

COUNTY OF HIDALGO, TEXAS

**INDEPENDENT AUDITORS' REPORT
SINGLE AUDIT
DECEMBER 31, 2016**

The Right Choice.

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COUNTY OF HIDALGO, TEXAS

INDEPENDENT AUDITORS'
REPORT

SINGLE AUDIT

December 31, 2016

INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Hidalgo, Texas (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 21, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weaknesses. [2016-007 and 2016-008]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [2016-001, 2016-002, 2016-003, 2016-004, 2016-005 and 2016-006]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 July 21, 2017.

County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burton McEachern & Co., LLP

McAllen, Texas
July 21, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Hidalgo, Texas' (the County) compliance with the types of compliance requirements described in the *OMB 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, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-011 and 2016-012. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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. *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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-009 and 2016-010 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 21, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Buch Melch & Co., LLP

McAllen, Texas
July 21, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE OF TEXAS UNIFORM GRANT MANAGEMENT STANDARDS CHAPTER IV TEXAS STATE SINGLE AUDIT CIRCULAR

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

Report on Compliance for Each Major State Program

We have audited the County of Hidalgo, Texas' (the County) compliance with the types of compliance requirements described in the State of Texas Uniform Grant Management Standards Chapter IV *Texas State 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, 2016. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of state and federal statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. 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 the State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular*. Those standards 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 on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular* and which are described in the accompanying schedule of findings and questioned costs as item 2016-013 and 2016-014. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of Texas Uniform Grant Management Standards Chapter IV *Texas State 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. *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 state 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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-009 and 2016-010 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in our audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal and State Awards Required by the State of Texas Single Audit Circular

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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 21, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over and the results of our testing based on the requirements of the State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Brent McCall & Co., LLP

McAllen, Texas
July 21, 2017

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>FEDERAL AWARDS</u>						
<u>PRIMARY GOVERNMENT</u>						
<u>U.S. Department of Agriculture</u>						
<u>Passed Through the Texas Department of State Health Services</u>						
2016-048872-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 8,628,312	\$ 6	\$ 8,628,318	\$ -
2017-049851-001	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,648,809	-	2,648,809	-
			<u>11,277,121</u>	<u>6</u>	<u>11,277,127</u>	<u>-</u>
	Total Passed Through Texas Department of State Health Services		<u>11,277,121</u>	<u>6</u>	<u>11,277,127</u>	<u>-</u>
<u>Passed Through Texas Health and Human Services Commission</u>						
529-11-0064-00103	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5,659	-	5,659	-
			<u>5,659</u>	<u>-</u>	<u>5,659</u>	<u>-</u>
	Total Passed Through Texas Health and Human Services Commission		<u>5,659</u>	<u>-</u>	<u>5,659</u>	<u>-</u>
	Total U.S. Department of Agriculture		<u>\$ 11,282,780</u>	<u>\$ 6</u>	<u>\$ 11,282,786</u>	<u>\$ -</u>
<u>U.S. Department of Justice</u>						
<u>Direct Programs</u>						
2014-AP-BX-0059	State Criminal Alien Assistance Program	16.606	\$ 1,194	\$ -	\$ 1,194	\$ -
2015-AP-BX-0364	State Criminal Alien Assistance Program	16.606	34,934	-	34,934	-
			<u>36,128</u>	<u>-</u>	<u>36,128</u>	<u>-</u>
2015-DJ-BX-0610	Edward Byrne Memorial Justice Assistance Grant Program	16.738	21,566	-	21,566	-
2016-DJ-BX-0021	Edward Byrne Memorial Justice Assistance Grant Program	16.738	28,739	-	28,739	-
			<u>50,305</u>	<u>-</u>	<u>50,305</u>	<u>-</u>
2016-HO-BX-K005	Second Chance Act Reentry Initiative	16.812	7,192	-	7,192	-
			<u>7,192</u>	<u>-</u>	<u>7,192</u>	<u>-</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
TX1080000	Equitable Sharing Program	16.922	233,581	-	233,581	-
TX1082700	Equitable Sharing Program	16.922	73,733	-	73,733	-
TX108015A	Equitable Sharing Program	16.922	25,288	-	25,288	-
			332,602	-	332,602	-
	Total U.S. Department of Justice Direct Programs		426,227	-	426,227	-
	<u>Passed Through Texas Office of the Governor, Criminal Justice Division</u>					
2013-RT-BX-0006 (2928001)	Residential Substance Abuse Treatment for State Prisoners	16.593	100,304	37,498	137,802	-
2015-RT-BX-0025 (2928002)	Residential Substance Abuse Treatment for State Prisoners	16.593	26,605	10,261	36,866	-
			126,909	47,759	174,668	-
2015-VA-GX-0009 (2924301)	Crime Victim Assistance	16.575	118,632	29,235	147,867	-
			118,632	29,235	147,867	-
2015-WF-AX-0032 (2931301)	Violence Against Women Formula Grants	16.588	57,190	31,083	88,273	-
2016-WF-AX-0034 (2931302)	Violence Against Women Formula Grants	16.588	20,207	10,881	31,088	-
			77,397	41,964	119,361	-
2015-DJ-BX-0956 (3110401)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,208	-	1,208	-
			1,208	-	1,208	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		324,146	118,958	443,104	-
	Total U.S. Department of Justice		\$ 750,373	\$ 118,958	\$ 869,331	\$ -
	<u>Executive Office of the President for National Drug Control Policy Direct Programs</u>					
G15SS0002A	High Intensity Drug Trafficking Areas Program	95.001	\$ 219,214	\$ -	\$ 219,214	\$ -
G16SS0002A	High Intensity Drug Trafficking Areas Program	95.001	426,374	-	426,374	-
	Total Direct Programs		645,588	-	645,588	-
	Total Executive Office of the President for National Drug Control Policy		\$ 645,588	\$ -	\$ 645,588	\$ -

