COUNTY OF HIDALGO, TEXAS
SINGLE AUDIT
DECEMBER 31, 2010

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

COUNTY OF HIDALGO, TEXAS

INDEPENDENT AUDITORS' REPORT

SINGLE AUDIT

December 31, 2010

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 the County of Hidalgo, Texas (the County) as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 17, 2011. 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 a combination of 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the County in a separate letter dated June 17, 2011.

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 McCollum & Costello, LLP

McAllen, Texas
June 17, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditors' 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. 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 10-01 and 10-02.

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the 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 over compliance 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 item 10-02. A *significant deficiency in internal control over compliance* is a deficiency, or a 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, 2010, and have issued our report thereon dated June 17, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 responses and, accordingly, we express no opinion on the responses.

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

Benton McAllen & Conley, LLP

McAllen, Texas
June 17, 2011

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of the County's major state programs for the year ended December 31, 2010. The County's major state programs are identified in the summary of auditors' 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. 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, 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 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.

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 state 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 state 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.

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, 2010, and have issued our report thereon dated June 17, 2011 which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of state awards is presented for the purposes of additional analysis as required by the State of Texas Single Audit Circular and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Burton McCabe & Curley, LLP

McAllen, Texas
June 17, 2011

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
FEDERAL AWARDS PRIMARY GOVERNMENT					
	U.S. Department of Agriculture Direct Programs				
N/A	Community Facilities Loans and Grants	10.766	$ 15,769	$ 32,819	$ -
			15,769	32,819	-
	Total U.S. Department of Agriculture Direct Programs		15,769	32,819	-
	Passed Through the Texas Department of State Health Services				
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	8,312,793	-	-
2011-037158	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,605,919	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	612,194	-	-
2011-037158	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	228,298	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	238,775	-	-
2010-033266	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	34,220	-	-
2011-037158	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	11,471	-	-
2011-037158	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	16,978	-	-
			12,060,648	-	-
	Total Passed Through the Texas Department of State Health Services		12,060,648	-	-
	Passed Through the Health & Human Services Commission Office of Inspector General				
N/A	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	3,593	-	-
			3,593	-	-
	Total Passed Through the Health & Human Services Commission Office of Inspector General		3,593	-	-
	Total U.S. Department of Agriculture		$ 12,080,010	$ 32,819	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	U.S. Department of Justice				
	Direct Programs				
2008-AP-BX-1216	State Criminal Alien Assistance Program (SCAAP)	16.606	$ 1,960	$ -	$ -
2009-AP-BX-0214	State Criminal Alien Assistance Program (SCAAP)	16.606	498,227	-	-
			500,187	-	-
2009-DJ-BX-0565	Edward Byrne Memorial Justice Assistance Grant Period	16.738	105,142	-	-
			105,142	-	-
2008-JL-FX-0556	Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	335,484	-	-
2009-JL-FX-0183	Part E - Developing, Testing and Demonstrating Promising New Programs	16.541	1,938	-	-
			337,422	-	-
2009CKWX0296	Community Oriented Policing Services Technology Program (COPS)	16.710	75,000	-	-
			75,000	-	-
	Total U.S. Department of Justice Direct Programs		1,017,751	-	-
	Passed Through the Texas Department of Criminal Justice				
108-018	Aftercare Services - ARRA (Recovery Act Funded)	16.809	183,624	-	-
			183,624	-	-
	Total Passed Through the Texas Department Of Criminal Justice		183,624	-	-
	Passed Through the Organized Crime Drug Enforcement Task Forces				
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	N/A	18,435	-	-
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	N/A	43,852	-	-
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	N/A	2,954	-	-
SWTXS-0740H	The Department of Justice Assets Forfeiture Fund	N/A	10,973	-	-
			76,214	-	-
	Total Passed Through the Organized Crime Drug Enforcement Task Forces		76,214	-	-
	Passed Through the Federal Bureau of Investigations				
281D-SA-C46020	The Department of Justice Assets Forfeiture Fund	N/A	7,199	-	-
281D-SA-C46020	The Department of Justice Assets Forfeiture Fund	N/A	2,075	-	-
			9,274	-	-
	Total Passed Through the Federal Bureau of Investigations		9,274	-	-

