

COUNTY OF HUMBOLDT
SINGLE AUDIT REPORT
JUNE 30, 2011

COUNTY OF HUMBOLDT

Single Audit Report
For the Year Ended June 30, 2011

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Supervisors
County of Humboldt
Eureka, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-FS-1, 11-FS-2, 11-FS-3, 11-FS-4, 11-FS-5, and 11-FS-6 to be material weaknesses.

Board of Supervisors
County of Humboldt

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 29, 2012.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Roseville, California
March 29, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Board of Supervisors
County of Humboldt
Eureka, California

Compliance

We have audited the compliance of the County of Humboldt (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

As described in item 11-SA-1 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding activities allowed or unallowed and allowable costs/costs principles tests that are applicable to its Child Support Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to this program.

Internal Control Over Compliance

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-SA-1 to be a material weakness.

The County of Humboldt's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County of Humboldt's responses and, accordingly, we express no opinion on the response.

Board of Supervisors
County of Humboldt

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, and business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt as of and for the year ended June 30, 2011, and have issued our report thereon dated March 29, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roseville, California
March 29, 2012

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Cooperative Forestry Assistance	10.664	--	\$ 178,811
Passed through State Department of Food and Agriculture:			
Plant and Animal Disease, Pest Control, and Animal Care			
Pierce's Disease Control Program	10.025	10-8523-0572-CA	9,360
Sudden Oak Death	10.025	10-8523-0572-CA	18,630
European Grapevine Moth	10.025	10-8520-1317-CA	3,641
Asian Gypsy Moth	10.025	10-8523-0689-CA	4,990
Federal Trapping	10.025	10-8520-1934-GR	10,218
Federal Noxious Weed	10.025	09-DG-11052021-117	964
ARRA - Federal Noxious Weed	10.025	09-DG-11052021-117	3,315
Subtotal CFDA Number 10.025			51,118
Passed through State Department of Education:			
National School Lunch Program	10.555	--	64,143
Passed through State Department of Public Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-85426	1,241,879
ARRA - Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-85426	49,527
Subtotal CFDA Number 10.557			1,291,406
Passed through State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	2,864,754
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	--	101,008
Subtotal CFDA Number 10.561			2,965,762
Passed through State Controller's Office:			
Schools and Roads - Grants to States	10.665	--	675,044
Total U.S. Department of Agriculture			\$ 5,226,284

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the State Department of Housing and Community Development:			
Community Development Block Grant/State's Program - Loans with continuing compliance requirements	14.228	--	\$ 2,532,620
HOME Investment Partnerships Program	14.239	09-HOME-6203	604,017
HOME Investment Partnerships Program	14.239	08-HOME-5002	124,684
HOME Investment Partnerships Program - Loans with continuing compliance requirements	14.239	--	10,053,200
Subtotal CFDA Number 14.239			<u>10,781,901</u>
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	09-EDEF-6367	235,814
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	08-STBG-5282	352,061
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	09-STBG-6416	591,242
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	10-STBG-6716	14,303
Subtotal CFDA Number 14.253			<u>1,193,420</u>
Subtotal Pass-Through			<u>14,507,941</u>
Passed through the State Department of Public Health:			
Housing Opportunities for Persons with AIDS	14.241		<u>55,003</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 14,562,944</u>
<u>U.S. Department of Interior</u>			
Direct Program:			
Payment in Lieu of Taxes	15.226	--	<u>327,344</u>
Total U.S. Department of Interior			<u>\$ 327,344</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u>			
Direct Programs:			
Office of Juvenile Justice & Delinquency	16.543	2-EURE-CA-SA10	\$ 4,362
Improving the Investigation and Prosecution of Child Abuse Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.758	2-EURE-CA-SA11	4,975
	16.590	2008-DJBX-0152	84,312
Subtotal Direct Programs			93,649
Passed through California Emergency Management Agency:			
Victim Witness Assistance Program	16.575	VW10280120	83,930
Victim Witness Assistance Program	16.575	UV10010120	73,970
Subtotal CFDA Number 16.575			157,900
Edward Byrne Memorial Formula Grant Program			
Domestic Cannabis Eradication/Suppression	16.579	2010-25 & 2011-26	151,400
Edward Byrne Memorial Justice Assistance Grant Program - Marijuana Suppression Grant	16.738	MS10010120	245,000
Edward Byrne Memorial Justice Assistance Grant Program - Anti-Drug Abuse Grant	16.738	DC10210120	162,949
Southwest Boarder Patrol	16.755		49,293
Recovery Act - State Victim Assistance Formula Grant Program	16.801	VS09010120	18,159
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Forensic Computers	16.803	2009-SB-B9-0402	89,068
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Anti-Drug	16.804	ZA09010120	165,260
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Multi-jurisdictional Methamphetamine Team	16.804	ZM09010120	64,447
Passed through California Emergency Management Agency:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		102,356

