COUNTY OF HIDALGO, TEXAS

INDEPENDENT AUDITORS' REPORT

SINGLE AUDIT

December 31, 2007

BMC

Burton McCumber & Cortez, L.L.P.
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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*

The Honorable Commissioners' Court
and Honorable District Judges
County of Hidalgo, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Hidalgo, Texas, (the County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 26, 2008. 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 opinions 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.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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 also noted certain other matters that we reported to the management of the County in a separate letter dated June 26, 2008.

This report is intended solely for the information and use of the management of the County, 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.

Burton McCumber & Cortez, L.L.P.

McAllen, Texas
June 26, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Commissioners' Court
and Honorable District Judge
County of Hidalgo, Texas

Compliance

We have audited the compliance of the County of Hidalgo, Texas (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 are applicable to each of its major federal programs for the year ended December 31, 2007. 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 of the County's compliance with those requirements.

In our opinion, 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 December 31, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the 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 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, 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.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal and State Awards

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, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 26, 2008. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's response 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management of the County, 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.

Burton McCumber & Cortez, L.L.P.

McAllen, Texas
June 26, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

The Honorable Commissioners' Court
and Honorable District Judge
County of Hidalgo, Texas

Compliance

We have audited the compliance of the County of Hidalgo, Texas (the County) with the types of compliance requirements described in the *State of Texas Single Audit Circular* that are applicable to each of its major state programs for the year ended December 31, 2007. The County's major state 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 state 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 *State of Texas Single Audit Circular*, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *State of Texas Single Audit Circular* 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 state 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 of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to state programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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The County's response 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 response and, accordingly, we express no opinion on it.

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

Brooks McCullen & Cortez, LLP

McAllen, Texas
June 26, 2008

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	FEDERAL AWARDS				
	PRIMARY GOVERNMENT				
	U.S. Department of Agriculture				
	Passed Through the Texas Department of State Health Services				
2007-020869-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	$ 6,137,239	$ -	$ -
2008-024628-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,218,439	-	-
2007-020869-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	228,593	-	-
2008-024628-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	86,386	-	-
2008-024628-001	WIC Alamo Resource Center	10.557	165,000	-	-
			8,835,657	-	-
	Total Passed Through Texas Department of State Health Services		8,835,657	-	-
	Total U.S. Department of Agriculture		$ 8,835,657	$ -	$ -
	U.S. Department of Justice				
	Direct Programs				
2006-AP-BX-0698	State Criminal Alien Assistance Program	16.606	$ 51,787	$ -	$ -
2007-AP-BX-0387	State Criminal Alien Assistance Program	16.606	448,821	-	-
2008-AP-BX-0306	State Criminal Alien Assistance Program (SCAAP)	16.606	-	-	-
			500,608	-	-
2004ULWX0008	COPS Universal Hiring (15)	16.710	366,751	239,024	-
			366,751	239,024	-
2005-DJ-BX-0284	Edward Byrne Memorial Justice Assistance Grant Program	16.738	56,990		
2006-DJ-BX-0246	Edward Byrne Memorial Justice Assistance Grant Program	16.738	53,209		
2007-DJ-BX-1198	Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	-
			110,199	-	-
SWTXS-0647	Organized Crime Drug Enforcement Task Forces (OCDETF)	N/A	14,716	-	-
SWTXS-0672	Organized Crime Drug Enforcement Task Forces (OCDETF)	N/A	1,626	-	-
			16,342	-	-
	Total U.S. Department of Justice Direct Programs		993,900	239,024	-
	Passed Through the Office of the Governor, Criminal Justice Division				
JB-07-J20-13378-08	Juvenile Accountability Block Grants (JABG)	16.523	22,426	9,331	-
JB-07-J20-13378-09	Juvenile Accountability Block Grants (JABG)	16.523	18,521	2,643	-
			40,947	11,974	-