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Passed Through the Office of the Governor, Criminal Justice Division				
JB-08-J20-21538-01	Juvenile Accountability Block Grants (JABG)	16.523	$ 10,652	$ 1,184	$ -
2332101	Edward Byrne Memorial Justice Assistance Grant (JAG) Program ARRA (Recovery Act Funded)	16.803	732,860	-	-
			743,512	1,184	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		743,512	1,184	-
	Passed Through the Texas Border Sheriff's Coalition				
2008-DD-BX-0188	Texas Border Sheriff's Coalition	16.580	2,317	-	-
2009-D1-BX-0141	Texas Border Sheriff's Coalition	16.580	261,428	-	-
			263,745	-	-
	Total Passed Through the Texas Border Sheriff's Coalition		263,745	-	-
	Passed Through the Sam Houston State University				
2007-GP-CX-0074	Community Prosecution and Project Safe Neighborhoods	16.609	2,233	-	-
			2,233	-	-
	Total Passed Through the Sam Houston State University		2,233	-	-
	Passed Through the United States Marshals Service				
DJMS-09-79-M-0257	Fugitive Apprehension Task Force	N/A	414	-	-
D79-10-0169	Fugitive Apprehension Task Force	N/A	8,233	-	-
D79-11-0090	Fugitive Apprehension Task Force	N/A	1,381	-	-
D79-10-0233	Fugitive Apprehension Task Force	N/A	15,976	-	-
			26,004	-	-
	Total Passed Through the United States Marshals Service		26,004	-	-
	Passed Through the Drug Enforcement Administration				
N/A	McAllen DEA HIDTA Initiative	N/A	2,964	-	-
N/A	McAllen DEA HIDTA Initiative	N/A	8,939	-	-
			11,903	-	-
	Total Passed Through the Drug Enforcement Administration		11,903	-	-
	Total U.S. Department of Justice		$ 2,334,260	$ 1,184	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Executive Office of the President for National Drug Control Policy				
I8PSSP573Z	Edward Byrne Memorial Formula Grant Program	16.579	$ 70,908	$ -	$ -
G09SS0002A	High Intensity Drug Trafficking Areas - McAllen Initiative	95.001	287,562	-	-
G10SS0002A	High Intensity Drug Trafficking Areas - McAllen Initiative	95.001	476,112	-	-
N/A	Asset Forfeiture Program	N/A	26,833	-	-
N/A	Asset Forfeiture Program	N/A	113,521	-	-
			974,936	-	-
	Total Executive Office of the President for National Drug Control Policy		$ 974,936	$ -	$ -
	U.S. Department of Health and Human Services Passed Through the Texas Department of State Health Services				
2010-034776	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018	$ 24,046	$ -	$ -
2010-034777	Strengthening Public Health Services at the Outreach Offices of the U.S.-Mexico Border Health Commission	93.018	47,871	-	-
			71,917	-	-
2010-034948	Social Services Block Grant	93.667	29,620	-	-
			29,620	-	-
2009-031556	Public Health Emergency Preparedness	93.069	74,076	-	-
2010-035483	Public Health Emergency Preparedness	93.069	40,677	1,443	-
2009-031925	Public Health Emergency Preparedness	93.069	334,072	-	-
2010-035706	Public Health Emergency Preparedness	93.069	206,461	24,021	-
2010-033343	Public Health Emergency Preparedness	93.069	149,032	-	-
2011-037518	Public Health Emergency Preparedness	93.069	11,251	-	-
			815,569	25,464	-
2010-034374	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	399,217	-	-
			399,217	-	-
2010-032040	Immunization Grants	93.268	493,243	-	-
2011-036297	Immunization Grants	93.268	199,071	-	-
			692,314	-	-
2010-032822	Preventive Health and Health Services Block Grant	93.991	88,768	-	-
2011-035550	Preventive Health and Health Services Block Grant	93.991	35,236	-	-
			124,004	-	-
2010-031731 & 2010-033069	Maternal and Child Health Services Block Grant to the States	93.994	395,605	-	-
2011-036940, 2011-036490 & 2011-036953	Maternal and Child Health Services Block Grant to the States	93.994	123,570	-	-
			519,175	-	-
	Total Passed Through the Texas Department of State Health Services		2,651,816	25,464	-