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Justice</u> (continued)			
Passed through California Emergency Management Agency (continued):			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Evidence-based Probation Supervision Program	16.804	ZP09010120	\$ 94,664
Subtotal Pass-Through			<u>1,142,596</u>
Passed through State Department of Corrections and Rehabilitation:			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	--	93,325
Total U.S. Department of Justice			<u>\$ 1,487,470</u>
<u>U.S. Department of Labor</u>			
Passed through State Employment Development Department:			
ARRA - Employment Service/Wagner-Peyser Funded Activities	17.207	--	114,583
WIA Title I Adult Formula	17.258	--	111,537
ARRA - WIA Title I Adult Formula	17.258	--	1,453,851
WIA Title I Youth Formula	17.259	--	161,939
ARRA - WIA Title I Youth Formula	17.259	--	506,320
WIA Title I Dislocated Worker	17.260	--	332,344
ARRA - WIA Title I Dislocated Worker	17.260	--	1,053,738
WIA Rapid Response	17.260	--	135,110
ARRA - WIA Rapid Response	17.260	--	248,034
Subtotal WIA Cluster			<u>4,002,873</u>
Redwood Coast Training for Opportunities	17.269	CB-18203-09-60-A-6	160,529
Total U.S. Department of Labor			<u>\$ 4,277,985</u>
<u>U.S. Department of Transportation</u>			
Direct Program:			
Airport Improvement Program	20.106	--	<u>6,648,264</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Transportation</u> (continued)			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	--	\$ 1,214,098
ARRA - Highway Planning and Construction	20.205	--	905,796
Subtotal CFDA Number 20.205			<u>2,119,894</u>
Passed through State Office of Traffic Safety:			
State and Community Highway Safety	20.600	AL1136	\$ 113,713
Total U.S. Department of Transportation			<u>\$ 8,881,871</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
EPA Brownfield Revolving Loan Fund	66.818	BF-96986701-0	6,290
EPA Brownfield Assessment Grant	66.818	BF-96931601-0	11,031
Subtotal CFDA Number 66.818			<u>17,321</u>
Passed through Air Pollution Control Officers Association:			
Local Oversight Program	66.805	--	331,741
Subtotal Pass-Through			<u>331,741</u>
Total U.S. Environmental Protection Agency			<u>\$ 349,062</u>
<u>U.S. Department of Energy</u>			
Direct Programs:			
State Energy Program - Green Building Training Program	81.041	K077127-802	461,221
State Energy Program - WIB Youth Green Incentive	81.041	K077127-803	421,293
Subtotal CFDA Number 81.041			<u>882,514</u>
Total U.S. Department of Energy			<u>\$ 882,514</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Alcohol & Drug Programs:			
Block Grants for Prevention & Treatment of Substance Abuse	93.959	--	936,972