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
DJ-05-A10-18148-01	Edward Byrne Memorial Justice Assistance Grant Program	16.738	39,166	-	-
BSOC-OP-WR-070	Edward Byrne Memorial Justice Assistance Grant Program	16.738	15,709	-	-
BSOC-OP-WR-071	Edward Byrne Memorial Justice Assistance Grant Program	16.738	12,810	-	-
BSOC-OP-BS-053	Edward Byrne Memorial Justice Assistance Grant Program	16.738	118,630	-	-
			186,315	-	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		227,262	11,974	-
	Passed Through the Texas Border Sheriff's Coalition				
0717-2006-DD-BX-0504	Texas Border Sheriff's Coalition (Federal Portion)	16.580	104,998	-	-
			104,998	-	-
	Total Passed Through the Texas Border Sheriff's Coalition		104,998	-	-
	Total U.S. Department of Justice		$ 1,326,160	$ 250,998	$ -
	Executive Office of the President for National Drug Control Policy				
I5PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	$ 22,285	$ -	$ -
I6PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	363,562	-	-
17PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	450,898	-	-
17PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	5,278	-	-
N/A	Edward Byrne Memorial Formula Grant Program	N/A	158,357	-	-
			1,000,380	-	-
	Total Executive Office of the President for National Drug Control Policy		$ 1,000,380	$ -	$ -
	U.S. Department of Health and Human Services Passed Through Texas Department of State Health Services				
2007-022892-001	Strengthening Public Health Services at the Outreach Offices of the US Mexico Border Health Commission	93.018	$ 11,803	$ -	$ -
2007-022974-001	Strengthening Public Health Services at the Outreach Offices of the US Mexico Border Health Commission	93.018	-	-	-
			11,803	-	-
2007-021977-001A	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	338,822	-	-
			338,822	-	-
2007-021278-02A	Immunization Grants	93.268	371,328	-	-
2008-023789-001	Immunization Grants	93.268	138,989	-	-
			510,317	-	-
7460007176-2006-06B	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	633,083	-	-
2008-022952-001A	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	231,130	-	-
7460007176-2006-09	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	27,137	-	-
2007-022974-001	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	55,975	-	-
2008-024696-001	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	165	-	-
			947,490	-	-

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
N/A	Child Support Enforcement	93.563	329,534	-	-
04-C0118	Child Support Enforcement	93.563	559	-	-
			330,093	-	-
7460007176A-2007-001	Preventive Health and Health Services - Block Grant	93.991	84,358	-	-
2008-024590-001	Preventive Health and Health Services - Block Grant	93.991	30,986	-	-
			115,344	-	-
2007-020494-01	Maternal and Child Health Services Block Grant to the States	93.994	443,105	-	-
2008-024118-001 & 2008-024219-001	Maternal and Child Health Services Block Grant to the States	93.994	130,585	-	-
			573,690	-	-
	Total Passed Through Texas Department of State Health Services		2,827,559	-	-
	Passed Through Texas Juvenile Probation Commission				
TJPC-E-2007-108	Foster Care Title IV-E	93.658	499,327	-	-
TJPC-E-2008-108	Foster Care Title IV-E	93.658	-	-	-
TJPC-E-2007-108	Foster Care Title IV-E	93.658	346,502	-	-
TJPC-E-2008-108	Foster Care Title IV-E	93.658	73,619	-	-
			919,448	-	-
	Total Passed Through Texas Juvenile Probation Commission		919,448	-	-
	Passed Through Texas Department of Family & Protective Services				
23357398	Foster Care Title IV - E	93.658	16,852	-	-
23357398	Foster Care Title IV - E	93.658	-	-	-
23357398	Foster Care Title IV - E	93.658	170	-	-
22357398	Foster Care Title IV - E	93.658	-	-	-
			17,022	-	-
	Total Passed Through Texas Department of Family & Protective Services		17,022	-	-
	Total U.S. Department of Health and Human Services		$ 3,764,029	$ -	$ -
	U.S. Department of Homeland Security				
	Direct Programs				
EMT-2005-CA-0113	Cooperating Technical Partners	97.045	$ 16,368	$ -	$ -
			16,368	-	-
	Total U.S. Department of Homeland Security Direct Programs		16,368	-	-
	Passed Through Division of Emergency Management				
	Office of the Governor				
2005-HSGP-48215	State Homeland Security Program (SHSP)	97.073	$ 47,628	$ -	$ -
2006-GE-T6-0068	State Homeland Security Program (SHSP)	97.073	1,550	-	-
			49,178	-	-