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Passed Through the Texas Juvenile Probation Commission				
TJPC-E-2010-108	Foster Care Title IV - E	93.658	$ 798,708	$ -	$ -
TJPC-E-2011-108	Foster Care Title IV - E	93.658	131,613	-	-
TJPC-E-2010-108	Foster Care Title IV - E	93.658	343,527	-	-
TJPC-E-2011-108	Foster Care Title IV - E	93.658	42,667	-	-
			1,316,515	-	-
	Total Passed Through the Texas Juvenile Probation Commission		1,316,515	-	-
	Passed Through the Texas Department of Family & Protective Services				
23381024	Foster Care Title IV - E	93.658	45,219	-	-
23381024	Foster Care Title IV - E	93.658	18,400	-	-
23381025	Foster Care Title IV - E	93.658	670	-	-
23381025	Foster Care Title IV - E	93.658	51	-	-
			64,340	-	-
	Total Passed Through the Texas Department of Family & Protective Services		64,340	-	-
	Passed Through the Office of the Attorney General of Texas				
N/A	Child Support Enforcement	93.563	362,683	-	-
N/A	Child Support Enforcement	93.563	2,716	-	-
			365,399	-	-
	Total Passed Through the Office of the Attorney General of Texas		365,399	-	-
	Passed Through the Health & Human Services Commission Office of Inspector General				
N/A	Temporary Assistance for Needy Families	93.558	513	-	-
N/A	Medical Assistance Program	93.778	933	-	-
			1,446	-	-
	Total Passed Through the Health & Human Services Commission Office of Inspector General		1,446	-	-
	Total U.S. Department of Health and Human Services		$ 4,399,516	$ 25,464	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	U.S. Department of Homeland Security				
	Passed Through the Division of Emergency Management Office of the Governor				
2009-SS-T9-0064	State Homeland Security Program (SHSP)	97.073	$ 30,194	$ -	$ -
2008-GE-T8-0034	State Homeland Security Program (SHSP)	97.073	297,702	-	-
			327,896	-	-
2008-SG-T8-0009	Homeland Security Grant Program	97.067	425,794	-	134,143
2009-SJ-T90011	Homeland Security Grant Program	97.067	300,795	-	11,130
			726,589	-	145,273
FEMA 1780 -002	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	36,785	12,262	-
DR-1931-TX	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	717,910	239,303	-
FEMA 1780 DR TX	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	257,494	627,550	-
			1,012,189	879,115	-
	Total Passed Through the Division of Emergency Management Office of the Governor		2,066,674	879,115	145,273
	Passed Through the Immigration and Customs Enforcement And Local, County or State Law Enforcement Agency				
1010SA1815	US Immigration and Customs Enforcement (ICE)- McAllen, TX	N/A	9,266	-	-
			9,266	-	-
	Total Passed Through the Immigration and Customs Enforcement And Local, County or State Law Enforcement Agency		9,266	-	-
	Total U.S. Department of Homeland Security		$ 2,075,940	$ 879,115	$ 145,273
	U.S. Elections Assistance Commission				
	Passed Through the Office of the Secretary of State				
78583	HAVA General Compliance- Additional	90.401	$ 16,170	$ -	$ -
			16,170	-	-
	Total Passed Through the Office of the Secretary of State		16,170	-	-
	Total U.S. Elections Assistance Commission		$ 16,170	$ -	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	U.S. Department of Commerce				
	Economic Development Administration				
08-86-04201	Economic Development Support for Planning Organizations	11.302	$ 15,077	$ 3,769	$ -
			15,077	3,769	-
	Total Economic Development Administration		15,077	3,769	-
	Total U.S. Department of Commerce		$ 15,077	$ 3,769	$ -
	Department of Energy				
	Office of Energy Efficiency and Renewable Energy				
	Passed Through the Texas State Energy Conservation Office				
EE0000912	Energy Efficiency and Conservation Block Grant Program (EECBG) ARRA (Recovery Act Funded)	81.128	$ 1,277,545	$ -	$ -
			1,277,545	-	-
	Total Passed Through the Texas State Energy Conservation Office		1,277,545	-	-
	Total Department of Energy		$ 1,277,545	$ -	$ -
TOTAL PRIMARY GOVERNMENT			**$ 23,173,454**	**$ 942,351**	**$ 145,273**

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
URBAN COUNTY					
	U.S. Department of Housing and Urban Development (HUD) Direct Programs				
B-99-UC-48-0501	Community Development Block Grant - 25th Year	14.218	$ 299	$ -	$ 299
B-04-UC-48-0501	Community Development Block Grant - 30th Year	14.218	36,683	-	3,683
B-05-UC-48-0501	Community Development Block Grant - 31st Year	14.218	86,807	-	86,807
B-06-UC-48-0501	Community Development Block Grant - 32nd Year	14.218	66,075	-	66,075
B-07-UC-48-0501	Community Development Block Grant - 33rd Year	14.218	478,436	-	478,436
B-08-UC-48-0501	Community Development Block Grant - 34th Year	14.218	1,347,410	-	1,347,410
B-09-UC-48-0501	Community Development Block Grant - 35th Year	14.218	3,794,670	-	3,198,702
B-10-UC-48-0501	Community Development Block Grant - 36th Year	14.218	976,102	-	461,128
			6,786,482	-	5,642,540
M-03-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	10,000	-	10,000
M-04-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	24,176	-	24,176
M-05-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	105,444	-	105,444
M-06-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	37,202	-	37,202
M-07-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	238,365	-	238,365
M-08-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,219,652	-	1,219,652
M-09-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,614,648	-	1,477,543
M-10-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	319,082	-	168,000
			3,568,569	-	3,280,382
S-00-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	29,242	-	29,242
S-01-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	9,995	-	9,995
S-02-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	16,577	-	16,577
S-03-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	81,456	-	81,456
S-04-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	4,446	-	4,446
S-08-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	101,259	-	101,259
S-09-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	232,844	-	230,628
S-10-UC-48-0501	Emergency Shelter Grant (ESG)	14.231	67,891	-	56,962
			543,710	-	530,565
B-08-UN-48-0501	Neighborhood Stabilization Program	14.218	1,976,111	-	1,951,835
			1,976,111	-	1,951,835
B-09-UY-48-0501	Community Development Block Grant ARRA (Recovery Act Funded)	14.253	487,553	-	477,815
			487,553	-	477,815
S-09-UY-48-0501	Homelessness Prevention and Rapid-Rehousing ARRA (Recovery Act Funded)	14.257	1,021,866	-	969,757
			1,021,866	-	969,757
	Total U.S. Department of Housing and Urban Development (HUD) Direct Programs		14,384,291	-	12,852,894