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services (continued)</u>			
Passed through the State Department of Mental Health:			
Projects for Assistance in Transition from Homelessness Block Grants for Community Mental Health Services Substance Abuse and Mental Health Services Administration	93.150 93.958	-- --	\$ 48,228 488,792
Subtotal Pass-Through			<u>537,020</u>
Passed through the State Department of Health Care Services:			
Medical Assistance Program - Administration	93.778	--	5,776,319
Maternal and Child Health Services Block Grant to the States	93.994	--	245,718
Maternal and Child Health Services Block Grant to the States - Childhood Disability Program	93.994	--	374,231
Maternal and Child Health Services Block Grant to the States - California Children's Services (CCS)	93.994	--	426,625
Subtotal CFDA Number 93.994			<u>1,046,574</u>
Subtotal Pass-Through			<u>6,822,893</u>
Passed through State Department of Public Health:			
Public Health Emergency Preparedness	93.069	--	626,306
Public Health Emergency Response	93.069	--	132
Pandemic Flu	93.069	--	104,951
Subtotal CFDA Number 93.069			<u>731,389</u>
Tuberculosis Control Programs	93.116	--	3,718
Drug Free Communities	93.276	10SP17142A	57,110
Hospital Preparedness Program	93.301	--	166,571
HIV Care Formula Grants	93.917	10-95259	138,978
Subtotal			<u>366,377</u>
Subtotal Pass-Through			<u>1,097,766</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families	93.558	SSB000226	18,492,696
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	--	1,885,614
Subtotal TANF Cluster			<u>20,378,310</u>
Foster Care - Title IV-E	93.658	--	4,695,477
ARRA - Foster Care - Title IV-E	93.658	--	61,659
Subtotal CFDA Number 93.658			<u>4,757,136</u>

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u> (continued)			
Passed through State Department of Social Services (continued):			
Adoption Assistance	93.659	--	\$ 3,100,015
ARRA - Adoption Assistance	93.659	--	229,594
Subtotal CFDA Number 93.659			3,329,609
ARRA - Guardianship Assistance	93.090	--	92
Promoting Safe and Stable Families	93.556	--	59,409
Child Welfare Services - State Grants	93.645	--	129,600
Child Welfare Research Training or Demonstration	93.648	--	168,256
Social Services Block Grant	93.667	--	610,574
Chafee Foster Care Independence Program	93.674	--	97,194
Subtotal			1,065,125
Subtotal Pass-Through			29,530,180
Passed through State Department of Child Support Services:			
Child Support Enforcement	93.563	--	2,887,320
ARRA - Child Support Enforcement	93.563	--	133,479
Subtotal CFDA Number 93.563			3,020,799
Total U.S. Department of Health and Human Services			\$ 41,945,630
<u>U.S. Department of Homeland Security</u>			
Passed through State Office of Homeland Security:			
Transportation Security Administration	97.001	--	145,448
Passed through California Emergency Management Agency:			
Public Assistance Grants	97.036	FEMA-1628-CA	161,912
Homeland Security Grant Program	97.067	--	300,808
Homeland Security Grant Program	97.067	--	89,828
Subtotal CFDA Number 97.067			390,636
Subtotal Pass-Through			552,548
Total U.S. Department of Homeland Security			\$ 697,996
Total Expenditures of Federal Awards			\$ 78,639,100

See accompanying Notes to Schedule of Expenditure of Federal Awards.

COUNTY OF HUMBOLDT

Notes to Schedule of Federal Awards
For the Year Ended June 30, 2011

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the County of Humboldt. The County of Humboldt's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented based on Generally Accepted Accounting Principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General and Special Revenue funds and grant revenue in the Enterprise funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County of Humboldt provided federal awards to subrecipients as follows:

Federal CFDA	Program Title	Amount Provided to Subrecipient
14.241	Housing Opportunities for Persons with AIDS	\$ 7,000
14.253	Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	858,650
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government – Multi-jurisdictional Methamphetamine Team	22,500
17.000	Workforce Investment Act Cluster	953,758
81.041	State Energy Program	120,985
97.067	Homeland Security Grant Program	<u>390,636</u>
		<u>\$ 2,353,529</u>

COUNTY OF HUMBOLDT

Notes to Schedule of Federal Awards
For the Year Ended June 30, 2011

Note 5: **Program Clusters**

Federal programs, which must be audited together as a program cluster, include the following:

