

**COUNTY OF HIDALGO, TEXAS**

**INDEPENDENT AUDITORS'  
REPORT**

**SINGLE AUDIT**

**December 31, 2009**



**Burton McCumber & Cortez, L.L.P.**  
Certified Public Accountants & Management Consultants

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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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 7, 2010. 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 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 combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in the internal control over financial reporting, 09-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### 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.

We noted certain other matters that we reported to management of the County in a separate letter dated June 7, 2010.

The County's response to the findings identified in our audit is 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 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.

*Buster McCumber, C. Cortez, L.L.P.*

McAllen, Texas  
June 7, 2010



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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, 2009. 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 09-02 and 09-03.

The date of this report is June 7, 2010, except for the compliance audit of the Community Development Block Grant (CDBG) cluster as also noted in Note A to the Schedule of Expenditures of Federal and State Awards. This grant cluster contained American Reinvestment and Recovery Act expenditures that required the CDBG cluster to be a major program and audited in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The audit work on this grant cluster was completed as of the date of our report delivery to County elected officials on August 31, 2010.

### **Internal Control Over Compliance**

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

*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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 09-02 and 09-03. *A significant deficiency in internal control over compliance* is a deficiency or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **Schedule of Expenditures of Federal 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, 2009, and have issued our report thereon dated June 7, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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 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 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 response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of 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, County, L.L.P.*

McAllen, Texas  
June 7, 2010 (Except for the Community Development  
Block Grant (CDBG) cluster major program, as to which  
the date is August 31, 2010)



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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 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, 2009. 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 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 the 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the State of Texas Single Audit Circular and which are described in the accompanying schedule of findings and questioned costs as item 09-04.

## **Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the compliance 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 state 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 the State of Texas Single Audit Circular, 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.

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## **Schedule of Expenditures of 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, 2009, and have issued our report thereon dated June 7, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Single Audit Circular, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 response and, accordingly, we express no opinion on it.

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*Buster McCumber, Cortez, L.L.P.*

McAllen, Texas  
June 7, 2010

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>FEDERAL AWARDS</u></b>					
<b><u>PRIMARY GOVERNMENT</u></b>					
<b><u>U.S. Department of Agriculture</u></b>					
<b><u>Direct Programs</u></b>					
N/A	Community Facilities Loans and Grants	10.766	\$ 30,222	\$ 61,638	\$ -
			<u>30,222</u>	<u>61,638</u>	<u>-</u>
	<b>Total U.S. Department of Agriculture Direct Programs</b>		<u>30,222</u>	<u>61,638</u>	<u>-</u>
<b><u>U.S. Department of Agriculture</u></b>					
<b><u>Passed Through the Texas Department of State Health</u></b>					
<b><u>Services</u></b>					
2009-030087	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	7,874,114	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,534,364	-	-
2009-030087	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	299,978	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	93,487	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	212,752	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	87,615	-	-
			<u>11,102,310</u>	<u>-</u>	<u>-</u>
	<b>Total Passed Through Texas Department of State Health Services</b>		<u>11,102,310</u>	<u>-</u>	<u>-</u>
<b><u>Passed Through Health &amp; Human Services Commission</u></b>					
<b><u>Office of Inspector General</u></b>					
N/A	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	9,847	-	-
			<u>9,847</u>	<u>-</u>	<u>-</u>
	<b>Total Passed Through Health &amp; Human Services Commission Office of Inspector General</b>		<u>9,847</u>	<u>-</u>	<u>-</u>
	<b>Total U.S. Department of Agriculture</b>		<u>\$ 11,142,379</u>	<u>\$ 61,638</u>	<u>\$ -</u>
<b><u>U.S. Department of Justice</u></b>					
<b><u>Direct Programs</u></b>					
2008-AP-BX-0306	State Criminal Alien Assistance Program (SCAAP)	16.606	\$ 13,066	\$ -	\$ -
2008-AP-BX-1216	State Criminal Alien Assistance Program (SCAAP)	16.606	472,179	-	-
			<u>485,245</u>	<u>-</u>	<u>-</u>
2007-DJ-BX-1198	Edward Byrne Memorial Justice Assistance Grant Period	16.738	59,398	-	-
2008-DJ-BX-0684	Edward Byrne Memorial Justice Assistance Grant Period	16.738	43,544	-	-
2009-DJ-BX-0565	Edward Byrne Memorial Justice Assistance Grant Period	16.738	13,628	-	-
			<u>116,570</u>	<u>-</u>	<u>-</u>
2008-JL-FX-0556	Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	156,408	-	-
			<u>156,408</u>	<u>-</u>	<u>-</u>
	<b>Total U.S. Department of Justice Direct Programs</b>		<u>758,223</u>	<u>-</u>	<u>-</u>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>Passed Through the Organized Crime Drug Enforcement Task Forces</u></b>					
SWTXS-0672	The Department of Justice Assets Forfeiture Fund	16.XXX	87,700	-	-
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	16.XXX	2,250	-	-
SWTXS-0672	The Department of Justice Assets Forfeiture Fund	16.XXX	1,115	-	-
SWTXS-0621	The Department of Justice Assets Forfeiture Fund	16.XXX	1,145	-	-
SWTXS-0662	The Department of Justice Assets Forfeiture Fund	16.XXX	2,984	-	-
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	16.XXX	1,025	-	-
			96,219	-	-
<b>Total Passed Through the Organized Crime Drug Enforcement Task Forces</b>			96,219	-	-
<b><u>Passed Through the Federal Bureau of Investigations</u></b>					
281D-SA-C46020	The Department of Justice Assets Forfeiture Fund	16.XXX	4,763	-	-
281D-SA-C46020	The Department of Justice Assets Forfeiture Fund	16.XXX	2,494	-	-
			7,257	-	-
<b>Total Passed Through the Federal Bureau of Investigations</b>			7,257	-	-
<b><u>Passed Through the Texas Border Sheriff's Coalition</u></b>					
2008-DD-BX-0188	Texas Border Sheriff's Coalition (Federal Portion)	16.580	196,643	-	-
			196,643	-	-
<b>Total Passed Through the Texas Border Sheriff's Coalition</b>			196,643	-	-
<b><u>Passed Through Sam Houston State University</u></b>					
2007-GP-CX-0074	Community Prosecution and Project Safe Neighborhoods	16.609	1,757	-	-
			1,757	-	-
<b>Total Passed Through Sam Houston State University</b>			1,757	-	-
<b><u>Passed Through United States Marshals Service</u></b>					
DJMS-09-79-M-0210	Fugitive Apprehension Task Force	16.XXX	6,933	-	-
DJMS-09-79-M-0257	Fugitive Apprehension Task Force	16.XXX	585	-	-
N/A	Fugitive Apprehension Task Force	16.XXX	24,999	-	-
			32,517	-	-
<b>Total Passed Through United States Marshals Service</b>			32,517	-	-
<b><u>Passed Through Drug Enforcement Administration</u></b>					
N/A	McAllen DEA HIDTA Initiative	16.XXX	6,583	-	-
N/A	McAllen DEA HIDTA Initiative	16.XXX	2,075	-	-
			8,658	-	-
<b>Total Passed Through Drug Enforcement Administration</b>			8,658	-	-
<b>Total U.S. Department of Justice</b>			\$ 1,101,274	\$ -	\$ -