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Passed Through the Texas Department of Housing and Community Affairs				
728003	Colonia XXX	14.228	$ 513,782	$ -	$ 486,940
70090019	Colonia XXXI	14.228	148,856	-	41,436
010068	Colonia XXXII	14.228	171,799	-	86,357
729055	Colonia XXXIV	14.228	103,496	-	103,496
			937,933	-	718,229
	Total Passed through the Texas Department of Housing and Community Affairs		937,933	-	718,229
	Total U.S. Department of Housing and Urban Development (HUD)		$ 15,322,224	$ -	$ 13,571,123
TOTAL URBAN COUNTY			$ 15,322,224	$ -	$ 13,571,123

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
HEAD START					
	U.S. Department of Health and Human Services				
	Direct Programs				
06CH0183-29	Head Start Program	93.600	$ 30,764,607	$ -	$ -
			30,764,607	-	-
06SE0183/01	Head Start Program ARRA (Recovery Act Funded)	93.708	1,565,432	-	-
06SH0183/01	Head Start Program ARRA (Recovery Act Funded)	93.708	1,024,151	-	-
06SH0183/02	Head Start Program ARRA (Recovery Act Funded)	93.708	116,877	-	-
			2,706,460	-	-
	Total Direct Programs		33,471,067	-	-
	Total U.S. Department of Health and Human Services		$ 33,471,067	$ -	$ -
	U.S. Department of Agriculture				
	Passed Through the Texas Department of Agriculture				
TX-1080006	Child and Adult Care Food Program	10.558	$ 1,696,108	$ -	$ -
TX-1080006	Child and Adult Care Food Program	10.558	858,504	-	-
			2,554,612	-	-
	Total Passed Through the Texas Health and Human Services Commission		2,554,612	-	-
	Total U.S. Department of Agriculture		$ 2,554,612	$ -	$ -
TOTAL HEAD START			**$ 36,025,679**	**$ -**	**$ -**

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
COMMUNITY SERVICE AGENCY					
	U.S. Department of Health and Human Services and Community Affairs				
	Passed Through the Texas Department of Housing				
58100000833	Low-Income Home Energy Assistance	93.568	$ 3,387,203	$ -	$ -
			3,387,203	-	-
11090000552	Community Services Block Grant ARRA (Recovery Act Funded)	93.710	2,745,065	-	-
			2,745,065	-	-
61090000375	Community Services Block Grant 09-10	93.569	517,008	-	-
61100000866	Community Services Block Grant 10-11	93.569	1,189,173	-	-
61090000518	Migrant Seasonal Farm workers 09-10	93.569	57,825	-	-
61100000931	Migrant Seasonal Farm workers 10-11	93.569	13,621	-	-
			1,777,627	-	-
	Total Passed Through the Texas Department of Housing and Community Affairs		7,909,895	-	-
	Total U.S. Department of Health and Human Services		$ 7,909,895	$ -	$ -
	Corporation For National and Community Services				
	Direct Programs				
08STWTX016	Retired Senior Volunteer Program 10-11	94.002	$ 58,467	$ -	$ -
08SRWTX016	Retired Senior Volunteer Program 09-10	94.002	26,692	-	-
			85,159	-	-
	Total Direct Programs		85,159	-	-

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Passed Through the Texas Department on Aging				
09RZWTX011	Retired Senior Volunteer Program	94.002	$ 30,215	$ -	$ -
			30,215	-	-
	Total Passed Through the Texas Department on Aging		30,215	-	-
	Total Corporation For National and Community Services		$ 115,374	$ -	$ -
	Federal Emergency Management Agency Direct Programs				
28-8128-00	Emergency Management Assistance	83.523	$ 7,153	$ -	$ -
			7,153	-	-
	Total Direct Programs		7,153	-	-
	Total Federal Emergency Management Agency		$ 7,153	$ -	$ -
TOTAL COMMUNITY SERVICES AGENCY			**$ 8,032,422**	**$ -**	**$ -**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 82,553,779**	**$ 942,351**	**$ 13,716,396**