<u>Federal CFDA</u>	<u>Program Title</u>	<u>Federal Expenditures</u>
<u>JAG Program Cluster:</u>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program – Marijuana Suppression Grant	\$ 245,000
16.738	Edward Byrne Memorial Justice Assistance Grant Program – Anti-Drug Abuse Grant	162,949
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Forensic Computers	89,068
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Anti-Drug	165,260
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Multi-jurisdictional Methamphetamine Team	64,447
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government –	102,356
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Evidence-based Probation Supervision Program	<u>94,664</u>
	Total	<u>\$ 923,744</u>

WIA Program Cluster:

17.258	WIA Title I Adult Formula	\$ 111,537
17.258	ARRA – WIA Title I Adult Formula	1,453,851
17.259	WIA Title I Youth Formula	161,939
17.259	ARRA – WIA Title I Youth Formula	506,320
17.260	WIA Title I Dislocated Workers	332,344
17.260	ARRA – WIA Title I Dislocated Workers	1,053,738
17.260	WIA Rapid Response	135,110
17.260	ARRA – WIA Rapid Response	<u>248,034</u>
	Total	<u>\$ 4,002,873</u>

COUNTY OF HUMBOLDT

Notes to Schedule of Federal Awards
For the Year Ended June 30, 2011

Note 5: **Program Clusters** (continued)

Temporary Assistance for Needy Families Cluster:

93.558	Temporary Assistance for Needy Families	\$ 18,492,696
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	<u>1,885,614</u>
	Total	<u>\$ 20,378,310</u>

Note 6: **Pass-Through Entities’ Identifying Number**

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County either determined that no identifying number is assigned for the program or was simply unable to obtain an identifying number from the pass-through entity.

Note 7: **Loans with Continuing Compliance Requirement**

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of June 30, 2011 as follows:

Federal CFDA#	Program Title	Outstanding Loans	Prior Year Loans with Continuing Compliance Requirements	New Loans
14.228	Community Development Block Grants/States Program	\$ 2,329,927	\$ 2,532,620	\$ --
14.239	HOME Investment Partnerships Program	10,162,166	9,526,233	526,967

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|---------------|
| 1. Type of auditor's report issued: | Unqualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | |
| Child Support Enforcement | Qualified |
| All Other Major Programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | Yes |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

- | | |
|------------------------|--|
| 10.561 | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |
| 17.258, 17.259, 17.260 | Workforce Investment Act Cluster |
| 20.106 | Airport Improvement Program |
| 20.205 | Highway Planning and Construction |
| 93.563 | Child Support Enforcement |
| 93.558, 93.714 | Temporary Assistance for Needy Families Cluster |
| 93.658 | Foster Care – Title IV-E |

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section 1 (continued)

Federal Awards (continued)

4. Identification of major programs: (continued)

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.659	Adoption Assistance Program
93.778	Medical Assistance Program

5. Dollar Threshold used to distinguish between Type A and Type B programs? \$ 2,359,173
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? No

Section 2

Financial Statement Findings

Financial Statement and SEFA Preparation	Finding 11-FS-1
American Recovery and Reinvestment Act Requirements	Finding 11-FS-2
Receivables Cutoff	Finding 11-FS-3
Reconcile General Ledger Accounts	Finding 11-FS-4
Headwaters Accounting	Finding 11-FS-5
Payroll Accrual	Finding 11-FS-6

