



COUNTY OF HUMBOLDT

For the meeting of: 4/22/2025

File #: 25-541

To: Board of Supervisors

From: Auditor-Controller

Agenda Section: Consent

Vote Requirement: 4/5th

SUBJECT:

Approve a Transfer from General Fund Contingencies to the Auditor-Controller in the Amount of \$276,280 (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Approve a transfer from Fiscal Year (FY) 2024-2025 General Fund contingencies to the Auditor-Controller budget unit 1100-111 for Internal Revenue Service (IRS) fines in the amount of \$276,280 (4/5 Vote Required).

STRATEGIC PLAN:

The recommended action supports the following areas of the Board of Supervisors' Strategic Plan:

Area of Focus: Core Services/Other

Strategic Plan Category: 9999 - Core Services/Other

DISCUSSION:

In July 2024, the Auditor-Controller received notice from the IRS, that for Tax Year 2022, W2 forms were not submitted to the IRS by the deadline. Staff submitted explanation through the IRS disagreement process that this was due to misguidance received from the Social Security Administration (SSA). As the SSA does not keep records of their phone calls, the IRS noticed the county on March 21, 2025, that the fine must be paid or appealed. The County of Humboldt intends to appeal this decision, however, in order to avoid additional interest charges and penalties, payment was made on April 11, 2025, prior to the deadline of April 14, 2025.

The Auditor-Controller budget had sufficient appropriations to make the payment ahead of the deadline due to the timing in the year, however, it requests a transfer from FY 2024-2025 General Fund contingencies to complete necessary expenditures for the remainder of the year.

SOURCE OF FUNDING:

General Fund Contingencies (1100-990)

FINANCIAL IMPACT:

Expenditures (1100-111)	FY24-25
Additional Appropriation Requested	\$276,280.00
Total Expenditures	\$276,280.00
Funding Sources (1100-111)	FY24-25
Contingencies	\$276,280.00

Total Funding Sources	\$276,280.00
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**Projected amounts are estimates and are subject to change.*

As described in the discussion, these fines have been expended in the amount of \$276,280 in budget unit 1100-111 in order to meet the IRS payment deadline. Staff recommend your Board approve a transfer from General Fund contingencies, 1100-990, to fund this expenditure. There are sufficient appropriations available in General Fund contingencies, prior to this transfer, FY 2024-2025 General Fund contingencies has a remaining balance of \$1,327,927. If approved, \$1,051,647 will remain available in General Fund contingencies.

STAFFING IMPACT:

Approval of this transfer from contingencies does not have any direct impact on staffing.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to approve this transfer from contingencies, however, that is not recommended as it would limit the ability of the Auditor-Controller to complete necessary expenditures for the remainder of the year.

ATTACHMENTS:

1. Auditor-Controller Transfer from Contingencies
2. IRS Late Filing Notice and Invoice

PREVIOUS ACTION/REFERRAL:

Meeting of: None

File No.: None