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Executive Office of the President for National Drug Control Policy</u>					
18PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	\$ 213,056	\$ -	\$ -
G09SS0002A	McAllen HIDTA Initiative	16.XXX	451,143	-	-
N/A	Asset Forfeiture Program	16.XXX	101,706	-	-
			765,905	-	-
	<b>Total Executive Office of the President for National Drug Control Policy</b>		\$ 765,905	\$ -	\$ -
<u>U.S. Department of Health and Human Services Passed Through Texas Department of State Health Services</u>					
2009-030960	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018	\$ 4,625	\$ -	\$ -
			4,625	-	-
2009-031556	Public Health Emergency Preparedness	93.069	52,870	-	-
2009-031925	Public Health Emergency Preparedness	93.069	210,193	-	-
2010-033343	Public Health Emergency Preparedness	93.069	131,861	-	-
			394,924	-	-
2009-030584	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	322,551	-	-
			322,551	-	-
2009-028609	Immunization Grants	93.268	414,757	-	-
2010-032040	Immunization Grants	93.268	171,477	-	-
			586,234	-	-
2008-027988	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	294,774	-	-
2008-024696	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	77,132	-	-
2009-031071	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	109,011	-	-
2009-031325	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	190,973	-	-
			671,890	-	-
2009-028247	Preventive Health and Health Services Block Grant	93.991	83,446	-	-
2010-032822	Preventive Health and Health Services Block Grant	93.991	21,480	-	-
2009-030960	Preventive Health and Health Services Block Grant	93.991	4,525	-	-
			109,451	-	-
2009-029541 & 2009-029750	Maternal and Child Health Services Block Grant to the States	93.994	361,064	-	-
2010-031731 & 2010-033069	Maternal and Child Health Services Block Grant to the States	93.994	115,075	-	-
			476,139	-	-
	<b>Total Passed Through Texas Department of State Health Services</b>		2,565,814	-	-

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>Passed Through Texas Juvenile Probation Commission</u></b>					
TJPC-E-2009-108	Foster Care Title IV - E	93.658	1,159,023	-	-
TJPC-E-2009-108	Foster Care Title IV - E	93.658	171,122	-	-
TJPC-E-2010-108	Foster Care Title IV - E	93.658	66,825	-	-
			1,396,970	-	-
	<b>Total Passed Through Texas Juvenile Probation Commission</b>		1,396,970	-	-
<b><u>Passed Through Texas Department of Family &amp; Protective Services</u></b>					
23357397	Foster Care Title IV - E	93.658	31,501	-	-
23381024	Foster Care Title IV - E	93.658	21,408	-	-
23357398	Foster Care Title IV - E	93.658	184	-	-
23381025	Foster Care Title IV - E	93.658	828	-	-
			53,921	-	-
	<b>Total Passed Through Texas Department of Family &amp; Protective Services</b>		53,921	-	-
<b><u>Passed Through Office of the Attorney General of Texas</u></b>					
N/A	Child Support Enforcement	93.563	363,405	-	-
N/A	Child Support Enforcement	93.563	1,848	-	-
			365,253	-	-
	<b>Total Passed Through Office of the Attorney General of Texas</b>		365,253	-	-
<b><u>Passed Through Health &amp; Human Services Commission Office of Inspector General</u></b>					
N/A	Temporary Assistance for Needy Families	93.558	887	-	-
N/A	Medical Assistance Program	93.778	2,707	-	-
			3,594	-	-
	<b>Total Passed Through Health &amp; Human Services Commission Office of Inspector General</b>		3,594	-	-
	<b>Total U.S. Department of Health and Human Services</b>		\$ 4,385,552	\$ -	\$ -