Section 3

Federal Award Findings and Questioned Costs

CFDA Number 93.563	Finding 11-SA-1
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COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-1	<p><i>Financial Statement and SEFA Preparation</i></p> <p><u>Criteria</u></p> <p>Statement on Auditing Standard No. 115, <i>Communicating Internal Control Related Matters Identified in a Audit</i> (SAS 115), applies to the County's current year fiscal audit. The standard provides guidance in that if an entity is unable to draft its own financial statements, there may be a material weakness or significant deficiency. External auditors cannot be part of the County's internal controls, including controls over the preparation of the financial statements, and are prohibited from auditing their own work as doing so impairs their independence. These same requirements apply to the Schedule of Expenditures of Federal Awards (SEFA).</p> <p>The Schedule of Expenditures of Federal Awards (SEFA), while not a part of the basic financial statements, is audited in relation to the basic financial statements, in accordance with the requirements of OMB Circular A-133. OMB Circular A-133 requires auditors to determine major programs and perform risk determinations based on a complete SEFA prior to performing fieldwork.</p> <p><u>Condition</u></p> <p>In the process of obtaining the County's federal expenditures and reconciliations to the general ledger by grant and by program we were unable to obtain the federal expenditures and reconciliations for many of the grants and programs in a timely manner. This delay resulted in significant changes to the required risk assessment process that determines which major programs must be audited.</p> <p><u>Cause</u></p> <p>The Auditor-Controller's Office relies on the departments to identify federal expenditures by grant and by program and does not currently have an adequate system in place for following up on missing or inaccurate information.</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-1 (continued)	<p><i>Financial Statement and SEFA Preparation (continued)</i></p> <p><u>Effect of Condition</u></p> <p>Not having an adequate system in place for compiling the SEFA can result in missing or inaccurate federal expenditures being reported. Since the external auditors must identify the County's major programs using its SEFA, inaccurate balances may result in additional work and audit fees if a new major program is identified upon completion of fieldwork.</p> <p><u>Recommendation</u></p> <p>We recommend that the County review all expenditures reported on the SEFA for accuracy and completeness and compare what is reported to the general ledger. We further recommend that the County ensure that all departments have provided their federal expenditures, including loans, in-kind and other federal awards. We also recommend that the County have more than one person review the SEFA prior to submitting it for the audit to help ensure that all grants and programs are reported in a timely manner.</p> <p><u>Management Response</u></p> <p>Due to staffing levels in the Auditor-Controller's office, reliance on the various County departments for their respective portions of the Schedule of Expenditures of Federal Awards (SEFA) was necessary for fiscal year 2010-11 reporting. This situation may improve somewhat as more recent staff additions gain experience and communication improves.</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-2	<p><i>American Recovery and Reinvestment Act Requirements</i></p> <p><u>Criteria</u></p> <p>The American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5) (ARRA) requires entities that receive ARRA funds to agree to (1) maintain records that identify adequately the source and application of ARRA awards; (2) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; (3) provide identification of ARRA awards in their Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form (SF-SAC) and require their subrecipients to provide similar identification in their SEFA and SF-SAC. Additional information, including presentation requirements for the SEFA and SF-SAC.</p> <p><u>Condition</u></p> <p>During our audit we noted the County did not establish the requirements listed below as required for entities that received ARRA funds:</p> <ol style="list-style-type: none">1) Establish a point person for ARRA funds.2) Be able to segregate and track ARRA funds.3) Establish a process for accepting ARRA funds.4) Establish a subrecipient monitoring process.5) Appoint someone to be responsible for quarterly reporting. <p><u>Cause</u></p> <p>Management did not establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements, including internal control designed to ensure compliance with ARRA requirements.</p> <p><u>Effect of Condition</u></p> <p>The County could inadvertently omit ARRA fund expenditures on its SEFA as required by law.</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-2 (continued)	<i>American Recovery and Reinvestment Act Requirements</i> (continued) <u>Recommendation</u> We recommend the County establish and maintain internal controls that will allow for the proper identification and tracking of the County's ARRA fund expenditures. We also recommend the County assign someone to be the "Point Person" responsible for ARRA funds and identify someone to be responsible for quarterly reporting. <u>Management Response</u> We agree that the county should assign a single "Point Person" charged with ARRA responsibility. The most logical choice would come from either the Auditor-Controller's or the County Administrative Officer's staff. This would be possible only if the administrative charges from the ARRA funds were directed towards funding a staff position in either department.

