WHEREAS, the Board of Franklin County Commissioners constitutes the legislative authority of Franklin County and deems this to be in the best interest of the County; and

NOW, THEREFORE, BE IT RESOLVED that the Franklin County Commissioners do hereby adopt the attached Franklin County Unemployment Fund Policy.

APPROVED this 3rd day of August 2021.

**BOARD OF COUNTY COMMISSIONERS
FRANKLIN COUNTY, WASHINGTON**

Chair

Chair Pro Tem

Member

Attest:

Clerk to the Board

Originals: Auditor
Accounting

Franklin County Unemployment Policy

1. OVERVIEW

Franklin County self-insures for its unemployment claims, using the Franklin County Unemployment Fund (FCUF), fund 502, for unemployment reserves and claim payments. The FCUF is an internal service fund, which is a fund that may be used for activities that provide goods and services to other funds or departments or other governments on a cost-reimbursement basis. Claims are paid to the Washington State Employment Security Department (ESD) on an occurrence basis. After ESD approves unemployment claims, Franklin County pays the actual costs of the claims to ESD quarterly.

Current Expense departments are assessed a fee for each budgeted full-time equivalent (FTE) employee, or pro-rata for less than full-time employees. Departments are not charged for employees that would not qualify for unemployment (e.g., elected officials).

Non-Current Expense Funds (e.g., HAPO Operations Fund) are assessed a fee based on the average claims paid over the past three full fiscal years.

Current Expense departments and non-Current Expense funds are charged quarterly, at 1/4th of their annual assessment. This assessment is deposited into the FCUF.

2. CLAIMS ADMINISTRATION

When the County is notified of an unemployment claim filing, Human Resources provides separation details to ESD and responds to any of ESD's requests for information. Once a claim is approved by ESD, the County may appeal any decisions that it deems to have been made in error (e.g., the former employee quit their job without good cause) and request a hearing with an Administrative Law Judge. Good-cause reasons for quitting employment are listed on the ESD website.

Human Resources also reviews the quarterly billings from ESD to ensure accuracy. Once claims have been reviewed and approved by Human Resources, the Auditor's Office processes payment to ESD through its standard accounts payable processing procedure.

3. RESERVE PROCESS

Reserves within the FCUF are reviewed annually during the budget adoption process. FCUF reserves are reviewed by the Auditor's Office and then, based on this review, the total departmental assessment is added to each Current Expense department budget. Non-Current Expense departments are notified of their total annual assessment so that the assessment can be added to their budget. The total annual assessment from all funds will be added as an inflow to the FCUF.

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The rate billed, per employee, within Current Expense is set as follows: For Current Expense, the average claims paid by Current Expense from the prior three full fiscal years multiplied by 1.25 and then divided by the FTE Employees within the preliminary Current Expense budget for the upcoming budget year. This amount is then rounded up to the nearest \$10.

For non-Current Expense funds, the annual assessment will be the average of that fund's claims paid from the prior three full fiscal years, multiplied by 1.25. This amount is then rounded up to the nearest \$10.

During years that a participating fund's claims exceed their contributions, the pooled reserves will cover the cost of their current year deficit. The participating fund will make up for the financing shortage as described in the previous paragraph.

Current Expense may pay the annual assessment for another fund if it is deemed by the County Administrator that the benefitting fund cannot afford the assessment.

If it is determined mid-year that there are inadequate reserves, including remaining quarterly department/fund assessments, to pay all claims for the year, then additional assessments along with the funding source will be made as suggested by the Auditor's Office and approved by the County Administrator.