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
STATE AWARDS					
PRIMARY GOVERNMENT					
	Division of Emergency Management Office of the Governor				
BSET-08-003	Border Security Equipment and Technology (BSET)	N/A	$ 2,059	$ -	$ -
			2,059	-	-
	Passed Through the Texas Border Sheriff's Coalition				
LBSP-08-HIDALGO	Local Border Security Program	N/A	$ 43,120	$ -	$ -
			43,120	-	-
	Total Passed Through the Texas Border Sheriff's Coalition		43,120	-	-
	Total Division of Emergency Management Office of the Governor		$ 45,179	$ -	$ -
	Division of Criminal Justice Office of the Governor				
CH-10-A10-2283701	Border Prosecution Initiative	N/A	$ 18,973	$ -	$ -
CH-10-A10-2283701	Border Prosecution Initiative	N/A	28,033	-	-
	Total Division of Criminal Justice Office of the Governor		$ 47,006	$ -	$ -
	Texas Department of State Health Services				
N/A	Health Department - Administration	N/A	$ -	$ 359,922	$ -
2010-032844	Tuberculosis Prevention and Control - State	N/A	122,804	-	-
2011-035282	Tuberculosis Prevention and Control - State	N/A	87,514	-	-
	Total Texas Department State Health Services		$ 210,318	$ 359,922	$ -
	Texas Adult Probation Commission				
108-900	Basic Supervision	N/A	$ 7,535,692	$ -	$ -
108-017	Community Corrections (Boot Camp)	N/A	391,134	-	-
108-013	Mentally Impaired Caseload	N/A	208,089	-	-
108-005	Restitution Center	N/A	717,772	-	-
108-019	Court Residential Treatment Center	N/A	323,565	-	-
108-006	Treatment Alternatives to Incarceration Program	N/A	148,795	-	-
108-014	Drug Court	N/A	159,930	-	-
108-007	Sex Offender Caseload	N/A	363,365	-	-
108-016	Caseload Reduction Program	N/A	962,515	-	-
108-017	Substance Abuse Treatment Facility	N/A	1,900,539	-	-
	Total Texas Adult Probation Commission		$ 12,711,396	$ -	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Texas Juvenile Probation Commission				
TJPC-A-2010-108	State Aid	N/A	$ 205,520	$ -	$ -
TJPC-A-2011-108	State Aid	N/A	366,289	-	-
TJPC-F-2010-108	Progressive Sanctions JPO	N/A	128,677	73,244	-
TJPC-F-2011-108	Progressive Sanctions JPO	N/A	88,127	-	-
TJPC-H-2010-108	Diversionary Placement Fund	N/A	297,326	-	-
TJPC-H-2011-108	Diversionary Placement Fund	N/A	153,330	-	-
TJPC-M-2010-108	Special Needs (TCOMI) Funding	N/A	66,800	-	-
TJPC-M-2011-108	Special Needs (TCOMI) Funding	N/A	31,074	-	-
TJPC-O-2010-108	Progressive Sanctions ISJPO	N/A	62,664	46,173	-
TJPC-O-2011-108	Progressive Sanctions ISJPO	N/A	48,791	3,470	-
TJPC-P-2010-108	Juvenile Justice Alternative Education	N/A	356,527	-	-
TJPC-P-2011-108	Juvenile Justice Alternative Education	N/A	249,877	-	-
TJPC-V-2010-108	Local Post-Adjudication Fund	N/A	190,925	-	-
TJPC-V-2011-108	Local Post-Adjudication Fund	N/A	50,741	-	-
TJPC-X-2010-108	Intensive Community Based Program	N/A	45,825	-	-
TJPC-X-2011-108	Intensive Community Based Program	N/A	17,116	-	-
TJPC-Y-2010-108	Community Corrections	N/A	575,548	-	-
TJPC-Y-2011-108	Community Corrections	N/A	725,028	-	-
TJPC-Z-2010-108	Salary Adjustment Funding	N/A	104,949	852	-
TJPC-Z-2011-108	Salary Adjustment Funding	N/A	51,449	-	-
TJPC-C-2010-108	Commitment Reduction Program	N/A	255,500	-	-
TJPC-C-2011-108	Commitment Reduction Program	N/A	146,266	-	-
TJPC-L-2010-108	Secure Felony Placement Fund	N/A	165,646	-	-
N/A	Computerization (Interest Earnings on Fund 1294)	N/A	-	9,242	-
	Total Texas Juvenile Probation Commission		$ 4,383,995	$ 132,981	$ -
	Texas Department of Criminal Justice				
N/A	Offender Transportation Program	N/A	$ 89,502	$ -	$ -
	Total Texas Department of Criminal Justice		$ 89,502	$ -	$ -
	Texas State Comptroller's Office				
2-459-78-2965-4008	District Attorney State Supplement	N/A	$ 25,138	$ -	$ -
N/A	Juror Reimbursement	N/A	488,886	-	-
	Total Texas State Comptroller's Office		$ 514,024	$ -	$ -
	Texas Department of Transportation				
5BCF5001	Border Colonia Access Program Round II	N/A	$ 453,510	$ -	$ -
8BCF5001	Border Colonia Access Program Round III	N/A	1,818,988	-	-
	Total Texas Department of Transportation		$ 2,272,498	$ -	$ -

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, 2010

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUBRECIPIENTS
	Texas Commission on Environmental Quality				
	Passed Through the Lower Rio Grande Valley Development Council				
10-21-G09	Regional Solid Waste Grants Program	N/A	$ 29,999	$ -	$ -
			29,999	-	-
	Total Passed Through the Lower Rio Grande Valley Development Council		29,999	-	-
	Total Texas Commission on Environmental Quality		$ 29,999	$ -	$ -
	Texas Task Force on Indigent Defense				
212-10-108	Formula Grant FY 09 / Equalization FY 09	N/A	$ 1,191,596	$ -	$ -
			1,191,596	-	-
	Total Texas Task Force on Indigent Defense		$ 1,191,596	$ -	$ -
	Texas Secretary of State				
N/A	2007 Voter Registration Section 19.002	N/A	$ 81,433	$ -	$ -
N/A	2008 Voter Registration Section 19.002	N/A	18,606	-	-
N/A	2009 Voter Registration Section 19.002	N/A	46,405	-	-
			146,444	-	-
	Total Texas Secretary of State		$ 146,444	$ -	$ -
	Office of the Attorney General				
1012335	Texas Vine	N/A	$ 30,108	$ -	$ -
1014273	Victim Coordinator and Liaison Grant - District Attorney	N/A	37,144	-	-
1014281	Victim Coordinator and Liaison Grant - Sheriff	N/A	36,993	-	-
N/A	Asset Forfeiture (Article 59.06)	N/A	451,604	-	-
			555,849	-	-
	Total Office of the Attorney General		$ 555,849	$ -	$ -
	Lower Rio Grande Valley Development Council				
N/A	911 Program	N/A	$ 476	$ -	$ -
			476	-	-
	Total Lower Rio Grande Valley Development Council		$ 476	$ -	$ -
TOTAL EXPENDITURES OF STATE AWARDS			$ 22,198,282	$ 492,903	$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			$ 104,752,061	$ 1,435,254	$ 13,716,396

