



COUNTY OF HUMBOLDT

For the meeting of: 6/25/2024

File #: 24-871

To: Board of Supervisors

From: Auditor-Controller

Agenda Section: Consent

Vote Requirement: Majority

SUBJECT:

Authorize the Auditor-Controller to Create Clearing Budget Units

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorize the Auditor-Controller to create and delete clearing budget units for departments as necessary; and
2. Direct any department provided a clearing budget unit to zero out all balances by the close of the fiscal year or quarter as requested by the Auditor-Controller.

STRATEGIC PLAN:

This action supports the following areas of your Board's Strategic Plan.

Area of Focus: Workforce & Operational Excellence

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

Currently some county departments post activity that impacts multiple budget units into a single primary operating budget unit. These costs are usually basic operating expenses such as rent, utilities and communications that are then distributed to supporting budget units. The expenditures are often allocated based on a variable formula such as actual hours worked or positions assigned to a grant or program. Historical practice has been to inflate appropriations in the primary operating budget unit to allow the temporary posting of the expenses. The result of this is inflated and inaccurate overall county budgets. Further, these primary budget units contain their own operations which can further complicate reconciliations and allocations.

The requested clearing budget units would be unbudgeted general ledger budget units created to temporarily post expenditures until they are allocated out. Ultimately all charges would be spread across multiple budget units resulting in zero charges to the clearing account. Each department would be responsible for reconciling and allocating all charges in their clearing budget unit. The Auditor-Controller would oversee and monitor the clearing budget units and any with balances at the end of the fiscal year or improperly used would be corrected and permanently closed.

The concept of clearing budget units was established through collaboration and consultation with county departments. The proposed action is intended to be a temporary solution to mitigate the effects of budget blocks and ten-digit org keys while a better solution for budget control is developed.

SOURCE OF FUNDING:

All county funds

FINANCIAL IMPACT:

The requested action has no financial impact and will not change actual expenditures. It could have the potential to lower the overall budget.

STAFFING IMPACT:

The requested action should have no impact on staffing.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could decide not to authorize the Auditor-Controller to create clearing budget units.

ATTACHMENTS:

None.

PREVIOUS ACTION/REFERRAL:

Meeting of: None.

File No.: None.