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
2005-HSGP-48215	Law Enforcement Terrorism Prevention Program (LETPP)	97.074	42,457	-	-
			42,457	-	-
2005-BZPP-48215	Buffer Zone Protection Plan (BZPP)	97.078	1,722	-	-
			1,722	-	-
	Total Passed Through Division of Emergency Management Office of the Governor		93,357	-	-
	Total U.S. Department of Homeland Security		$ 109,725	$ -	$ -
	U.S. Elections Assistance Commission				
	Passed Through Office of the Secretary of State				
79098	HAVA TEAM	39.011	$ 15,000	$ -	$ -
			15,000	-	-
78583	HAVA General Compliance	90.401	-	-	-
78583	HAVA General Compliance- Additional	90.401	48,301	-	-
			48,301	-	-
N/A	HAVA Opportunity Access	93.617	1,689	-	-
77953	HAVA Polling Place Accessibility	93.617	7,000	-	-
			8,689	-	-
	Total Passed Through Office of the Secretary of State		71,990	-	-
	Total U.S. Elections Assistance Commission		$ 71,990	$ -	$ -
	U.S. Department of Transportation				
	Passed Through the Texas Department of Transportation				
587XXF5030	Alcohol Traffic Safety & Drunk Driving Prevention	20.601	$ 13,763	$ -	$ -
			13,763	-	-
	Total Passed Through the Texas Department of Transportation		13,763	-	-
	Total U.S. Department of Transportation		$ 13,763	$ -	$ -
	U.S. Fish and Wildlife Service				
	Passed Through the Texas Parks and Wildlife				
F-183-B	Hidalgo County Anzalduas Park Boat Ramp Improvements	15.605	$ 4,125	$ 1,375	$ -
			4,125	1,375	-
	Total Passed Through the Texas Parks and Wildlife		4,125	1,375	-
	Total U.S. Fish and Wildlife Service		$ 4,125	$ 1,375	$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	Federal Highway Administration, Department of Transportation				
	Passed Through the Texas Parks and Wildlife				
RT-0714	Recreational Trails Program	20.219	$ -	$ -	$ -
			-	-	-
	Total Passed Through the Texas Parks and Wildlife		-	-	-
	Total Federal Highway Administration, Department of Transportation		$ -	$ -	$ -
	U.S. Department of Commerce				
	Economic Development Administration				
08-86-04201	Economic Development - Support for Planning Organizations	11.302	$ 16,714	$ 21,100	$ -
			16,714	21,100	-
	Total Economic Development Administration		16,714	21,100	-
	Total U.S. Department of Commerce		$ 16,714	$ 21,100	$ -
	TOTAL PRIMARY GOVERNMENT		**$ 15,142,543**	**$ 273,473**	**$ -**

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
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GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	URBAN COUNTY				
	U.S. Department of Housing and Urban Development (HUD) Direct Programs				
B-99-UC48-0501	Community Development Block Grant - 25th Year	14.218	$ 17,933	$ -	$ 17,933
B-00-UC48-0501	Community Development Block Grant - 26th Year	14.218	31,733	-	31,733
B-01-UC48-0501	Community Development Block Grant - 27th Year	14.218	149,379	-	149,379
B-02-UC48-0501	Community Development Block Grant - 28th Year	14.218	34,258	-	34,258
B-03-UC48-0501	Community Development Block Grant - 29th Year	14.218	344,719	-	344,719
B-04-UC48-0501	Community Development Block Grant - 30th Year	14.218	1,833,215	-	1,817,499
B-05-UC48-0501	Community Development Block Grant - 31st Year	14.218	1,897,220	-	1,897,220
B-06-UC48-0501	Community Development Block Grant - 32nd Year	14.218	5,531,235	-	4,770,933
B-07-UC48-0501	Community Development Block Grant - 33rd Year	14.218	825,672	-	367,277
	Total CFDA Number 14.218		10,665,364	-	9,430,951
M-99-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	18,741	-	18,741
M-00-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	25,109	-	25,109
M-01-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	84	-	84
M-02-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	11,529	-	11,529
M-03-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	214,194	-	214,194
M-04-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	484,568	-	301,736
M-05-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,411,880	-	1,411,880
M-06-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	804,045	-	760,316
M-07-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	149,012	-	-
	Total CFDA Number 14.239		3,119,162	-	2,743,589
S-05-UC-48-0501	Emergency Shelter	14.231	96,863	-	96,863
S-06-UC-48-0501	Emergency Shelter	14.231	273,378	-	262,102
S-07-UC-48-0501	Emergency Shelter	14.231	19,772	-	13,109
	Total CFDA Number 14.231		390,013	-	372,074
	Total U.S. Department of Housing and Urban Development (HUD) Direct Programs		14,174,539	-	12,546,614
	Passed Through Texas Department of Housing and Community Affairs				
723013	Colonia XVIIII	14.228	263,883	-	263,883
	Total CFDA Number 14.228		263,883	-	263,883