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, 2010

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, 2010

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 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:	$2,476,613
Auditee qualified as low-risk auditee?	No
Identification of Major Federal Programs:	Homelessness Prevention and Rapid Re-Housing Program - ARRA 14.257 Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories - ARRA 16.803 Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA 81.128 **CSBG Cluster** Community Services Block Grant (CSBG) 93.569 CSBG – ARRA 93.710

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section I - Summary of Auditors' Results	Description
Identification of Major Federal Programs (Continued):	**Head Start Cluster** Head Start Program 93.600 Head Start Program – ARRA 93.708 Title IV-E Foster Care Program 93.658 Public Health Emergency Preparedness 93.069
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:	$665,948
Auditee qualified as low-risk auditee?	No
Identification of Major State Programs:	Texas Adult Probation Commission Basic Supervision Community Corrections (Boot Camp) Mentally Impaired Caseload Restitution Center Court Residential Treatment 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 Diversionary Placement Fund Special Needs (TCOMI) Funding Progressive Sanctions ISJPO Juvenile Justice Alternative Education

Section I - Summary of Auditors' Results	Description
Identification of Major State Programs (Continued):	Texas Juvenile Probation Commission - Continued Local Post – Adjudication Fund Intensive Community Based Program Community Corrections Salary Adjustment Funding Commitment Reduction Program Secure Felony Placement Fund Computerization (Interest Earnings on Fund 1294) Texas Task Force on Indigent Defense Formula Grant FY 09 / Equalization FY 09 Office of the Attorney General Texas Vine Victim Coordinator and Liaison Grant – District Attorney Victim Coordinator and Liaison Grant – Sheriff Asset Forfeiture (Article 59.06)

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Section II – Findings and Questioned Costs Financial Statement	Description
None	

Section III – Findings and Questioned Costs Federal Awards	Description
10-01 **Reporting –** **Foster Care Grant**	**Criteria and Condition:** The County has not yet remitted required reports for the Foster Care Grant in accordance with the provisions of the grant agreement for 2010. **Cause and Effect:** Policies and procedure in place to ensure timely remittance of required reports were not followed. **Questioned Cost:** $0 **Recommendation:** We recommend that the Foster Care reports be submitted in accordance with the grant agreement. **Management Response and Planned Corrective Action:** Due to miscommunication, the quarterly reports were being submitted in accordance with a Quarterly Due Date Schedule provided by the Texas Department of Family and Protective Services (DFPS). The schedule was provided as notification of grant deadlines to submit final reimbursement requests. After detection of the error in April 2011, the remaining fiscal year 2009 reports were submitted. The fiscal year 2010 reports will be submitted by July 31, 2011. Procedures have been implemented to ensure reports are submitted in accordance with the grant agreement.

Section III – Findings and Questioned Costs Federal Awards	Description
10-02 **Subrecipient Agreement – Homelessness Prevention and Rapid Re-Housing Program - ARRA**	**Criteria and Condition:** The County of Hidalgo – Urban County Program is required to identify to the subrecipients the award name, CFDA title and number, name of federal agency and award amount as well as compliance requirements under the grant. Urban County did not provide CFDA title and number information in their subrecipient agreements. **Cause and Effect:** Management did not have a policy to ensure that agreements with subrecipients provide CFDA title and number information. **Questioned Cost:** $0 **Recommendation:** We recommend that Urban County include CFDA title and number in all subrecipient agreements. **Management Response and Planned Corrective Action:** On July 5, 2011 Hidalgo County Commissioners Court approved the new program year 2011 subrecipient agreements which included the CFDA title and number.

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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, 2010

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, 2010

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, 2010 of $1,983,957. **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:** In prior years, the District Clerk's Office has attempted to update the subsidiary ledger of the "Costs on Deposit" account. Previous efforts resulted in the identification of $475,614.18 belonging to the County. These funds were transferred to the county treasury in 2001 and 2002. An increase to the "Due from General Fund" ledger account was recorded instead of decrease to the "Costs on Deposit" general ledger account. Once this entry is corrected the balance of the "Costs on Deposit" account will be $1,508,342.38. The District Clerk's Office will continue to work on identifying specific depositors in order to dispose of the remaining balance.
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. Cases date back to 1977. **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

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

REFERENCE NUMBER Program	Description
02 – 2 (Continued) **County Clerk Bond Funds Held Pending Judgment** **(Primary Government)**	**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 back 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:** The County Clerk maintains an excel spreadsheet of all cash bonds that is reconciled to cash on deposit. The status of each cash bond is researched and entered in the spreadsheet at variable intervals.
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. As of December 31, 2010 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 Purchasing Department continues to work on the project. The Purchasing Department will be certifying the Juvenile Probation Department inventory by July 28, 2011.

