

Memo

To: Board of Supervisors

From: Shelton Vance
Comptroller

CC:

Date: June 16, 2014

Re: MDES Surety Funds

Currently, Madison County has reserved funds to cover its reimbursable liability for unemployment to MS Department of Employment Security (MDES). This money has been set aside in a separate bank account and accounted for as Fund 110 – MDES Surety.

MCA 71-5-359 does not require that this money be set aside in a separate bank account. The requirement is only that we have the money reserved to pay any liability that may come due.

To reduce the number of bank accounts and reduce steps involved in the bank reconciliation process, please consider authorization of the following actions:

1. Combination of monies in the MDES Surety Account into a county operating bank account and
2. Transfer of funds from Fund 110 (MDES Surety) to Fund 107 (2% Unemployment Compensation Revolving Fund".

Please advise of any questions or concerns.

Miss. Code Ann. § 71-5-359

MISSISSIPPI CODE of 1972

*** Current through the 2013 Regular Session and 1st and 2nd Extraordinary Sessions ***

TITLE 71. LABOR AND INDUSTRY
CHAPTER 5. UNEMPLOYMENT COMPENSATION
ARTICLE 7. CONTRIBUTIONS

Miss. Code Ann. § 71-5-359 (2013)

§ 71-5-359. Regulations governing state boards, instrumentalities, and political subdivisions
[Repealed effective July 1, 2019]

(1) The Department of Finance and Administration shall, in the manner provided in subsection (3) of this section, pay, upon notice issued by the department, to the department for the Unemployment Compensation Fund an amount equal to the regular benefits and one-half (1/2) of the extended benefits paid that are attributable to service in the employ of a state agency. The amount required to be reimbursed by a certain agency shall be billed to the Department of Finance and Administration and shall be paid from the Employment Compensation Revolving Fund pursuant to subsection (3) of this section not later than thirty (30) days after such bill was sent, unless there has been an application for review and redetermination in accordance with Section 71-5-357(b)(v).

(2) The Department of Finance and Administration shall, in the manner provided in subsection (3) of this section, pay, upon a notice issued by the department, to the department for the Unemployment Compensation Fund an amount equal to the regular benefits and the extended benefits paid that are attributable to service in the employ of a state agency. The amount required to be reimbursed by a certain agency shall be billed to the Department of Finance and Administration and shall be paid from the Employment Compensation Revolving Fund pursuant to subsection (3) of this section not later than thirty (30) days after such bill was sent, unless there has been an application for review and redetermination in accordance with Section 71-5-357(b)(v).

(3) Each agency of state government shall deposit monthly for a period of twenty-four (24) months an amount equal to one-twelfth of one percent (1/12 of 1%) of the first Six Thousand Dollars (\$ 6,000.00) paid to each employee thereof during the next preceding year into the Employment Compensation Revolving Fund that is created in the State Treasury. The Department of Finance and Administration shall determine the percentage to be applied to the amount of covered wages paid in order to maintain a balance in the revolving fund of not less than the amount determined by an actuary through an annual actuarial evaluation. The State Treasurer shall invest all funds in the Employment Compensation Revolving Fund and all interest earned shall be credited to the Employment Compensation Revolving Fund.

The reimbursement of benefits paid by the Mississippi Department of Employment Security shall be paid by the Department of Finance and Administration from the Employment Compensation Revolving Fund upon notice from the department; and the Department of Finance and Administration shall issue warrants or may contract for the performance of the duties prescribed by subsections (2) and (3) of this section, and other duties necessarily related thereto.

(4) Any political subdivision of this state shall pay to the department for the unemployment compensation fund an amount equal to the regular benefits and the extended benefits paid that are attributable to service in the employ of such political subdivision unless it elects to make contributions to the unemployment fund as provided in subsection (9) of this section. The

amount required to be reimbursed shall be billed and shall be paid as provided in Section 71-5-357, with respect to similar payments for nonprofit organizations.

(5) Each political subdivision, unless it elects to make contributions to the unemployment compensation fund as provided in subsection (9) of this section, shall establish a revolving fund and deposit an amount equal to two percent (2%) of the first Six Thousand Dollars (\$ 6,000.00) paid to each employee thereof during the next preceding year. However, the department shall by regulation establish a procedure to allow reimbursing political subdivisions to elect to maintain the balance in the revolving fund as required under this paragraph or to annually execute a surety bond to be approved by the department in an amount not less than two percent (2%) of the covered wages paid during the next preceding year.