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-3	<p data-bbox="516 428 764 459"><i>Receivables Cutoff</i></p> <p data-bbox="516 499 618 531"><u>Criteria</u></p> <p data-bbox="516 569 1453 699">During its year-end closing process, the County should establish and enforce policies and procedures to ensure that year-end accruals are properly identified and recorded for all account balances, including revenues and receivables.</p> <p data-bbox="516 739 646 770"><u>Condition</u></p> <p data-bbox="516 808 1453 938">During the audit, we noted a significant receipt for services provided during the fiscal year ended June 30, 2011, that was not properly accrued at year-end. The total amount of the related audit adjustment was \$2,519,612.</p> <p data-bbox="516 978 597 1010"><u>Cause</u></p> <p data-bbox="516 1050 1453 1115">Subsequent to year-end, the County did not identify significant revenues that should have been accrued during the year-end closing process.</p> <p data-bbox="516 1155 768 1186"><u>Effect of Condition</u></p> <p data-bbox="516 1224 1453 1289">The revenue was understated as a result of untimely recognition of revenue.</p> <p data-bbox="516 1329 743 1360"><u>Recommendation</u></p> <p data-bbox="516 1398 1453 1493">To ensure proper revenue recognition, we recommend that the County review all subsequent period deposits to allow for timely revenue recognition.</p> <p data-bbox="516 1533 816 1564"><u>Management Response</u></p> <p data-bbox="516 1602 1453 1890">There has been significant staff turnover in the Auditor-Controller's office in both fiscal year 2009-10 as well as fiscal year 2010-11. This has also been the case in a number of reporting departments. Some of the newer departmental fiscal staff did not understand what was required for receivables reporting and staff members in the Auditor-Controller's office who could have assisted them were overwhelmed by their new duties and the increased workload associated with staff reductions, thus significant errors occurred with regard to accrual of</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-3 (continued)	<u>Management Response</u> (continued) receivables. While staffing levels are not projected to return to historical levels, responsible personnel in the departments and in the Auditor-Controller's office have gained experience in these tasks and the incidence of errors continues to decline. It is expected that continued improvement will be made in subsequent years.

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-4	<p><i>Reconcile General Ledger Accounts to Subsidiary Schedules</i></p> <p><u>Criteria</u></p> <p>Frequent reconciliations and adjustments will ensure meaningful and accurate financial statements and reports that can be used to help in the management decision-making process.</p> <p><u>Condition</u></p> <p>During the audit, we noted several significant account balances such as capital assets, loans receivable, interfund transfers and long-term liabilities that were not reconciled in the general ledger. While the County was able to produce reliable schedules to support its account balances, these balances were not reflected in the general ledger.</p> <p><u>Cause</u></p> <p>The County currently does not have a process in place to update its general ledger to reflect its supporting schedules for certain account balances, including capital assets, interfund loans and transfers and compensated absences.</p> <p><u>Effect of Condition</u></p> <p>The lack of a reconciliation process at year-end resulted in several significant audit adjustments to the County's accounting records at year-end.</p> <p><u>Recommendation</u></p> <p>We recommend that reconciliations of significant accounts, including capital assets, loans receivable, interfund loans and transfers, and long-term liabilities be performed at least once a year prior to closing to ensure that the county's general ledger is accurate.</p> <p>Also, we recommend the County modify its chart of accounts to include identifiable accounts for significant account balances that should reconcile throughout the year such as interfund transfers and advances which are currently being recorded to various account numbers.</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-4 (continued)	<i>Reconcile General Ledger Accounts to Subsidiary Schedules</i> (continued) <u>Management Response</u> Accountants are required in order for reconciliations to occur and, as long as the Auditor-Controller's office is operating with reduced staffing, the level of reconciliation will be less than optimal. Marginal improvements are occurring as current staff grows in experience and ability. Additionally, some critical staff vacancies have been recently filled consequently the staffing shortage is now less acute than it was during the period addressed by this audit. Modification to the chart of accounts is a measure we have been implementing during 2011-12 to improve clarity and that effort will be expanded to include other categories of accounts.