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	Passed Through Office of Rural Community Affairs				
724205	Colonia XXI	14.228	1,794	-	-
725305	Colonia XXIV	14.228	290,002	-	268,910
725195	Colonia XXV	14.228	412,180	-	412,180
726155	Colonia XXVI	14.228	377,469	-	353,565
727005	Colonia XXVII	14.228	156,634	-	145,868
727145	Colonia XXVIII	14.228	5,339	-	-
	Total CFDA Number 14.228		1,243,418	-	1,180,523
	Total Passed through Texas Department of Housing and Community Affairs		1,507,301	-	1,444,406
	Total U.S. Department of Housing and Urban Development (HUD)		$ 15,681,840	$ -	$ 13,991,020
	TOTAL URBAN COUNTY		**$ 15,681,840**	**$ -**	**$ 13,991,020**

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	HEAD START				
	U.S. Department of Health and Human Services				
	Direct Programs				
06CH0183-24	Head Start Program	93.600	$ 23,222,282	$ 8,145,557	$ -
	Total CFDA Number 93.600		23,222,282	8,145,557	-
	Total Direct Programs		23,222,282	8,145,557	-
	Total U.S. Department of Health and Human Services		$ 23,222,282	$ 8,145,557	$ -
	U.S. Department of Agriculture				
	Passed Through Texas Health and Human Services Commission				
TX-1080006	Child and Adult Care Food Program	10.558	$ 1,394,903	$ -	$ -
TX-1080006	Child and Adult Care Food Program	10.558	751,775		
	Total CFDA Number 10.558		2,146,678	-	-
	Total Passed Through Texas Health and Human Services Commission		2,146,678	-	-
	Total U.S. Department of Agriculture		$ 2,146,678	$ -	$ -
	TOTAL HEAD START		**$ 25,368,960**	**$ 8,145,557**	**$ -**
	COMMUNITY SERVICE AGENCY				
	U.S. Department of Health and Human Services and Community Affairs				
	Passed Through Texas Department of Housing				
587555	Low-Income Home Energy Assistance	93.568	$ 52,996	$ -	$ -
587042-587	Low-Income Home Energy Assistance		1,921,789	-	-
	Total CFDA Number 93.568		1,974,785	-	-
616042-616	Community Services Block Grant	93.569	239,936	-	-
616042-617	Community Services Block Grant	93.569	1,307,540	-	-
617554	Community Services Block Grant	93.569	70,464	-	-
	Total CFDA Number 93.569		1,617,940	-	-
	Total Passed Through Texas Department of Housing and Community Affairs		3,592,725	-	-
	Total U.S. Department of Health and Human Services		$ 3,592,725	$ -	$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	Corporation For National and Community Services				
	Direct Programs				
05SRWTX019	Retired Senior Volunteer Program	94.002	$ 16,737	$ -	$ -
05SRWTX019	Retired Senior Volunteer Program	94.002	73,970	-	-
	Total CFDA Number 94.002		90,707	-	-
	Total Direct Programs		90,707	-	-
	Passed Through Texas Department of Aging and Disability Services				
07RZWTX025	Retired Senior Volunteer Program	94.002	4,729	-	-
05SRWTX003	Retired Senior Volunteer Program	94.002	23,224	-	-
	Total CFDA Number 94.002		27,953	-	-
	Total Passed Through Texas Department of Aging and Disability Services		27,953	-	-
	Total Corporation For National and Community Services		$ 118,660	$ -	$ -
	Federal Emergency Management Agency				
	Direct Programs				
25-8128-00	Emergency Management Assistance	83.523	$ 50,329	$ -	$ -
	Total CFDA Number 83.523		50,329	-	-
	Total Direct Programs		50,329	-	-
	Total Federal Emergency Management Agency		$ 50,329	$ -	$ -
	TOTAL COMMUNITY SERVICES AGENCY		$ 3,761,714	$ -	$ -
	TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 59,955,057	$ 8,419,030	$ 13,991,020