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>U.S. Department of Homeland Security</u></b>					
<b><u>Passed Through Division of Emergency Management</u></b>					
<b><u>Office of the Governor</u></b>					
2007-GE-T7-0024	State Homeland Security Program (SHSP)	97.073	\$ 17,687	\$ -	\$ -
			<u>17,687</u>	<u>-</u>	<u>-</u>
2007-GE-T7-0024	Law Enforcement Terrorism Prevention Program (LETPP)	97.074	300,000	-	-
			<u>300,000</u>	<u>-</u>	<u>-</u>
2008-SG-T8-0009	Homeland Security Grant Program	97.067	1,972,499	-	582,290
			<u>1,972,499</u>	<u>-</u>	<u>582,290</u>
FEMA 1780 DR TX	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	785,399	-	-
FEMA 1780 DR TX	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	82,252	56,714	-
			<u>867,651</u>	<u>56,714</u>	<u>-</u>
	<b>Total Passed Through Division of Emergency Management</b>		<u>3,157,837</u>	<u>56,714</u>	<u>582,290</u>
	<b>Office of the Governor</b>				
<b><u>Passed Through Immigration and Customs Enforcement</u></b>					
<b><u>And Local, County or State Law Enforcement Agency</u></b>					
N/A	Department of the Treasury Forfeiture Fund	97.XXX	9,017	-	-
			<u>9,017</u>	<u>-</u>	<u>-</u>
	<b>Total Passed Through Immigration and Customs Enforcement</b>		<u>9,017</u>	<u>-</u>	<u>-</u>
	<b>And Local, County or State Law Enforcement Agency</b>				
	<b>Total U.S. Department of Homeland Security</b>		<u>\$ 3,166,854</u>	<u>\$ 56,714</u>	<u>\$ 582,290</u>
<b><u>U.S. Elections Assistance Commission</u></b>					
<b><u>Passed Through Office of the Secretary of State</u></b>					
N/A	HAVA County Education Fund	39.011	\$ 2,353	\$ -	\$ -
			<u>2,353</u>	<u>-</u>	<u>-</u>
78583	HAVA General Compliance	90.401	723	-	-
78583	HAVA General Compliance- Additional	90.401	60,105	-	-
			<u>60,828</u>	<u>-</u>	<u>-</u>
77953	HAVA Polling Place Accessibility	93.617	1,000	-	-
			<u>1,000</u>	<u>-</u>	<u>-</u>
	<b>Total U.S. Elections Assistance Commission</b>		<u>\$ 64,181</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>U.S. Department of Transportation</u>					
<u>Passed Through the Texas Department of Transportation</u>					
2009-HidalgoCOSO STEP IDM-00042	Alcohol Traffic Safety & Drunk Driving Prevention	20.601	\$ 23,164	\$ -	\$ -
			<u>23,164</u>	<u>-</u>	<u>-</u>
	<b>Total Passed Through the Texas Department of Transportation</b>		<u>23,164</u>	<u>-</u>	<u>-</u>
	<b>Total U.S. Department of Transportation</b>		<u>\$ 23,164</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Fish &amp; Wildlife Service</u>					
<u>Passed Through the Texas Parks &amp; Wildlife</u>					
F-183-B	Hidalgo County Anzalduas Park Boat Ramp Improvements	15.605	\$ 112,146	\$ 37,382	\$ -
			<u>112,146</u>	<u>37,382</u>	<u>-</u>
	<b>Total Passed Through the Texas Parks &amp; Wildlife</b>		<u>112,146</u>	<u>37,382</u>	<u>-</u>
	<b>Total U.S. Fish &amp; Wildlife Service</b>		<u>\$ 112,146</u>	<u>\$ 37,382</u>	<u>\$ -</u>
<u>U.S. Department of Commerce</u>					
<u>Economic Development Administration</u>					
08-86-04201	Economic Development Support for Planning Organizations	11.302	\$ 103,838	\$ 25,959	\$ -
			<u>103,838</u>	<u>25,959</u>	<u>-</u>
	<b>Total U.S. Department of Commerce</b>		<u>\$ 103,838</u>	<u>\$ 25,959</u>	<u>\$ -</u>
<u>Department of Energy</u>					
<u>Office of Energy Efficiency and Renewable Energy</u>					
<u>Passed Through the Texas State Energy Conservation Office</u>					
CM916	State Energy Program	81.041	\$ 100,000	\$ -	\$ -
			<u>100,000</u>	<u>-</u>	<u>-</u>
	<b>Total Passed Through the Texas State Energy Conservation Office</b>		<u>100,000</u>	<u>-</u>	<u>-</u>
	<b>Total Department of Energy</b>		<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>TOTAL PRIMARY GOVERNMENT</b>		<u>\$ 20,965,293</u>	<u>\$ 181,693</u>	<u>\$ 582,290</u>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b>URBAN COUNTY</b>					
<b><u>U.S. Department of Housing and Urban Development (HUD) - Direct Programs</u></b>					
B-02-UC-48-0501	Community Development Block Grant - 28th Year	14.218	\$ 1,198	\$ -	\$ 1,198
B-03-UC-48-0501	Community Development Block Grant - 29th Year	14.218	75,607	-	75,607
B-04-UC-48-0501	Community Development Block Grant - 30th Year	14.218	330,198	-	330,198
B-05-UC-48-0501	Community Development Block Grant - 31th Year	14.218	663,654	-	663,654
B-06-UC-48-0501	Community Development Block Grant - 32th Year	14.218	805,793	-	805,793
B-07-UC-48-0501	Community Development Block Grant - 33th Year	14.218	2,011,607	-	2,011,101
B-08-UC-48-0501	Community Development Block Grant - 34th Year	14.218	4,099,434	-	3,539,710
B-09-UC-48-0501	Community Development Block Grant - 35th Year	14.218	953,987	-	408,964
			8,941,478	-	7,836,225
M-02-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	541	-	541
M-03-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	3,240	-	3,240
M-04-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	91,517	-	91,517
M-05-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	163,474	-	163,474
M-06-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	350,310	-	350,310
M-07-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,268,516	-	1,268,516
M-08-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,174,717	-	1,086,352
M-09-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	217,533	-	56,039
			3,269,848	-	3,019,989
S-00-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	47,175	-	47,175
S-01-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	161,756	-	161,756
S-02-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	84,471	-	84,471
S-03-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	21,449	-	21,449
S-07-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	87,068	-	87,068
S-08-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	247,874	-	244,893
S-09-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	19,324	-	2,973
			669,117	-	649,785
B-08-UN-48-0501	Neighborhood Stabilization Program (Recovery Act Funded)	14.256	159,023	-	127,814
			159,023	-	127,814
B-09-UY-48-0501	Community Development Block Grant ARRA (Recovery Act Funded)	14.253	3,173	-	-
			3,173	-	-
S-09-UY-48-0501	Homelessness Prevention and Rapid-Rehousing (Recovery Act Funded)	14.257	55,829	-	55,829
			55,829	-	55,829
	<b>Total U.S. Department of Housing and Urban Development (HUD) Direct Programs</b>		13,098,468	-	11,689,642
728003	<b><u>Passed Through Texas Department of Housing and Community Affairs</u></b> Colonia XXX	14.228	31,454	-	31,454
	<b>Total Passed through Texas Department of Housing and Community Affairs</b>		31,454	-	31,454
	<b>Total US Department of Housing and Urban Development (HUD)</b>		\$ 13,129,922	\$ -	\$ 11,721,096
	<b>TOTAL URBAN COUNTY</b>		\$ 13,129,922	\$ -	\$ 11,721,096

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
 FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>HEAD START</u></b>					
<b><u>U.S. Department of Health and Human Services - Direct Programs</u></b>					
06CH0183-28	Head Start Program	93.600	\$ 24,279,875	\$ 6,615,165	\$ -
			<u>24,279,875</u>	<u>6,615,165</u>	<u>-</u>
06SE0183	Head Start Program -ARRA (American Recovery and Reinvestment Act)	93.708	649,590	-	-
			<u>649,590</u>	<u>-</u>	<u>-</u>
<b>Total US Department of Health and Human Services - Direct Programs</b>			<u>24,929,465</u>	<u>6,615,165</u>	<u>-</u>
<b><u>U.S. Department of Agriculture</u></b>					
<b><u>Passed through Texas Department of Agriculture</u></b>					
TX-1080006	Child and Adult Care Food Program	10.558	1,812,807	-	-
TX-1080006	Child and Adult Care Food Program	10.558	622,956	-	-
			<u>2,435,763</u>	<u>-</u>	<u>-</u>
<b>Total Passed Through Texas Department of Agriculture</b>			<u>2,435,763</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,435,763</u>	<u>-</u>	<u>-</u>
<b>TOTAL HEAD START</b>			<u>\$ 27,365,228</u>	<u>\$ 6,615,165</u>	<u>\$ -</u>
<b><u>COMMUNITY SERVICE AGENCY</u></b>					
<b><u>U.S. Department of Health and Human Services and Community Affairs</u></b>					
<b><u>Passed through Texas Department of Housing</u></b>					
58090000427	Comprehensive Energy Assistance Program	93.568	\$ 4,591,001	\$ -	\$ -
			<u>4,591,001</u>	<u>-</u>	<u>-</u>
61090000375	Community Services Block Grant	93.569	1,261,388	-	-
61080000222	Community Services Block Grant	93.569	444,229	-	-
61080000244	Migrant Seasonal Farm workers	93.569	22,181	-	-
61090000518	Migrant Seasonal Farm workers	93.569	31,768	-	-
			<u>1,759,566</u>	<u>-</u>	<u>-</u>
11090000552	CSBG 2009 ARRA (American Recovery and Reinvestment Act)	93.710	12,520	-	-
			<u>12,520</u>	<u>-</u>	<u>-</u>
<b>Total Passed Through Texas Department of Housing and Community Affairs</b>			<u>\$ 6,363,087</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
	<b><u>Corporation for National &amp; Community Services - Direct Programs</u></b>				
05SRWTX016	Retired Senior Volunteer Program	94.002	\$ 66,452	\$ -	\$ -
08STWTX016	Retired Senior Volunteer Program	94.002	26,420	-	-
	Total Corporation for National & Community Services - Direct Programs		92,872	-	-
	<b><u>Passed Through Texas Department on Aging</u></b>				
09RZWTX011	Retired Senior Volunteer Program	94.002	4,037	-	-
07RZWTX025	Retired Senior Volunteer Program	94.002	27,872	-	-
	Total Passed Through Texas Department on Aging		31,909	-	-
	Total Corporation For National and Community Services		\$ 124,781	\$ -	\$ -
	<b><u>Federal Emergency Management Agency - Direct Program</u></b>				
PHASE XXVII	FEMA XXVII	83.523	\$ 51,732	\$ -	\$ -
	Total Federal Emergency Management Agency - Direct Programs		\$ 51,732	\$ -	\$ -
	TOTAL COMMUNITY SERVICE AGENCY		\$ 6,539,600	\$ -	\$ -
	TOTAL EXPENDITURES OF FEDERAL PROGRAMS		\$ 68,000,043	\$ 6,796,858	\$ 12,303,386