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REFERENCE NUMBER **Program**	**Description**
06 – 01 **District Clerk Bond Funds Held Pending Judgment (Primary Government)**	**Criteria and Condition:** 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. **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 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 County should send bond funds to the State Comptrollers Office in accordance with State Escheat Laws. **Status:** While the District Clerk's Office understands this is a concern which is addressed every year, we require a court order to withdraw any funds from the registry, not just bond money. The 2010 Texas District Clerk Procedures Manual states "when the case had been disposed of, the judge must enter an order authorizing the Clerk to refund the cash." The order will state to whom the refund is to be made and in what amount. Furthermore, it is the 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.
07–01 **Previous Year's Finding (Primary Government)**	**Criteria and Condition:** Certain observations previously reported in prior years have not been addressed and resolved by management. **Cause and Effect:** Management has not monitored for resolution of repeat comments thus causing opportunities for improvements in operations and internal controls to not be implemented timely. **Questioned Costs:** $0

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SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2010

REFERENCE NUMBER **Program**	**Description**
07–01 (Continued) **Previous Year's Finding** **(Primary Government)**	**Recommendation:** 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. **Status:** Corrective Actions Plans are conducted on a regular basis to ensure findings are resolved by non-compliant departments/offices.
07–02 **Audit Committee** **(Primary Government)**	**Criteria and Condition:** 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. **Cause and Effect:** The County has not resolved to take action as to whether the creation of an audit committee would be beneficial. **Questioned Cost:** $0 **Recommendation:** 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. The charge of the audit committee can be broad; however, the committee might consider the following objectives: • Oversee internal control structure and issues and concerns • Review internal audits and encourage management to address observations and findings • 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. Communicate with the County Commissioner's Court to ensure that adequate attention and resources are provided for management to address observations and findings.

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SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
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REFERENCE NUMBER Program	Description
07–02 (Continued) **Audit Committee** **(Primary Government)**	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. **Status**: A County Administrative Manual continues to be developed by the Department of Budget and Management. Administrative policies are being updated, 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.
07–03 **Infrastructure Depreciation** **(Primary Government)**	**Criteria and Condition**: 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. **Cause and Effect**: The County had not reconciled the two reports to ensure that fixed assets and corresponding depreciation are reasonably stated. **Questioned Costs**: $0 **Recommendation**: We recommend the County resolve this variance between the reports as these differences could affect the amount of recorded accumulated depreciation. **Status:** The difference between the general ledger (updated by the Accounting Division) and the GASB 34 depreciation report (prepared by the Fixed Asset Division) is due in part to the following. Expenditures captured by the Accounting Division include in part invoices submitted by the Precincts for payment on all infrastructure and drainage projects, while the Fixed Asset Division only captures information submitted by the Precincts and the Planning Department for reporting purposes. The Fixed Asset Division monitors current year expenditures throughout the year to verify the information submitted by the Precincts. Also, the Fixed Asset Division provides continuous training to the Precincts to ensure that they submit all required information. In addition, the difference between the general ledger and the GASB 34 depreciation report is due to infrastructure assets of various Road Districts included in the general ledger. These assets were not removed from the general ledger after the

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REFERENCE NUMBER **Program**	**Description**
07–03 (Continued) **Infrastructure Depreciation (Primary Government)**	Commissioners Court approved the inventory report of all County roads as of 2006 prepared by a contracted engineer. These assets remained on the books because verification that the assets of the Road Districts were included in the engineer's report was not done. The Fixed Asset Division only recognizes the inventory report approved by the Commissioners Court and maintains and submits this report to the County Auditor for review.
07–10 **Information System Operations – Disaster Recovery Plan (Urban County Program)**	**Criteria and Condition:** 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. **Cause and Effect:** 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. **Questioned Cost:** $0 **Recommendation:** We recommend that a comprehensive contingency plan be developed and documented to ensure continuity of data processing services in the event of a disaster. **Status:** As of March 2011, the Urban County Program is online with the County of Hidalgo IT Department. All backups are done to the County's main server by IT.