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	STATE AWARDS				
	PRIMARY GOVERNMENT				
	Texas Department of State Health Services				
N/A	Health Department - Administration	N/A	$ -	$ 136,434	$ -
7460007176B-2007-01	Infectious Disease Intervention and Control Branch	N/A	56,036	-	-
2008-023208-001	TB- Prevention and Control	N/A	23,521	-	-
	Total Texas Department of State Health Services		$ 79,557	$ 136,434	$ -
	Texas Adult Probation Commission				
108-900	Basic Supervision	N/A	$ 4,597,477	$ -	$ -
108-900	Basic Supervision	N/A	2,390,737	-	-
108-002	Community Corrections (Boot Camp)	N/A	1,007,194	-	-
108-002	Community Corrections (Boot Camp)	N/A	444,715	-	-
108-002	CCP-DP (Boot Camp)	N/A	114,925	-	-
108-002	CCP-DP (Boot Camp)	N/A	-	-	-
108-013	Mentally Impaired Caseload	N/A	92,079	-	-
108-013	Mentally Impaired Caseload	N/A	45,572	-	-
108-005	Restitution Center	N/A	807,076	-	-
108-005	Restitution Center	N/A	336,962	-	-
108-006	Treatment Alternatives to Incarceration Program	N/A	144,407	-	-
108-006	Treatment Alternatives to Incarceration Program	N/A	75,477	-	-
108-014	Drug Court	N/A	43,471	-	-
108-014	Drug Court	N/A	14,890	-	-
108-007	Sex Offender Caseload	N/A	148,345	-	-
108-007	Sex Offender Caseload	N/A	82,434	-	-
108-016	Caseload Reduction Program	N/A	646,026	-	-
108-016	Caseload Reduction Program	N/A	299,644	-	-
	Total Texas Adult Probation Commission		$ 11,291,431	$ -	$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	Texas Juvenile Probation Commission				
TJPC-A-2007-108	State Aid	N/A	$ 238,051	$ -	$ -
TJPC-A-2008-108	State Aid	N/A	215,360	-	-
TJPC-F-2007-108	Progressive Sanctions JPO	N/A	139,578	62,114	-
TJPC-F-2008-108	Progressive Sanctions JPO	N/A	92,776	-	-
TJPC-G-2007-108	Progressive Sanctions Level 1, 2, 3	N/A	100,096	-	-
TJPC-G-2008-108	Progressive Sanctions Level 1, 2, 3	N/A	-	-	-
TJPC-M-2007-108	Special Needs (TCOMI) Funding	N/A	64,971	-	-
TJPC-M-2008-108	Special Needs (TCOMI) Funding	N/A	31,726	-	-
TJPC-O-2007-108	Progressive Sanctions ISJPO	N/A	54,428	34,144	-
TJPC-O-2008-108	Progressive Sanctions ISJPO	N/A	45,078	-	-
TJPC-P-2007-108	Juvenile Justice Alternative Education	N/A	216,353	-	-
TJPC-P-2008-108	Juvenile Justice Alternative Education	N/A	267,415	-	-
TJPC-V-2007-108	Facility Operating Costs	N/A	189,266	-	-
TJPC-V-2008-108	Facility Operating Costs	N/A	-	-	-
TJPC-W-2008-108	Juvenile Justice Alternative Education Program (JJAEP) Discretionary	N/A	10,486	-	-
TJPC-Y-2007-108	Community Corrections	N/A	302,229	-	-
TJPC-Y-2008-108	Community Corrections	N/A	608,569	-	-
TJPC-Z-2007-108	Salary Adjustment Funding	N/A	112,227	-	-
TJPC-Z-2008-108	Salary Adjustment Funding	N/A	50,368	-	-