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Financial Statement Findings
For the Year Ended June 30, 2011

Finding/Program	Findings/Noncompliance
Finding 11-FS-5	<i>Accounting for Headwaters and CDBG Loans and Related Activity</i>
	<u>Criteria</u>
	Frequent reconciliations and adjustments will ensure meaningful and accurate financial statements and reports that can be used to help in the management decision-making process.
	<u>Condition</u>
	During the audit, we noted several account balances that were not properly reflected in the general ledger, including interfund advances with the Aviation fund, budgeted transfers to the General Fund, interest earnings, loan activity and intrafund loans among the various Headwaters and CDBG funds administered by the Economic Development Division.
	<u>Cause</u>
	The County does not currently have a process in place to review the Headwaters and CDBG Funds for proper accounting.
	<u>Effect of Condition</u>
	During the audit, we recommended several audit adjustments to report the account balances of the Headwaters and CDBG Funds in accordance with generally accepted accounting principles.
	<u>Recommendation</u>
	We recommend the County reconcile the accounts within the Headwaters and CDBG funds on a monthly basis, including reconciling the loans receivable and interfund loan balances and related activity to the schedules provided by Economic Development.
	<u>Management Response</u>
	Monthly reconciliation of Headwaters funds is not reasonably possible with current staffing levels, although we do believe a better annual reconciliation can be achieved. Additional attention will be focused on Headwaters reconciliation for the year ended June 30, 2012.

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs Financial Statement Findings For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-FS-6	<p><i>Payroll Accrual</i></p> <p><u>Criteria</u></p> <p>The year-end accrued payroll liability calculation should be based on the number of days within the reporting period.</p> <p><u>Condition</u></p> <p>The County payroll accrual was understated by approximately \$252 thousand at June 30, 2011 as a result of the County using an alternate method to calculate the year-end accrual.</p> <p><u>Cause</u></p> <p>The County currently accrues payroll at June 30 of each year at 1/14 of one payroll period in anticipation of having 27 payroll periods every 14th year. This method for calculating the payroll accrual is used for budgeting purposes.</p> <p><u>Effect of Condition</u></p> <p>The payroll accrual is understated and not in accordance with generally accepted accounting principles.</p> <p><u>Recommendation</u></p> <p>We recommend the County report accrued salaries in accordance with generally accepted accounting principles.</p> <p><u>Management Response</u></p> <p>The 27th payroll method of accounting for the payroll liability calculation is an antique practice that the County of Humboldt had employed since time immemorial. It appears to have been designed to assure that appropriate budgetary resources would be available in those years with an extra pay period, however it was never consistent with generally accepted accounting principles (GAAP). 2011-12 is the end of the most recent fourteen-year cycle so this year will be closed using a more standard accounting method. The pay period ending July 7, 2012, will be used as the basis for the payroll liability accrual as of June 30, 2012, with seven days of expenditure included in the liability accrual.</p>

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-SA-1	<i>Federal Grantor: U.S. Department of Health and Human Services</i>
Child Support Enforcement CFDA 93.563	<i>Pass-Through Entity: State Department of Child Support Services</i> <i>Compliance Requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>
Award No. N/A Year: 2010-2011	<u>Criteria</u>
and	Direct payroll charges to federal grants for employee time spent on grant functions must be supported with documentation as required by OMB Circular A-87, which provides: “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee” (2 CFR 225, Appendix B § (8)(h)(3)).
ARRA – Child Support Enforcement CFDA 93.563	
Award No. N/A Year: 2010-2011	<u>Condition</u>
	During our testing of payroll, we noted that the semi-annual time certifications for the entire Child Support Department for September 2010 and March 2011 had been inadvertently destroyed.
	<u>Questioned Costs</u>
	No costs are questioned.
	<u>Cause</u>
	The department inadvertently deleted its scanned copies of the time certifications and the hard copies had already been destroyed.