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>U.S. Department of Health and Human Services</u>						
<u>Passed Through Texas Department of State Health Services</u>						
2016-001134-00	Public Health Emergency Preparedness	93.069	\$ 310,499	\$ 31,050	\$ 341,549	\$ -
2016-001134-02	Public Health Emergency Preparedness	93.069	228,538	22,854	251,392	-
2016-004045-01	Public Health Emergency Preparedness	93.069	147,956	14,795	162,751	-
			<u>686,993</u>	<u>68,699</u>	<u>755,692</u>	<u>-</u>
2015-003624-01	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	73,181	-	73,181	-
PO 53700-6-0000422304	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	9,179	-	9,179	-
			<u>82,360</u>	<u>-</u>	<u>82,360</u>	<u>-</u>
2016-001400-00	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	424,260	84,852	509,112	-
			<u>424,260</u>	<u>84,852</u>	<u>509,112</u>	<u>-</u>
2016-000022-00	Immunization Cooperative Agreements	93.268	174,510	-	174,510	-
2016-000022-02	Immunization Cooperative Agreements	93.268	225,102	-	225,102	-
			<u>399,612</u>	<u>-</u>	<u>399,612</u>	<u>-</u>
2016-001052-00	Preventive Health and Health Services Block Grant	93.991	77,295	-	77,295	-
2016-003876-00	Preventive Health and Health Services Block Grant	93.991	15,029	-	15,029	-
2016-003876-01	Preventive Health and Health Services Block Grant	93.991	767	-	767	-
			<u>93,091</u>	<u>-</u>	<u>93,091</u>	<u>-</u>
2016-003931-00	Maternal and Child Health Services Block Grant to the States	93.994	29,046	-	29,046	-
2016-003931-01	Maternal and Child Health Services Block Grant to the States	93.994	8,953	-	8,953	-
			<u>37,999</u>	<u>-</u>	<u>37,999</u>	<u>-</u>
	Total Passed Through Texas Department of State Health Services		<u>1,724,315</u>	<u>153,551</u>	<u>1,877,866</u>	<u>-</u>
<u>Passed Through Texas Juvenile Justice Department</u>						
TJPC-E-2016-108	Foster Care Title IV-E	93.658	277,056	-	277,056	-
TJPC-E-2017-108	Foster Care Title IV-E	93.658	60,261	-	60,261	-
			<u>337,317</u>	<u>-</u>	<u>337,317</u>	<u>-</u>
	Total Passed Through Texas Juvenile Justice Department		<u>337,317</u>	<u>-</u>	<u>337,317</u>	<u>-</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Passed Through Texas Department of Family and Protective Services</u>						
23941008	Foster Care Title IV-E	93.658	83,886	-	83,886	-
23941009	Foster Care Title IV-E	93.658	26,042	-	26,042	-
			<u>109,928</u>	<u>-</u>	<u>109,928</u>	<u>-</u>
	Total Passed Through Texas Department of Family and Protective Services		<u>109,928</u>	<u>-</u>	<u>109,928</u>	<u>-</u>
<u>Passed Through Office of the Attorney General of Texas</u>						
15-C0045	Child Support Enforcement	93.563	550,200	-	550,200	-
			<u>550,200</u>	<u>-</u>	<u>550,200</u>	<u>-</u>
	Total Passed Through Office of the Attorney General of Texas		<u>550,200</u>	<u>-</u>	<u>550,200</u>	<u>-</u>
<u>Passed Through Texas Health and Human Services Commission</u>						
529-11-0064-00103	Medical Assistance Program	93.778	4,259	-	4,259	-
529-12-0045-00002	Medical Assistance Program	93.778	407,627	-	407,627	-
			<u>411,886</u>	<u>-</u>	<u>411,886</u>	<u>-</u>
	Total Passed Through Texas Health and Human Services Commission		<u>411,886</u>	<u>-</u>	<u>411,886</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>\$ 3,133,646</u>	<u>\$ 153,551</u>	<u>\$ 3,287,197</u>	<u>\$ -</u>
<u>U.S. Department of Homeland Security</u>						
<u>Passed Through Texas Office of the Governor,</u>						
<u>Homeland Security Grants Division</u>						
EMW-2014-SS-00029 (14-GA 48215-05)	Homeland Security Grant Program (Operation Stonegarden)	97.067	\$ 1,625,749	\$ -	\$ 1,625,749	\$ 1,269,291
EMW-2015-SS-00080 (3172201)	Homeland Security Grant Program (Operation Stonegarden)	97.067	389,074	-	389,074	-
EMW-2015-SS-00080 (3174701)	Homeland Security Grant Program (Operation Stonegarden)	97.067	21,476	-	21,476	-
EMW-2015-SS-00080 (3174801)	Homeland Security Grant Program (Operation Stonegarden)	97.067	54,498	-	54,498	-
EMW-2015-SS-00080 (3174901)	Homeland Security Grant Program (Operation Stonegarden)	97.067	29,500	-	29,500	-
EMW-2015-SS-00080 (3175001)	Homeland Security Grant Program (Operation Stonegarden)	97.067	42,394	-	42,394	-
			<u>2,162,691</u>	<u>-</u>	<u>2,162,691</u>	<u>1,269,291</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
DR-4223 (PA-06-TX-4223-PW00953)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	47,683	15,894	63,577	-
DR-4223 (PA-06-TX-4223-PW00988)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2,842	947	3,789	-
DR-4223 (PA-06-TX-4223-PW01138)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	14,693	4,898	19,591	-
DR-4223 (PA-06-TX-4223-PW01310)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	75,537	-	75,537	-
DR-4223 (PA-06-TX-4223-PW01362)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	688,791	229,597	918,388	-
DR-4223 (PA-06-TX-4223-PW01905)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	608,550	-	608,550	-
DR-4245 (PA-06-TX-4245-PW-00090)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	331,549	110,516	442,065	-
DR-4245 (PA-06-TX-4245-PW-00150)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	17,676	5,892	23,568	-
DR-4245 (PA-06-TX-4245-PW-00174)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	66,306	-	66,306	-
DR-4245 (PA-06-TX-4245-PW-00176)	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	81,929	27,310	109,239	-
			1,935,556	395,054	2,330,610	-
DR-1999-022	Hazard Mitigation Grant	97.039	9,534	3,178	12,712	-
			9,534	3,178	12,712	-
	Total Passed Through Texas Office of the Governor, Homeland Security Grants Division		4,107,781	398,232	4,506,013	1,269,291
	<u>Passed Through Office of the Governor and Lower Rio Grande Development Council</u>					
2967601	Homeland Security Grant Program	97.067	86,000	-	86,000	-
			86,000	-	86,000	-
	Total Passed Through Office of the Governor and Lower Rio Grande Development Council		86,000	-	86,000	-
	Total U.S. Department of Homeland Security		\$ 4,193,781	\$ 398,232	\$ 4,592,013	\$ 1,269,291