N/A	Level 5 Progressive Sanctions	N/A	41,013	-	-
N/A	Computerization (Interest Earnings on Fund 1294)	N/A	18,207	-	-
N/A	JJAEP Discretionary (Derived from School Districts)	N/A	6,257	-	-
N/A	JJAEP Discretionary (Derived from School Districts)	N/A	39,170	-	-
	Total Texas Juvenile Probation Commission		$ 2,843,624	$ 96,258	$ -
	Texas Department of Criminal Justice				
0717(07)	Texas Border Sheriff's Coalition (State Portion)	N/A	$ 137,307	$ -	$ -
N/A	Offender Transportation Program	N/A	74,768	-	-
N/A	AFDC/Food Stamp Prosecution	N/A	1,120	-	-
	Total Texas Department of Criminal Justice		$ 213,195	$ -	$ -
	Texas State Comptroller's Office				
N/A	District Attorney State Supplement	N/A	$ 22,386	$ -	$ -
N/A	District Attorney State Supplement	N/A	10,607	-	-
	Juror Reimbursement	N/A	510,272	-	-
	Voter Registration Reimbursement	N/A	54,386	-	-
	Total Texas State Comptroller's Office		$ 597,651	$ -	$ -
	Texas Department of Transportation				
3BCF5001	Border Colonia Access Program Round I	N/A	$ 250,023	$ -	$ -
5BCF5001	Border Colonia Access Program Round II	N/A	4,323,128	-	-
	Total Texas Department of Transportation		$ 4,573,151	$ -	$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASS THROUGH AMOUNT TO SUBRECIPIENTS
	Texas Commission on Environmental Quality and Lower Rio Grande Valley Development Council				
07-21-G10	Solid Waste Project - Const Pct 3	N/A	$ 45,055	$ -	$ -
	Total TCEQ and LRGVDC		$ 45,055	$ -	$ -
	Texas Task Force on Indigent Defense				
212-57-D03	Hidalgo County Indigent Defense Public Defender	N/A	$ 220,514	$ 147,010	$ -
212-58-D03	Hidalgo County Indigent Defense Public Defender	N/A	36,948	55,421	-
212-07-108	Formula Grant FY 07	N/A	321,757	-	-
	Total Texas Task Force on Indigent Defense		$ 579,219	$ 202,431	$ -
	Texas Attorney General				
08-00920	Texas Vine	N/A	$ 30,108	$ -	$ -
07-01498	Victim Coordinator and Liaison Grant - District Attorney	N/A	25,909	-	-
08-01720	Victim Coordinator and Liaison Grant - District Attorney	N/A	11,958	-	-
07-00382	Victim Coordinator and Liaison Grant - Sheriff	N/A	26,521	-	-
08-01738	Victim Coordinator and Liaison Grant - Sheriff	N/A	11,580	-	-
	Total Texas Attorney General		$ 106,076	$ -	$ -
	Texas Parks and Wildlife				
50-00308	North San Juan Park	N/A	$ 7,738	$ 7,738	$ -
	Total Lower RGVDB dba Workforce Solutions		$ 7,738	$ 7,738	$ -
	Lower Rio Grande Valley Development Council				
N/A	911 Program	N/A	$ 6,954	$ -	$ -
	Total Lower Rio Grande Valley Development Council		$ 6,954	$ -	$ -
	TOTAL EXPENDITURES OF STATE AWARDS		**$ 20,343,651**	**$ 442,861**	**$ -**
	TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		**$ 80,298,708**	**$ 8,861,891**	**$ 13,991,020**