COUNTY OF HUMBOLDT

Schedule of Findings and Questioned Costs
Federal Award Findings and Questioned Costs
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
Finding 11-SA-1 (continued)	<u>Effect of the Condition</u>
Child Support Enforcement CFDA 93.563	The completion of time certifications enables the department to establish that its full-time employees do in fact work exclusively on the program in accordance with A-87 standards. Without the periodic time certifications, employee assignments away from federal grant functions could be overlooked.
and	<u>Recommendation</u>
ARRA – Child Support Enforcement CFDA 93.563	We recommend the Child Support Department develop and implement procedures to ensure that the semi-annual time certifications are prepared, collected and properly stored.
	<u>Corrective Action Plan</u>
	The Department routinely collects certificates of time worked from all staff twice a year. Time certificates were collected for August 2010 and February 2011. The certificates were imaged and destroyed. Subsequently the document image files were deleted in error.
	The Department’s plan to correct this issue is as follows:
	<ol style="list-style-type: none">1. Hard copies will be kept available in the department for four years and four months.2. Longer retention periods will be established to back up deleted files.
	For questions regarding this corrective action plan, please contact Jim Kucharek, Director of Child Support Services, at 707.441.3261.

COUNTY OF HUMBOLDT

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

<u>Finding/Program</u>	<u>Findings/Noncompliance</u>
None reported.	

AVIATION PASSENGER FACILITIES CHARGES



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE
PROCEDURES PERFORMED PURSUANT TO FEDERAL AVIATION
ADMINISTRATION REGULATION (TITLE 14, CODE OF FEDERAL
REGULATIONS, PART 158)**

Board of Supervisors
County of Humboldt
Eureka, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued my report thereon dated March 29, 2012. We have conducted the audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

The management of the County of Humboldt is responsible for the County's compliance with laws and regulations. In connection with the audit referred to above, we applied the procedures enumerated below to the Statement of Revenues, Expenditures and Changes in Fund Balance – Passenger Facility Charges of the County of Humboldt for the year ended June 30, 2011. These procedures, which were agreed to by the County of Humboldt were performed solely for the purpose of meeting your contractual obligation with the Department of Transportation, Federal Aviation Administration. We applied the procedures enumerated below in accordance with Federal Aviation Administration Regulations (Title 14, Code of Federal Regulation, Part 158).

1. We examined the revenue received by collecting carriers and determined if those funds are being properly deposited into a separate interest bearing account.
2. We examined and verified that interest earned on such revenue, that amounts used on each project and the amount reserved for currently approved projects.
3. We examined the expenditures to ensure they are only for aviation capital projects.

Board of Supervisors
County of Humboldt

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the County of Humboldt's Schedule of Revenues, Expenditures and Changes in Fund Balance – Passenger Facility Charges. Accordingly, we do not express such an opinion.

Based on the application of the procedures referred to above, nothing came to our attention that caused us to believe that the County of Humboldt was not in compliance with the control procedures specified in the Federal Aviation Administration Regulation (Title 14, Code of Federal Regulations, Part 158). Had we performed additional procedures or had we performed an audit of the County's Schedule of Revenues, Expenditures and Changes in Fund Balance – Passenger Facility Charges matters might have come to our attention that would have been reported to you.

This report is intended for the information of management and various county, state and federal regulatory agencies and is not intended to be, and should not be, used by anyone but these specified parties.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
March 29, 2012

**COUNTY OF HUMBOLDT
SCHEDULE OF REVENUE AND EXPENDITURES
AND CHANGES IN FUND BALANCE - PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED JUNE 30, 2011**

Revenues:	
Passenger Facility Charges (3987, 3988, 3989, 3991, 3992, 3993)	\$ 370,331
Interest	<u>9,072</u>
Total Revenue	<u>379,403</u>
Expenditures:	
Contributions to other funds for Aviation Capital Projects	<u>635,686</u>
Total Expenditures	<u>635,686</u>
Excess of Revenues Over (Under) Expenditures	(256,283)
Fund Balance at Beginning of Year	<u>663,975</u>
Fund Balance at End of Year	<u><u>\$ 407,692</u></u>

(1) Basis of Accounting-

The Schedule of Revenue and Expenditures and Changes in Fund Balance - Passenger Facility Charges has been prepared on a cash basis, as prescribed by Section 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration of the United States Department of Transportation.

Revenues include amounts collected by the airport. Expenses are presented on a cash basis and include only the expenses on approved PFC projects.

The total amount of interest reported this year consists of the actual interest for the fourth quarter of the prior year and the actual interest for the report year through June 30.