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REFERENCE NUMBER Program	Description
08-01 **Stale Dated Checks**	**Criteria and Condition:** There were various bank reconciliations that contained outstanding checks older than ninety days. **Cause and Effect:** The County does not have a formal policy to address stale checks, which increases the risk of material misstatement. **Questioned Cost:** $0 **Recommendation:** We recommend outstanding checks be reviewed monthly and appropriate measures taken to clear stale checks. **Status:** At December 31, 2010 there were various bank reconciliations that contained outstanding checks older than ninety days. The Office of the County Treasurer has a stale dated check policy which addresses the process that will be taken for checks approaching the County's 90 day outstanding status. The Office of the County Treasurer will make every effort to monitor all check activity, but there may be some outstanding checks beyond the 90 day void limit due to events that are out of our control. All the bank accounts overseen by the Office of the County Treasurer will be enrolled in the County's depository bank, First National Bank (FNB), Positive Pay program. The Tax Office outstanding checks are monitored ever three to six months to apply any delinquent taxes due. If no taxes are due, outstanding checks are escheated to the State Comptroller after three years from the issue date. The Tax Office is currently in the process of implementing positive pay to the bank accounts. The County Clerk's Office has adopted a procedure to transfer checks over 90 days only once a year since the County's depository bank continues to honor stale checks. The District Attorney outstanding checks were issued from our office's Hot Check Department. The Hot Check Department reviews the outstanding checks on a monthly basis and takes appropriate steps to clear stale checks as time allows. The Adult Probation Department will review its policy regarding stale dated checks now that the Department is using the bank's positive pay program.

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REFERENCE NUMBER Program	Description
08-02 **Machinery & Equipment Asset Listing**	**Criteria and Condition:** The listing of machinery and equipment provided by the County was incomplete and did not reconcile to the general ledger. **Cause and Effect:** The County does not have a complete listing of machinery and equipment which leads to an increased risk of theft or misstatement. **Questioned Cost:** $0 **Recommendation:** We recommend the County have a complete listing of assets that make up machinery and equipment. **Status:** The listing did not reconcile due to the data extracted from purchase order payments was duplicated in the Alio FIS module (Fixed Asset Inventory System) multiple times. To resolve this issue, it was agreed that the County Auditor's Office Accounts Payable Division would no longer flag purchase order payments to import into FIS. The Purchasing Department Fixed Asset Division would input the information from actual documentation submitted by the County Auditor's Office. The Fixed Asset Division is currently in the process of reconciling the Alio FIS module to the FAS module (Financial Accounting System). The reconciliation is being performed department by department comparing the FAS module to the FIS module for reporting accuracy. The reconciliation is a lengthy process that requires extensive research. However, once the Fixed Asset Division reconciles the modules, an individual will be assigned to reconcile on a monthly basis so as to have both modules balanced.
08-03 **Bail Bonds Pledged Securities**	**Criteria and Condition:** 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. **Cause and Effect:** Hidalgo County did not follow up on confirmations not received from bank, which increases the risk of unavailable collateral on bonds.

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REFERENCE NUMBER **Program**	**Description**
08-03 (Continued) **Bail Bonds Pledged Securities**	**Questioned Cost**: $0 **Recommendation**: We recommend the County monitor pledge securities periodically. **Status**: The Office of the County Treasurer continues to monitor securities for bail bond companies annually. This ensures that an adequate amount is pledged as required by statute in order for bail bond companies to be licensed in the State of Texas. Financial institutions that do not respond to correspondence are sent a second request and/or contacted by telephone.
09-01 **Fraud and Abuse** **County Precinct #1**	**Criteria and Condition:** 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. **Cause and Effect:** 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. **Questioned Cost**: $0 **Recommendation:** We recommend that the County establish a framework of monitoring and accountability to ensure that internal controls are not overridden by management. **Status**: Procedures are being implemented to strengthen existing internal controls within the County.

COUNTY OF HIDALGO, TEXAS
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REFERENCE NUMBER Program	Description
09-02 **Equipment Management – Head Start Program**	**Criteria and Condition:** 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. **Cause and Effect:** 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. **Questioned Cost:** $0 **Recommendation:** We recommend that the Hidalgo County Head Start Program perform inventory of fixed assets at least once every two years. **Status:** A physical inventory was conducted and finalized. The Program has upgraded the fixed asset system with a barcode scanner system (Fixed Asset Tracking System – FATS). This computerized system will be able to generate depreciation schedules, inventory counts, and other compliance reports more efficiently than ever before. Management will ensure that a physical inventory will be conducted at least once every two years and reconciled to Program records accordingly.
09-03 **Suspension and Debarment – Head Start Program**	**Criteria and Condition:** Hidalgo County Head Start Program did not obtain certification of Suspension & Debarment for one vendor whose expenditures exceeded $25,000, as required. **Cause and Effect:** 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. **Questioned Cost:** $0 **Recommendation:** We recommend that Head Start follow controls in place and verify that vendor is not suspended or debarred.

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REFERENCE NUMBER Program	Description
09-03 (Continued) **Suspension and Debarment – Head Start Program**	**Status:** The Program has implemented procedures to verify vendor(s) status with the Federal Government and is adhering to the Suspension and Debarment requirement. The utilization of the online Excluded Parties List System (EPLS) will ensure that the Program is not purchasing goods/services from a disallowed vendor. A confirmation verification obtained online for any vendor whose expenditure exceeds $25,000 will be maintained at all times.
09-04 **Indigent Defense (Primary Government)**	**Criteria and Condition:** Indigent Defense Department was unable to provide seven signed time sheets to verify approval from appropriate personnel. **Cause and Effect:** 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. **Questioned Cost:** $0 **Recommendation:** We recommend that approval be obtained on all time sheets by appropriate personnel in order to verify hours worked. **Status:** Our office has started printing time sheets from the automated system and storing them for future audits.