COUNTY OF HIDALGO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

General

The accompanying Schedule of Expenditures of Federal and State Awards presents the federal and state grant activity for the County of Hidalgo, Texas (the County). The reporting entity is defined in Note 1 to the County's financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the County's notes to the financial statements. 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* and the *State of Texas Single Audit Circular.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal and State financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section I - Summary of Auditors' Results	Description
Financial Statements	
Type of auditors' report issued:	Unqualified
Internal control over financial reporting: • Material weakness(es) identified? • Significant deficiencies identified not considered to be material weaknesses?	 No No
Noncompliance material to the financial statements?	No
Federal Awards	
Internal control of major programs: • Material weakness(es) identified? • Significant deficiencies identified not considered to be material weaknesses?	 No No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	No
Dollar threshold used to distinguish between Type A and Type B programs:	$1,798,652
Auditee qualified as low-risk auditee?	No
Identification of Major Federal Programs:	Colonia 14.228 Community Development Block Grant (CDBG) 14.218 HOME Investment Partnership Program (HOME) 14.239 Head Start Program 93.600 Child Care Food Program 10.558 Community Service Block Grant (CSBG) 93.569

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section I - Summary of Auditors' Results	Description
State Awards	
Internal control of major programs: • Material weakness(es) identified? • Significant deficiencies identified not considered to be material weaknesses?	 No No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with the *State of Texas Single Audit Circular*?	No
Dollar threshold used to distinguish between Type A and Type B programs:	$610,310
Auditee qualified as low-risk auditee?	No
Identification of Major State Programs:	Texas Adult Probation Commission Basic Supervision Community Corrections (Boot Camp) CCP-DP (Boot Camp) Mentally Impaired Caseload Restitution Center Treatment Alternatives to Incarceration Program Drug Court Sex Offender Caseload Caseload Reduction Program Texas Juvenile Probation Commission State Aid Progressive Sanctions JPO Progressive Sanctions Level 1,2,3 Special Needs (TCOMI) Funding Progressive Sanctions ISJPO Juvenile Justice Alternative Education Facility Operating Costs Juvenile Justice Alternative Education Program Discretionary Community Corrections Salary Adjustment Funding Level 5 Progressive Sanctions Computerization (Interest Earnings on Fund 1294) JJAEP Discretionary (derived from school districts)

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section I - Summary of Auditors' Results	Description
Identification of Major State Programs (Continued):	Texas State Comptroller's Office District Attorney State Supplement Juror Reimbursement Voter Registration Reimbursement Texas Department of Criminal Justice Texas Border Sheriff's Coalition Offender Transportation Program AFDC/Food Stamp Prosecution

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section II – Findings and Questioned Costs Financial Statement	Description
None	

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section III – Findings and Questioned Costs Federal Awards	Description
None	

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section III – Findings and Questioned Costs State Awards	Description
None	

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

Section IV – Contact Persons Regarding Findings and Questioned Costs	Description
Primary Government	Raymundo Eufracio, County Auditor Hidalgo County Auditor's Office 2808 S. Business Hwy 281 Edinburg, Texas 78539 (956) 383-2511 (956) 383-2577(fax)

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

REFERENCE NUMBER Program	Description
00 – 3 **District Clerk Cost Deposits – County of Hidalgo (Primary Government)**	**Criteria and Condition:** The District Clerk maintains an account to record "court cost deposits." The subsidiary ledger for court cost deposits is incomplete; certain amounts are lacking information to determine the depositor. **Cause and Effect:** The County has not been able to update the subsidiary ledger to include all deposits. The District Clerk's Costs Deposits liability account has an unreconciled balance at December 31, 2007 of $1,986,187. **Questioned Cost:** $0 **Recommendation:** We recommend that amounts be identified to specific depositors and unidentified deposits be escheated in accordance with state statues as unclaimed funds, after approval by legal counsel. **Status:** The District Clerk's Office continues its efforts in identifying all amounts on the subsidiary listing. The account balance was $1,986,187 and $1,986,503 at December 31, 2007 and 2006, respectively.
01 – 1 **Data Processing - County of Hidalgo (Primary Government and all Agencies)**	**Criteria and Condition:** The County does not have a formal disaster recovery plan to prevent the complete loss of financial information. A written disaster recovery plan should document emergency procedures for the procurement, recovery and implementation of key financial equipment and financial information. **Cause and Effect:** The County has not delegated or assigned the task of formalizing such plan. Risk of complete financial data loss and increased turnover time required to become fully operational. **Questioned Cost:** $0 **Recommendation:** A comprehensive contingency plan should be developed, documented and tested to ensure the continuity of data processing services in the event of a disaster. **Status:** A disaster recovery plan was submitted, approved, and put into effect by the Commissioners' Court on June 5, 2007.