(6) In the event any political subdivision becomes delinquent in payments due under this chapter, upon due notice, and upon certification of the delinquency by the department to the Department of Finance and Administration, the Department of Revenue, the Department of Environmental Quality and the Department of Insurance, or any of them, or any other agencies of the State of Mississippi that may be indebted to such delinquent political subdivision, such agencies shall direct the issuance of warrants which in the aggregate shall be the amount of such delinquency payable to the department and drawn upon any funds in the State Treasury which may be available to such political subdivision in satisfaction of any such delinquency. This remedy shall be in addition to any other collection remedies in this chapter or otherwise provided by law.

(7) Payments made by any political subdivision under the provisions of this section shall not be deducted or deductible, in whole or in part, from the remuneration of individuals in the employ of the organization.

(8) Any governmental entity shall not be liable to make payments to the unemployment fund with respect to the benefits paid to any individual whose base period wages include wages for previously uncovered services as defined in Section 71-5-511, subsection (e), to the extent that the Unemployment Compensation Fund is reimbursed for such benefits pursuant to Section 121 of Public Law 94-566.

(9) Any political subdivision of this state may elect to make contributions to the unemployment fund instead of making reimbursement for benefits paid as provided in subsections (4) and (5) of this section. A political subdivision which makes this election shall so notify the department, not later than three (3) months after it is officially organized or is otherwise established, and shall be subject to the provisions of Section 71-5-351, with regard to the payment of contributions. A political subdivision which makes this election shall pay contributions equal to two percent (2%) of taxable wages through calendar year 2010, and one percent (1%) of taxable wages thereafter paid by it during each calendar quarter it is subject to this chapter. The department shall by regulation establish a procedure to allow political subdivisions the option periodically to elect either the reimbursement or the contribution method of financing unemployment compensation coverage.

HISTORY: SOURCES: Codes, 1942, § 7392.5; Laws, 1971, ch. 519, § 17; Laws, 1977, ch. 497, § 5; Laws, 1978, ch. 340, § 1; Laws, 1984, ch. 488, § 274; Laws, 1986, ch. 320; Laws, 1993, ch. 353, § 1; Laws, 1993, ch. 397, § 1; Laws, 1995, ch. 507, § 3; Laws, 2004, ch. 572, § 35; Laws, 2007, ch. 556, § 1; Laws, 2007, ch. 606, § 10; reenacted without change, Laws, 2008, 1st Ex Sess, ch. 30, § 35; Laws, 2010, ch. 504, § 5; reenacted without change, Laws, 2010, ch. 559, § 34; reenacted and amended, Laws, 2011, ch. 471, § 35; reenacted without change, Laws, 2012, ch. 515, § 35, eff from and after July 1, 2012.

Shelton Vance

From: Shelton Vance
Sent: Wednesday, June 04, 2014 11:30 AM
To: 'Chet Ware'
Cc: Mark Houston
Subject: RE: MDES Surety

Thanks,

Have a good week..

Shelton

From: Chet Ware [mailto:CWare@mdes.ms.gov]
Sent: Wednesday, June 04, 2014 11:24 AM
To: Shelton Vance
Cc: Mark Houston
Subject: RE: MDES Surety

Shelton, Thank you for your question.

I have discussed this with our Deputy Director-COO, and was advised that MDES does not have any issues with your making these changes to your Surety account.

If you need further clarifications, please feel free to contact me at 601-321-6596.

Chet Ware

Assistant Department Chief-Tax Department

From: Shelton Vance [mailto:Shelton.Vance@madison-co.com]
Sent: Wednesday, June 04, 2014 11:13 AM
To: Chet Ware
Cc: Mark Houston
Subject: MDES Surety

Chet,

Thanks for taking time to discuss this issue with me yesterday. I have copied County Administrator Mark Houston on this message.

Madison County has a separate bank account styled MDES Surety where we have segregated the money that is restricted for our MDES surety requirement. We account for this as a separate fund in our county accounting system (indicating restricted funds), just as we account for our road fund, bridge fund and other accounting funds.

I would like to change our arrangement to eliminate the separate bank account. I want to maintain an accounting fund to designate the MDES Surety funds as restricted and deposit the funds into our primary bank account. This allows us to identify these restricted funds for you and State Audit and to minimize the number of accounts that we maintain.

Please advise if this is appropriate and accomplishes the purpose of the surety law for reimbursable employers.

Thanks,
Shelton

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