**Kittitas County**
**Board of County Commissioners**

# Agenda Staff Report

**Agenda Date:** January 21ST, 2013

**Action Requested:** Request the Board to adopt a Resolution to adopt the 2013 Internal Rate of Unemployment Compensation.

---

**Background:**

For years Kittitas County has had the fund 511 Unemployment Compensation and charged departments and funds for unemployment charges.

All local governments have a choice between either the Option 1 - Tax Basis or Option 2 - In-lieu contribution basis for making payments to the Department of Employment Security (DES) per R.C.W. 50.44.030. The State auditor prescribes the accounting for Option 2 - In-Lieu Contribution (Reimbursement) R.C.W 50.44.060. The choices for accounting for Option 2 are Method A; create an internal service fund or Method B; participate with other local governments; Kittitas County uses Method A.

The amount of these cash contributions depends on the estimate of future unemployment claims. The estimates should be adjusted periodically, based on an experience. There may be different rates for departments and funds within the same government. The periodic cash contributions from operating funds will be charged to the functional expenditure/expense accounts in the operating funds in the same manner as premium payments paid to the DES. Payments to the DES must be made from the Unemployment Compensation Fund. Interest earnings on investment of the contributions may be used for the benefit of the Unemployment Compensation Fund (thereby reducing charges to the operating funds) or the general (current expense) fund per RCW 35.39.034.

This rate was established during the preliminary budget process. The rate was established by taking the yearly charges paid for unemployment divided by the total yearly payroll, to get the percentage. This rate charged was the average of the past 2 years. Due to the anomaly in 2009 and 2010, we are recommending the rate for 2014 be the average for the past 2 years.

| Year | Claims | Unemployment wages | Rate of claims to wages |
|---|---|---|---|
| 2008 | 31,907.87 | 13,400,342.64 | .0024 |
| 2009 | 131,207.23 | 13,358,343.26 | .0098 |
| 2010 | 92,375.58 | 11,884,374.97 | .0078 |
| 2011 | 55,830.58 | 12,162,006.15 | .0046 |
| 2012 | 28,078.12 | 12,549,608.82 | .0022 |
| | | Average | .3414% |

The rate in 2013 was .3803%

**Recommendation**: Recommend the Board approve and sign the Resolution to adopt the 2014 internal rate for Unemployment Compensation.

**Handling**: Original to Judy Pless, Budget & Finance Manager

**Lead Staff** Judy Pless, Budget & Finance Manager
Kittitas County Auditor's Office