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

REFERENCE NUMBER Program	Description
02 – 2 **County Clerk Bond Funds Held Pending Judgment (Primary Government)**	**Criteria and Condition:** The County Clerk does not maintain a listing that designates the current status of court cases for which bond monies have been received and held pending final outcome. Bond Funds Held Pending Judgment are held long after court cases have been tried and are not disposed of timely. **Cause and Effect:** The County does not have a policy to monitor the status of court cases for which bond funds have been received. Amounts not accounted for nor resolved timely are at a higher risk for misappropriation. **Questioned Cost:** $0. **Recommendation:** We recommend that the County Clerk maintain a current status on all cases for which bond money has been collected and held pending final outcome of the case. The County Clerk should research the status of all cases for which bond money is held. Forfeited bonds should be transferred to the County Treasurer's Office. Bond funds that should have been released to individuals should be held pending notification of that individual. If no response is received from the individual, the County should send bond funds to the State Comptrollers Office in accordance with State Escheat Laws. **Status:** During 2007, County staff updated the status of 1,439 and dismissed 523 cases, reimbursing a total of $60,800. The County Clerk will continue its effort to maintain a current status on all cases for which bond money has been collected and held.
04 – 5 **Equipment Management – Texas Juvenile Probation Commission (Primary Government)**	**Criteria and Condition:** Provisions of the grant require the Hidalgo County Juvenile Probation maintain equipment records, take a physical inventory at least once every two years and reconcile to equipment records, implement an appropriate control system to safeguard equipment and maintain equipment adequately. The Hidalgo County Juvenile Probation has not performed a 100% physical inventory within the past two years. **Cause and Effect:** Procedures in place to inventory all fixed assets at least once every 2 years were not performed. Lack of physical inventory on equipment gives rise to the risk of misappropriation of assets. **Questioned Cost:** $0 **Recommendation:** Hidalgo County Juvenile Probation should perform inventory of equipment at least once every two years. **Status:** The Juvenile Probation Department did not perform a physical inventory count of its equipment during 2007 and 2006. The Juvenile Probation Department will coordinate with Purchasing Department to ensure that an inventory is taken as soon as possible.

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

REFERENCE NUMBER Program	Description
05-5 Conflict of Interest- -HOME Program -CDBG Program (Urban County Program)	**Criteria and Condition:** The Program does not have a written policy requiring the verification of conflicts of interest from vendors or contractors. **Cause and Effect:** Lack of verification increases the risk of unauthorized related party transactions. **Questioned Cost**: $0 **Recommendation**: We recommend that Urban County adopt a policy to ensure that conflicts of interest certification are obtained from vendors or contractors that provide services to Urban County. **Status:** In 2007, Urban County began utilizing the conflict of interest questionnaire on all contracts.
06-1 Cash Account (Primary Government)	**Criteria and Condition**: In December 2006, the County opened a bank account at First National Bank styled "Medicaid Supplemental Program". As of December 31, 2006, the bank account was not recorded in the County's general ledger and had not been reconciled since its inception. **Cause and Effect**: Cash account not recorded in general ledger. Unreconciled amounts between general ledgers and bank cash accounts for extended periods of time increase the risk of material misstatement. **Questioned Cost**: $0 **Recommendation**: Proper general ledger maintenance and timely bank account reconciliation is an important control over cash. We recommend that all bank accounts be reconciled timely. **Status**: As of December 31, 2007, "Medicaid Supplemental Program" was reconciled timely.

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007

REFERENCE NUMBER Program	Description
06-2 **District Clerk Investments Held in Trust- County of Hidalgo (Primary Government)**	**Criteria and Condition:** The District Clerk maintains deposits with local banks as directed by court order, primarily in the form of certificates of deposit. During our review of District Clerk Investments held in trust we noted that subsidiary ledgers were not initially reconciled to the general ledger. **Cause and Effect:** Subsidiary ledgers are not reconciled monthly. Unreconciled amounts between general ledgers and subsidiary ledgers for extended periods of time increase the risk of material misstatement. **Questioned Costs:** $0 **Recommendation:** We recommend that the subsidiary ledger be reconciled monthly. Additionally, a process should be developed to ensure that funds entrusted to the District Clerk's office are included in the subsidiary ledger and once released to the beneficiary, removed from the ledger. **Status:** The District Clerk's Office continues its efforts to reconcile timely. However, multiple trial balances were provided due to the multiple changes in the Investments Held in Trust.
06–3 **Account Payable (Drainage District No. 1)**	**Criteria and Condition:** Our review of accounts payable revealed the following exceptions: • Various payroll liability accounts totaling $3,968 that remain unchanged from prior years' balances. • Payable to Precinct #4 totaling $18,093 was outstanding since January 2005. **Cause and Effect:** Amounts recorded may not represent valid payables. **Questioned Cost:** $0 **Recommendation:** We recommend that management investigate the balances to determine whether or not they represent valid payables. **Status:** Research has been done on the balances of these accounts. These amounts are valid and will be paid out during 2008. With respect to Precinct #4, the amount has been paid.