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>STATE AWARDS</u></b>					
<b><u>PRIMARY GOVERNMENT</u></b>					
<b><u>Division of Emergency Management</u></b>					
<b><u>Office of the Governor</u></b>					
BSET-08-003	Border Security Equipment and Technology (BSET)	N/A	\$ 360,920	\$ -	\$ -
	<b>Total Division of Emergency Management Office of the Governor</b>		<b>\$ 360,920</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas Border Sheriff's Coalition</u></b>					
N/A	Local Border Security Program	N/A	\$ 558,484	\$ -	\$ -
	<b>Total Texas Border Sheriff's Coalition</b>		<b>\$ 558,484</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas Department of State Health Services</u></b>					
N/A	Health Department - Administration	N/A	\$ -	\$ 202,896	\$ -
2009-028470	Tuberculosis Prevention and Control - State	N/A	54,363	-	-
2010-032844	Tuberculosis Prevention and Control - State	N/A	48,234	-	-
	<b>Total Texas Department State Health Services</b>		<b>\$ 102,597</b>	<b>\$ 202,896</b>	<b>\$ -</b>
<b><u>Texas Adult Probation Commission</u></b>					
108-900	Basic Supervision	N/A	\$ 5,352,906	\$ -	\$ -
108-900	Basic Supervision	N/A	2,936,247	-	-
108-002	Community Corrections (Boot Camp)	N/A	413,758	-	-
108-017	Community Corrections (Boot Camp)	N/A	44,671	-	-
108-013	Mentally Impaired Caseload	N/A	105,777	-	-
108-013	Mentally Impaired Caseload	N/A	52,508	-	-
108-005	Restitution Center	N/A	811,250	-	-
108-005	Restitution Center	N/A	420,775	-	-
108-006	Treatment Alternatives to Incarceration Program	N/A	168,013	-	-
108-006	Treatment Alternatives to Incarceration Program	N/A	117,454	-	-
108-014	Drug Court	N/A	43,077	-	-
108-014	Drug Court	N/A	24,653	-	-
108-007	Sex Offender Caseload	N/A	184,865	-	-
108-007	Sex Offender Caseload	N/A	96,942	-	-
108-016	Caseload Reduction Program	N/A	551,859	-	-
108-016	Caseload Reduction Program	N/A	327,855	-	-
108-017	Substance Abuse Treatment Facility	N/A	1,470,285	-	-
108-017	Substance Abuse Treatment Facility	N/A	657,794	-	-
	<b>Total Texas Adult Probation Commission</b>		<b>\$ 13,780,689</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<b><u>Texas Juvenile Probation Commission</u></b>					
TJPC-A-2009-108	State Aid	N/A	\$ 187,428	\$ -	\$ -
TJPC-A-2010-108	State Aid	N/A	351,025	-	-
TJPC-F-2009-108	Progressive Sanctions JPO	N/A	195,804	5,659	-
TJPC-F-2010-108	Progressive Sanctions JPO	N/A	92,486	1,756	-
TJPC-G-2009-108	Progressive Sanctions Level 1, 2, 3	N/A	100,096	-	-
TJPC-H-2009-108	Diversionary Placement Fund	N/A	150,240	-	-
TJPC-H-2010-108	Diversionary Placement Fund	N/A	74,765	-	-
TJPC-M-2009-108	Special Needs (TCOMI) Funding	N/A	67,114	-	-
TJPC-M-2010-108	Special Needs (TCOMI) Funding	N/A	30,585	-	-
TJPC-O-2009-108	Progressive Sanctions ISJPO	N/A	94,864	21,916	-
TJPC-O-2010-108	Progressive Sanctions ISJPO	N/A	44,820	8,827	-
TJPC-P-2009-108	Juvenile Justice Alternative Education	N/A	404,796	-	-
TJPC-P-2010-108	Juvenile Justice Alternative Education	N/A	256,118	-	-
TJPC-V-2009-108	Local Post-Adjudication Fund	N/A	203,171	-	-
TJPC-W-2009-108	Juvenile Justice Alternative Education Program (JJAEP) Discretionary	N/A	31,381	36,413	-
TJPC-X-2009-108	Intensive Community Based Program	N/A	45,306	-	-
TJPC-X-2010-108	Intensive Community Based Program	N/A	21,268	-	-
TJPC-Y-2009-108	Community Corrections	N/A	488,326	-	-
TJPC-Y-2010-108	Community Corrections	N/A	584,405	-	-
TJPC-Z-2009-108	Salary Adjustment Funding	N/A	110,883	-	-
TJPC-Z-2010-108	Salary Adjustment Funding	N/A	52,232	-	-
N/A	Level 5 Progressive Sanctions	N/A	314,740	-	-
N/A	Computerization (Interest Earnings on Fund 1294)	N/A	-	18,388	-
	<b>Total Texas Juvenile Probation Commission</b>		<b>\$ 3,901,853</b>	<b>\$ 92,959</b>	<b>\$ -</b>
<b><u>Texas Department of Criminal Justice</u></b>					
N/A	Offender Transportation Program	N/A	\$ 78,512	\$ -	\$ -
	<b>Total Texas Department of Criminal Justice</b>		<b>\$ 78,512</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas State Comptroller's Office</u></b>					
N/A	District Attorney State Supplement	N/A	\$ 24,292	\$ -	\$ -
N/A	District Attorney State Supplement	N/A	5,050	-	-
N/A	Juror Reimbursement	N/A	588,234	-	-
	<b>Total Texas State Comptroller's Office</b>		<b>\$ 617,576</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas Department of Transportation</u></b>					
3BCF5001	Border Colonia Access Program Round I	N/A	\$ 227,393	\$ -	\$ -
5BCF5001	Border Colonia Access Program Round II	N/A	1,622,651	-	-
8BCF5001	Border Colonia Access Program Round III	N/A	1,833,508	-	-
	<b>Total Texas Department of Transportation</b>		<b>\$ 3,683,552</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas Commission on Environmental Quality</u></b>					
<b><u>Passed Through Lower Rio Grande Valley Development Council</u></b>					
09-21-G16	Local Enforcement Implementation Project	N/A	\$ 30,000	\$ -	\$ -
	<b>Total Texas Commission on Environmental Quality</b>		<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Texas Task Force on Indigent Defense</u></b>					
212-59-D03	Hidalgo County Indigent Defense Public Defender	N/A	\$ 67,195	\$ 268,779	\$ -
212-09-108	Formula Grant FY 09 / Equalization FY 09	N/A	924,482	-	-
	<b>Total Texas Task Force on Indigent Defense</b>		<b>\$ 991,677</b>	<b>\$ 268,779</b>	<b>\$ -</b>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
	<b><u>Texas Secretary of State</u></b>				
N/A	2006 Voter Registration Section 19.002	N/A	\$ 9,874	\$ -	\$ -
N/A	2007 Voter Registration Section 19.002	N/A	29,770	-	-
	<b>Total Texas Secretary of State</b>		<u>\$ 39,644</u>	<u>\$ -</u>	<u>\$ -</u>
	<b><u>Office of the Attorney General</u></b>				
0908194	Texas Vine	N/A	\$ 30,108	\$ -	\$ -
08-1720	Victim Coordinator and Liaison Grant - District Attorney	N/A	23,530	-	-
1014273	Victim Coordinator and Liaison Grant - District Attorney	N/A	12,045	-	-
08-1738	Victim Coordinator and Liaison Grant - Sheriff	N/A	23,495	-	-
1014281	Victim Coordinator and Liaison Grant - Sheriff	N/A	12,598	-	-
N/A	Asset Forfeiture (Article 59.06)	N/A	389,939	-	-
	<b>Total Office of the Attorney General</b>		<u>\$ 491,715</u>	<u>\$ -</u>	<u>\$ -</u>
	<b><u>Lower Rio Grande Valley Development Council</u></b>				
N/A	911 Program	N/A	\$ 6,600	\$ -	\$ -
	<b>Total Lower Rio Grande Valley Development Council</b>		<u>\$ 6,600</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>TOTAL EXPENDITURES OF STATE AWARDS</b>		<u>\$ 24,643,819</u>	<u>\$ 564,634</u>	<u>\$ -</u>
	<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>		<u>\$ 92,643,862</u>	<u>\$ 7,361,492</u>	<u>\$ 12,303,386</u>

