



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

200 South 10th Street, Suite 1500
McAllen, Texas 78501
Telephone 956/613-2300
Facsimile 956/618-2333
www.bmctexas.com

Offices in:
Brownsville
McAllen
Matamoros
Reynosa

December 15, 2006

County of Hidalgo
The Honorable Judge Ramon Garcia and
Commissioners
County of Hidalgo-Juvenile Probation Department
100 E. Cano
Edinburg, Texas 78539

We are pleased to confirm our understanding of the services we are to provide.

Scope

We will audit the combined balance sheet – regulatory basis of the Texas Juvenile Probation Commission Grant Funds of Hidalgo County as of August 31, 2006 and the related combined statements of revenues, expenditures and changes in fund balance – regulatory basis for the year then ended. Also the combined statement of revenues, expenditures and changes in fund balance – budget to actual – regulatory basis will be presented and considered additional information accompanying the basic financial statements and will be subjected to the auditing procedures applied in our audit of the financial statements upon which we will provide an opinion in relation to the basic financial statements.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. The objective of our audit will be the expression of an opinion on the above-mentioned financial statements. We will also perform an examination for compliance with laws, regulations, contracts, grants and requirements of the Texas Juvenile Probation Commission Audit Requirements.

County of Hidalgo

2

December 15, 2006

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of the County of Hidalgo Juvenile Probation Department and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of the audit committee, management, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Management is responsible for making all financial records and related information available to us. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements

County of Hidalgo

3

December 15, 2006

aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position and the respective changes in financial position in conformity with the regulatory basis of accounting and prescribed by the Texas Juvenile Probation Commission.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud, or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud, or illegal acts affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the probation department complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

As part of the audit, we will prepare a draft of your financial statements and related notes in accordance with Government Auditing Standards and the regulatory basis prescribed by the Texas Juvenile Probation Commission. You will be required to review and approve those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

County of Hidalgo

4

December 15, 2006

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinion on the County of Hidalgo – Juvenile Probation Department's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify reportable conditions. However, we will inform the governing body or audit committee of any matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the entity's ability

County of Hidalgo

5

December 15, 2006

to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We will also inform you of any nonreportable conditions or other matters involving internal control, if any, as required by Government Auditing Standards.

Audit Procedures—Compliance

Identifying and ensuring that the Hidalgo County Juvenile Probation Department complies with the provisions of laws, regulations, contracts, agreements, and grants is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Hidalgo County Juvenile Probation Department's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Audit Administration and Other

We understand that your employees will prepare all cash or other confirmations we request, prepare required audit schedules and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Burton McCumber & Cortez, L.L.P. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Texas Juvenile Probation Commission for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Burton McCumber & Cortez, L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Texas Juvenile Probation Commission. If we are aware that the Texas Juvenile Probation Commission is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We estimate that to complete this audit, our fee will approximate \$14,800.

County of Hidalgo

6

December 15, 2006

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate using the hourly rates outlined below before we incur the additional costs.

<u>Experience Level</u>	<u>Hourly Rate</u>
Partner	\$230
Manager	\$150
Supervisor/In-Charge	\$ 95
Staff	\$ 75

This engagement includes only those services specifically described in this letter. Costs and time spent in legal matters or proceedings arising from our engagement, such as subpoenas, testimony, or consultation involving private litigation, arbitration or government regulatory inquiries at your request or by subpoena, will be billed separately.

We appreciate the opportunity to be of service to the County of Hidalgo and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Burton McCumber & Cortez, L.L.P.


Ricky Longoria
Partner

County of Hidalgo

7

December 15, 2006

The foregoing letter fully describes our understanding and is accepted by us.

Witness our hands in duplicate originals this ___ day of _____, 2006.

COUNTY OF HIDALGO

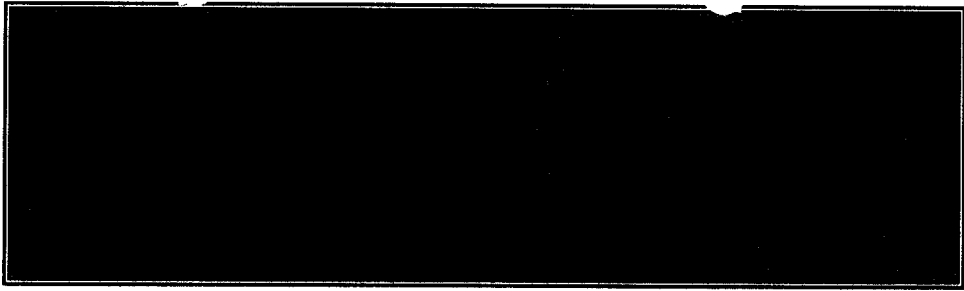
Date Ramon Garcia, County Judge

BY _____

ATTEST:

Eddy Trevino, County Clerk

Approved as to Form:



RFQ ACCEPTANCE DATE: November 19, 2003

RFQ ACCEPTANCE TIME: 9:30 A.M.

DEPARTMENT/RFQ DESCRIPTION: "Independent Financial Audit Services-Hidalgo County"

RFQ NO: 03-292-11-19

	NAME OF SUBMITTER: COMPANY/FIRM & REPRESENTATIVE'S NAME	RFQ REQUEST *VIA	SIGNATURE (IF APPLICABLE) OR INITIALS OF STAFF ADDRESSING MAIL OUT	DATE	PHYSICAL ADDRESS CITY, STATE, ZIP CODE PHONE & FAX NUMBERS
01.	Burton McCumber & Cortez, L.L.P./Ricky Longoria, Partner	IP	Wendy Weeks Ph:618-2300 Fax:618-2333	11-5-03	200 S 10 th Ste 1500 McAllen, Tx 78501
02.	Louis C.Orozco CPA Louis C. Orozco	IP 287-2000	Yesenia M. Martinez Ph: 782-5481 Fax:782-5484	11-5-03	204 W Ferguson Ste 102 Pharr, Tx 78577
03.	Juan Nunez, CPA Juan Nunez, CPA 655-2657	IP	956-287-2000		
04.	Julio Guzman CPA		682-6588 682-6380 fax		
05.					
06.					
07.					
08.					
09.					
10.					

*VIA:

IN PERSON (IP)

TELEPHONE REQUEST (TR)

BIDDER LIST MAIL OUT (BLM)

**HIDALGO COUNTY PURCHASING DEPARTMENT
RFQ ACCEPTANCE SHEET**


DEPARTMENT NAME: Hidalgo County Juvenile Probation

RFQ ACCEPTANCE DATE: November 29, 2006

RFQ ACCEPTANCE TIME: 9:30 A.M.

DESCRIPTION OF RFQ: Independent Audit -Hidalgo County Juvenile Probation Department

RFQ NO: ~~06-298-09-13-VGG~~ (Acceptance date changed from 12-06-06 to 12-13-06)

RFQ&P#	NAME OF COMPANY	ACKNOWLEDGMENT OF RECEIPT OF STATEMENT OF QUALIFICATIONS
#01	Burtin McCumber + Cortez LLP	
#02		
#03		
#04		
#05		
#06		
#07		
#08		
#09		
#10		