See accompanying notes to Schedule of Expenditures of Federal and State Awards.

**COUNTY OF HIDALGO, TEXAS  
NOTES TO SCHEDULE OF EXPENDITURES OF  
FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**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.

**NOTE A – Dual Dated Auditors' Compliance Opinion and Report on Internal Controls Over Compliance**

Subsequent to completion of the County's Single Audit on June 7, 2010, it was noted the Community Development Block Grant Cluster (CDBG) cluster was not considered to be a major program and was in fact found to have American Reinvestment and Recovery Act (ARRA) federal expenditures in the amount of \$3,173. Accordingly, any and all Type A programs with ARRA expenditures, regardless of amount, are required to be audited as a major programs. As such, additional compliance auditing procedures were applied only to the CDBG cluster after the June 7, 2010 auditors' compliance opinion and report on internal controls over compliance date and the date of the auditors' compliance opinion and report on internal controls over compliance on this CDBG cluster is August 31, 2010.

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Section I - Summary of Auditors' Results</b>	<b>Description</b>																
<b>Financial Statements</b>																	
Type of auditors' report issued:	Unqualified																
Internal control over financial reporting: <ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> <li>• Significant deficiencies identified not considered to be material weaknesses?</li> </ul>	No  Yes																
Noncompliance material to the financial statements?	No																
<b>Federal Awards</b>																	
Internal control of major programs: <ul style="list-style-type: none"> <li>• Material weakness(es) identified?</li> <li>• Significant deficiencies identified not considered to be material weaknesses?</li> </ul>	No  Yes																
Type of auditors' report issued on compliance for major programs:	Unqualified																
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	Yes																
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,040,001																
Auditee qualified as low-risk auditee?	No																
Identification of Major Federal Programs:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Special Supplemental Nutrition Program for Women, Infants, Children</td> <td style="text-align: right; vertical-align: bottom;">10.557</td> </tr> <tr> <td style="padding-left: 20px;">Child and Adult Care Food Program</td> <td style="text-align: right; vertical-align: bottom;">10.558</td> </tr> <tr> <td colspan="2"><b><u>CDBG Cluster</u></b></td> </tr> <tr> <td style="padding-left: 40px;">Community Development Block Grant (CDBG)</td> <td style="text-align: right; vertical-align: bottom;">14.218</td> </tr> <tr> <td style="padding-left: 40px;">CDBG – ARRA</td> <td style="text-align: right; vertical-align: bottom;">14.253</td> </tr> <tr> <td colspan="2"><b><u>CSBG Cluster</u></b></td> </tr> <tr> <td style="padding-left: 40px;">Community Service Block Grant (CSBG)</td> <td style="text-align: right; vertical-align: bottom;">93.569</td> </tr> <tr> <td style="padding-left: 40px;">CSBG – ARRA</td> <td style="text-align: right; vertical-align: bottom;">93.710</td> </tr> </table>	Special Supplemental Nutrition Program for Women, Infants, Children	10.557	Child and Adult Care Food Program	10.558	<b><u>CDBG Cluster</u></b>		Community Development Block Grant (CDBG)	14.218	CDBG – ARRA	14.253	<b><u>CSBG Cluster</u></b>		Community Service Block Grant (CSBG)	93.569	CSBG – ARRA	93.710
Special Supplemental Nutrition Program for Women, Infants, Children	10.557																
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**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Section I - Summary of Auditors' Results</b>	<b>Description</b>																		
Identification of Major Federal Programs (Continued):	<p><b><u>Head Start Cluster</u></b></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Head Start Program</td> <td style="text-align: right; padding-right: 20px;">93.600</td> </tr> <tr> <td style="padding-left: 20px;">Head Start Program – ARRA</td> <td style="text-align: right; padding-right: 20px;">93.708</td> </tr> <tr> <td style="padding-left: 20px;">Title IV-E Foster Care Program</td> <td style="text-align: right; padding-right: 20px;">93.658</td> </tr> <tr> <td style="padding-left: 20px;">Homeland Security Grant Program</td> <td style="text-align: right; padding-right: 20px;">97.067</td> </tr> </table>	Head Start Program	93.600	Head Start Program – ARRA	93.708	Title IV-E Foster Care Program	93.658	Homeland Security Grant Program	97.067										
Head Start Program	93.600																		
Head Start Program – ARRA	93.708																		
Title IV-E Foster Care Program	93.658																		
Homeland Security Grant Program	97.067																		
<b>State Awards</b>																			
Internal control of major programs:																			
• Material weakness(es) identified?	No																		
• Significant deficiencies identified not considered to be material weaknesses?	Yes																		
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 <i>State of Texas Single Audit Circular</i> ?	No																		
Dollar threshold used to distinguish between Type A and Type B programs:	\$739,315																		
Auditee qualified as low-risk auditee?	No																		
Identification of Major State Programs:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Texas Adult Probation Commission</td> </tr> <tr> <td style="padding-left: 40px;">Basic Supervision</td> </tr> <tr> <td style="padding-left: 40px;">Community Corrections (Boot Camp)</td> </tr> <tr> <td style="padding-left: 40px;">Mentally Impaired Caseload</td> </tr> <tr> <td style="padding-left: 40px;">Restitution Center</td> </tr> <tr> <td style="padding-left: 40px;">Treatment Alternatives to Incarceration Program</td> </tr> <tr> <td style="padding-left: 40px;">Drug Court</td> </tr> <tr> <td style="padding-left: 40px;">Sex Offender Caseload</td> </tr> <tr> <td style="padding-left: 40px;">Caseload Reduction Program</td> </tr> <tr> <td style="padding-left: 40px;">Substance Abuse Treatment Facility</td> </tr> <tr> <td style="padding-left: 20px;">Texas Juvenile Probation Commission</td> </tr> <tr> <td style="padding-left: 40px;">State Aid</td> </tr> <tr> <td style="padding-left: 40px;">Progressive Sanctions JPO</td> </tr> <tr> <td style="padding-left: 40px;">Progressive Sanctions Level 1,2,3</td> </tr> <tr> <td style="padding-left: 40px;">Diversionary Placement Fund</td> </tr> <tr> <td style="padding-left: 40px;">Special Needs (TCOMI) Funding</td> </tr> <tr> <td style="padding-left: 40px;">Progressive Sanctions ISJPO</td> </tr> <tr> <td style="padding-left: 40px;">Juvenile Justice Alternative Education</td> </tr> </table>	Texas Adult Probation Commission	Basic Supervision	Community Corrections (Boot Camp)	Mentally Impaired Caseload	Restitution Center	Treatment Alternatives to Incarceration Program	Drug Court	Sex Offender Caseload	Caseload Reduction Program	Substance Abuse Treatment Facility	Texas Juvenile Probation Commission	State Aid	Progressive Sanctions JPO	Progressive Sanctions Level 1,2,3	Diversionary Placement Fund	Special Needs (TCOMI) Funding	Progressive Sanctions ISJPO	Juvenile Justice Alternative Education
Texas Adult Probation Commission																			
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**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Section I - Summary of Auditors' Results</b>	<b>Description</b>
Identification of Major State Programs (Continued):	<p>             Texas Juvenile Probation Commission - Continued              Local Post – Adjudication Fund              Facility Operating Costs              Juvenile Justice Alternative Education Program Discretionary              Intensive Community Based Program              Community Corrections              Salary Adjustment Funding              Commitment Reduction Program              Secure Felony Placement Fund              Level 5 Progressive Sanctions              Computerization (Interest Earnings on Fund 1294)           </p> <p>             Texas State Comptroller's Office              District Attorney State Supplement              Juror Reimbursement              Voter Registration Reimbursement           </p> <p>             Texas Task Force on Indigent Defense              Hidalgo County Indigent Defense Public Defender              Formula Grant           </p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section II – Findings and Questioned Costs  Financial Statement	Description
<p>09-01 Fraud and Abuse County Precinct #1</p>	<p><b>Criteria and Condition:</b> During 2009, the Commissioner for Hidalgo County Precinct No. 1 was indicted for placing at least three undocumented immigrants who worked as her personal housekeeper and babysitters on the County's payroll. In March 2010, the Commissioner pleaded guilty to felony tax fraud and conspiracy charges and resigned shortly thereafter. In July 2010, the Commissioner was sentenced to 2 ½ years in prison.</p> <p><b>Cause and Effect:</b> The Commissioner was able to perpetrate fraud as a result of having supreme oversight of the precinct office which allowed her to override internal controls without being detected.</p> <p><b>Questioned Cost:</b> \$0</p> <p><b>Recommendation:</b> We recommend that the County establish a framework of monitoring and accountability to ensure that internal controls are not overridden by management.</p> <p><b>Management Response and Planned Corrective Action:</b> We concur with the recommendation. The Commissioners' Court adopted an Ethics Policy in 2008 which, among other things, set out ethical principles to be followed by all employees, including County officials. While this was an isolated incident, procedures are being implemented to strengthen existing internal controls within the County.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section III – Findings and Questioned Costs  Federal Awards	Description
<p>09-02 Equipment Management – Head Start Program</p>	<p><b><u>Criteria and Condition:</u></b> Provisions of the grant require the Hidalgo County Head Start Program maintain fixed assets records, take a physical inventory at least once every two years and reconcile to records, implement an appropriate control system to safeguard assets and maintain assets adequately. The Hidalgo County Head Start Program has not performed a 100% physical inventory within the past two years.</p> <p><b><u>Cause and Effect:</u></b> Procedures in place to inventory all fixed assets at least once every two years were not performed. Lack of physical inventory on fixed assets gives rise to the risk of misappropriation of assets.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend that the Hidalgo County Head Start Program perform inventory of fixed assets at least once every two years.</p> <p><b><u>Management Response and Planned Corrective Action:</u></b> The Hidalgo County Head Start Program currently maintains a fixed assets inventory database; however a physical inventory had not yet been conducted. A physical inventory will be conducted by August 31, 2010. Existing procedures will be monitored to ensure that a physical inventory of fixed assets is conducted in accordance with the provisions of the federal awarded grant.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section III – Findings and Questioned Costs Federal Awards	Description
<p>09-03 Suspension and Debarment – Head Start Program</p>	<p><b><u>Criteria and Condition:</u></b> Hidalgo County Head Start Program did not obtain certification of Suspension &amp; Debarment for one vendor whose expenditures exceeded \$25,000, as required.</p> <p><b><u>Cause and Effect:</u></b> Head Start did not follow procedures to obtain Suspension and Debarment certification of a vendor prior to expenditure incurred, which increases the risk of purchasing from a disallowed vendor.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend that Head Start follow controls in place and verify that vendor is not suspended or debarred.</p> <p><b><u>Management Response and Planned Corrective Action:</u></b> The Hidalgo County Head Start Program currently obtains certificate of debarment from all vendors providing goods and services over \$25,000 via bid proposals. In addition the Program has also implemented procedures to verify vendors' status with the Federal Government by utilizing the Excluded Parties List System (EPLS). All certificates of suspension and debarment will be maintained by the Procurement Department along with all online verifications to ensure that the Hidalgo County Head Start Program is not conducting business with disallowed vendors.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Section III – Findings and Questioned Costs  State Awards	Description
<p>09-04 Indigent Defense (Primary Government)</p>	<p><b><u>Criteria and Condition:</u></b> Indigent Defense Department was unable to provide seven signed time sheets to verify approval from appropriate personnel.</p> <p><b><u>Cause and Effect:</u></b> During 2009, the Indigent Defense Department converted to an electronic time sheet and payroll process. During the conversion management did not establish formal policy and procedures to ensure continued written supervisor approval of time sheets. Approved time sheets were not provided/obtained, which increases the risk of employees being paid for hours not worked.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend that approval be obtained on all time sheets by appropriate personnel in order to verify hours worked.</p> <p><b><u>Management Response and Planned Corrective Action:</u></b> The reason for this occurrence is, our office was informed by IT Dept. that in order to save the county money they were implementing a time keeping software that would save all time sheet information manually entered or electronically entered on the new time clocks. We were not informed that we would need to also keep a paper history as this would save nothing and actually add to the cost of timekeeping. Our office has started printing time sheets from the automated system and storing them for future audits.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Section IV – Contact Persons Regarding Findings and Questioned Costs</b>	<b>Description</b>
<b>Primary Government</b>	Raymundo Eufrazio, 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, 2009**

REFERENCE NUMBER	
Program	Description
<p>00 – 3 District Clerk Cost Deposits – County of Hidalgo (Primary Government)</p>	<p><b><u>Criteria and Condition:</u></b> 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.</p> <p><b><u>Cause and Effect:</u></b> 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, 2009 of \$1,985,410.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend that amounts be identified to specific depositors and unidentified deposits be escheated in accordance with state statutes as unclaimed funds, after approval by legal counsel.</p> <p><b><u>Status:</u></b> With consideration to the \$1.9 million stated on the Fee Account Balance Sheet, it is our opinion the amount stated on the balance sheet does not reflect the amount available in the Fee Account. Currently, our bank statement states there is \$1,898,387 in the fee account (May 28, 2010). The Cost Deposits &amp; CD account on the balance sheet states \$1,984,418.</p> <p>During our administration our office has made several efforts to identify where the funds are to be allocated. Our office has done the following:</p> <ul style="list-style-type: none"> <li>• Requested a review of our office from Texas Comptroller's Office.</li> <li>• Requested any reports from the Auditor's Office.</li> <li>• Conducted a search through the San Carlos warehouse.</li> <li>• Conducted a search through our file storage vendor (CTC Storage).</li> <li>• Reviewed all files from 1999 through 2002 to verify correct assessment of fees (work in progress).</li> <li>• Requested assistance from the State Attorney General's Office Child Support Division to verify fees (if any) were correctly forwarded to their office. No fees were located.</li> <li>• Requested and retrieved information from Treasure's Office to verify and review receipt of funds.</li> </ul>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER	
Program	Description
<p><b>02 – 2</b>  <b>County Clerk Bond Funds Held Pending Judgment (Primary Government)</b></p>	<p><b><u>Criteria and Condition:</u></b> 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.</p> <p><b><u>Cause and Effect:</u></b> 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.</p> <p><b><u>Questioned Cost:</u></b> \$0.</p> <p><b><u>Recommendation:</u></b> 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.</p> <p><b><u>Status:</u></b> We continue to process orders to transfer cash bonds as forfeited funds when the District Attorney's office processes the orders. On November 1, 2009 we reported an additional \$83,000 of unclaimed cash bonds to the Texas Comptroller of Public Accounts. We continue to research disposed cases in order to notify the individuals of the pending cash bonds. We have had moderate results from this undertaking.</p>
<p><b>04 – 5</b>  <b>Equipment Management – Texas Juvenile Probation Commission (Primary Government)</b></p>	<p><b><u>Criteria and Condition:</u></b> 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.</p> <p><b><u>Cause and Effect:</u></b> 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.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> Hidalgo County Juvenile Probation should perform inventory of equipment at least once every two years.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER	
Program	Description
<p><b>04 – 5 (Continued)</b>  <b>Equipment Management –</b>  <b>Texas Juvenile Probation</b>  <b>Commission</b>  <b>(Primary Government)</b></p>	<p><b><u>Status:</u></b> The Juvenile Probation Department physical inventory was started on or around April 17, 2009. Most of the process has been completed. There are still some issues with the physical inventory that the Purchasing Department and Auditor's Office need to work out. The Purchasing Department and Auditor's Office have been in contact and are working on resolving the issues. The surplus will be taken care by Purchasing Department before the end of 2010.</p>
<p><b>06 – 01</b>  <b>District Clerk Bond Funds Held</b>  <b>Pending Judgment</b>  <b>(Primary Government)</b></p>	<p><b><u>Criteria and Condition:</u></b> The District 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.</p> <p><b><u>Cause and Effect:</u></b> 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.</p> <p><b><u>Questioned Cost:</u></b> \$0.</p> <p><b><u>Recommendation:</u></b> We recommend that the District Clerk 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 District should send bond funds to the State Comptrollers Office in accordance with State Escheat Laws.</p> <p><b><u>Status:</u></b> While our office understands this is a concern which is addressed every year, we believe it is in our best interest to have a court order to withdraw any funds from the registry; not just bond money. According to the 2008 Texas District Clerk Procedures Manual, proceeds of forfeited specific performance bonds are paid into the registry of the court. The proceeds from such payment may be withdrawn by the damaged party upon order of the court. Furthermore, it is policy of the District Clerk's Office that we do not accept or release funds without further order(s) of the court. Consequently, we maintain these funds in the court's registry until an order is received or until the proper authority approves disbursement of the stale bonds.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER  Program	Description
<p>07-01 Previous Year's Finding (Primary Government)</p>	<p><b>Criteria and Condition:</b> Certain observations previously reported in prior years have not been addressed and resolved by management.</p> <p><b>Cause and Effect:</b> Management has not monitored for resolution of repeat comments thus causing opportunities for improvements in operations and internal controls to not be implemented timely.</p> <p><b>Questioned Costs:</b> \$0</p> <p><b>Recommendation:</b> To ensure the integrity of the internal control structure as well as to increase the effectiveness and efficiency of the operations of the County, we recommend that reportable conditions and other comments and observations be addressed by management timely.</p> <p><b>Status:</b> Corrective Actions Plans are conducted on a regular basis to ensure findings are resolved by non-compliant departments/offices.</p>
<p>07-02 Audit Committee (Primary Government)</p>	<p><b>Criteria and Condition:</b> During the course of the audit, we conducted inquiries of County personnel regarding a variety of issues. During these inquiries, we received certain responses related to concerns regarding lack of training and lack of concrete policies and procedures in certain areas. Also, there lacked a formal venue in which internal controls could be discussed amongst management and addressed.</p> <p><b>Cause and Effect:</b> The County has not resolved to take action as to whether the creation of an audit committee would be beneficial.</p> <p><b>Questioned Cost:</b> \$0</p> <p><b>Recommendation:</b> Due to the proven effectiveness that an audit committee has on an organization's internal control structure, we recommend the establishment of an audit committee. Many organizations have formal audit committees and have found that these committees have made significant contributions to their organizations.</p> <p>The charge of the audit committee can be broad; however, the committee might consider the following objectives:</p> <ul style="list-style-type: none"> <li>• Oversee internal control structure and issues and concerns</li> <li>• Review internal audits and encourage management to address observations and findings</li> </ul>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER Program	Description
<p>07-02 (Continued) Audit Committee (Primary Government)</p>	<ul style="list-style-type: none"> <li>• Meet with elected officials, department heads and Commissioner's Court as needed to discuss the status of findings and observations made by the independent and internal auditors.</li> </ul> <p>Communicate with the County Commissioner's Court to ensure that adequate attention and resources are provided for management to address observations and findings.</p> <p>The ultimate size and participants of the audit committee could be determined by the Commissioner's Court but should include members of management who are able to respond to the audit findings timely.</p> <p><b>Status:</b> A County Administrative Manual continues to be developed by the Department of Budget and Management. Administrative policies are being update, to be included in the Manual upon court approval. County wide trainings will also be conducted for all county departments heads/elected officials and appropriate department/office management staff as policies are developed/ updated.</p>
<p>07-03 Infrastructure Depreciation (Primary Government)</p>	<p><b>Criteria and Condition:</b> The County contracted with an engineering firm to assist in the accumulation of assets and infrastructure information to be used by the County in the implementation of Governmental Accounting Standards Board Statement No. 34. The information included in the report prepared by the contracted firm differs from the County's internal reports by approximately 7 percent.</p> <p><b>Cause and Effect:</b> The County had not reconciled the two reports to ensure that fixed assets and corresponding depreciation are reasonably stated.</p> <p><b>Questioned Costs:</b> \$0</p> <p><b>Recommendation:</b> We recommend the County resolve this variance between the reports as these differences could affect the amount of recorded accumulated depreciation.</p> <p><b>Status:</b> The Purchasing Department has continued to research the variance and submitted a second report to the County Auditor's Office in March 2010. The report submitted does not address the entire variance and continued research is still necessary. To date, roads located in three road districts have been identified and an adjustment will be made to the County's internal reports.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER  Program	Description
<p><b>07-10</b> <b>Information System Operations – Disaster Recovery Plan (Urban County Program)</b></p>	<p><b><u>Criteria and Condition:</u></b> The Urban County Program (UCP) 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 procurement, recovery and implementation of key financial equipment and financial information.</p> <p><b><u>Cause and Effect:</u></b> Management has not implemented a formal disaster recovery plan. Such written policies and procedures during high management turnover or emergency situations should reduce the risk of complete financial data loss and reduce turnover time required to become fully operational.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend that a comprehensive contingency plan be developed and documented to ensure continuity of data processing services in the event of a disaster.</p> <p><b><u>Status:</u></b> Urban County Program met with IT Department and Budget Office to discuss implementation of the Disaster Recovery Plan. The approximate cost to include UCP in the County's Disaster Recovery Plan will be \$35,000. The Disaster Recovery Plan project is still in process with the IT Department and Budget Office.</p>
<p><b>08-01</b> <b>Stale Dated Checks</b></p>	<p><b><u>Criteria and Condition:</u></b> There were various bank reconciliations that contained outstanding checks older than ninety days.</p> <p><b><u>Cause and Effect:</u></b> The County does not have a formal policy to address stale checks, which increases the risk of misstatement.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend outstanding checks be reviewed monthly and appropriate measures taken to clear stale checks.</p> <p><b><u>Status:</u></b> At December 31, 2009 there were various bank reconciliations that contained outstanding checks older than ninety days. The Office of the County Treasurer is currently reviewing checks issued on a monthly basis; an unwritten stale dated check procedure is used but the development of a formal policy to address stale dated checks is forthcoming. Once a check is over 90 day void threshold, a letter will be sent to the last known address of the recipient; if no response is returned the check will be voided and funds will be transferred into an escrow account until claimed by recipient.</p>

**COUNTY OF HIDALGO, TEXAS  
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER  Program	Description
<p><b>08-02</b> <b>Machinery &amp; Equipment Asset Listing</b></p>	<p><b><u>Criteria and Condition:</u></b> The listing of machinery and equipment provided by the County was incomplete and did not reconcile to the general ledger.</p> <p><b><u>Cause and Effect:</u></b> The County does not have a complete listing of machinery and equipment which leads to an increased risk of theft or misstatement.</p> <p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend the County have a complete listing of assets that make up machinery and equipment.</p> <p><b><u>Status:</u></b> As of December 31, 2009 listing of machinery and equipment remains incomplete and does not reconcile to the general ledger. The difference between the Alio FIS module (Fixed Asset Information) and FAS module (Accounting Information) is due to software issues due to duplication of entries in the FIS module when assets get paid and to other issues throughout the year that have not been captured. The Fixed Asset Manager is currently working on reconciling both modules but due to the extensive research going back several years (prior to 2001) it is taking a lot of man hours to reconcile both modules. Research is being done with hard copies if available and the old software (Legacy/Carter Pertain). Duplication of asset records are being worked on currently by trying to capture the items each time an inventory is assigned. And employee will be assigned to remove duplication of records on an on-going basis until the software issue is resolved. Currently out of 80 departments 6 departments have been reconciled from the FIS module to the FAS module.</p>
<p><b>08-03</b> <b>Bail Bonds Pledged Securities</b></p>	<p><b><u>Criteria and Condition:</u></b> During the review of bail bonds pledged securities, we noted one instance where a certificate of deposit was withdrawn from the bank and was no longer available to the County. Upon further inquiry, it was noted that a bail bondsman withdrew the account without the County Treasurer's consent. County Treasurer's office has taken action and has stopped further work with this bondsman until he meets the required coverage.</p> <p><b><u>Cause and Effect:</u></b> Hidalgo County did not follow up on confirmations not received from bank, which increases the risk of unavailable collateral on bonds.</p>

**COUNTY OF HIDALGO, TEXAS  
 SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED DECEMBER 31, 2009**

REFERENCE NUMBER  Program	Description
<p><b>08-03 (Continued)</b>  <b>Bail Bonds Pledged Securities</b></p>	<p><b><u>Questioned Cost:</u></b> \$0</p> <p><b><u>Recommendation:</u></b> We recommend the County monitor pledge securities periodically.</p> <p><b><u>Status:</u></b> Securities for bail bond companies will be monitored annually, to ensure adequate amount is pledged as required by statute in order to be licensed in the State of Texas. Financial institutions that do not respond will be contacted by phone or by a second written request.</p>