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIEPIENTS
<u>U.S. Department of Transportation</u>						
<u>Passed through the Texas Department of Transportation</u>						
CSJ-0039-17-134 & 0039-18-085	Highway Planning and Construction	20.205	\$ -	\$ 14,144	\$ 14,144	\$ -
CSJ-0921-02-168	Highway Planning and Construction	20.205	508,760	1,370,377	1,879,137	-
CSJ-0921-02-290	Highway Planning and Construction	20.205	-	10,800	10,800	-
CSJ-0921-02-171	Highway Planning and Construction	20.205	-	64,572	64,572	-
CSJ-0921-02-252	Highway Planning and Construction	20.205	-	6,595	6,595	-
CSJ-0921-02-312	Highway Planning and Construction	20.205	-	171,082	171,082	-
CSJ-0921-02-169	Highway Planning and Construction	20.205	-	235,295	235,295	-
CSJ-0921-02-365	Highway Planning and Construction	20.205	-	115,678	115,678	-
CSJ-2966-01-009	Highway Planning and Construction	20.205	1,082	2,200	3,282	-
CSJ-0669-01-052 & 0669-01-043	Highway Planning and Construction	20.205	-	10,040	10,040	-
CSJ-0921-02-323 & 0921-02-326	Highway Planning and Construction	20.205	1,038,539	20,771	1,059,310	-
CSJ-0921-02-300	Highway Planning and Construction	20.205	35,196	361,240	396,436	-
CSJ-1803-02-035	Highway Planning and Construction	20.205	-	79,455	79,455	-
			<u>1,583,577</u>	<u>2,462,249</u>	<u>4,045,826</u>	<u>-</u>
<u>Highway Safety Cluster</u>						
586EGF5205	State and Community Highway Safety	20.600	867	-	867	-
			<u>867</u>	<u>-</u>	<u>867</u>	<u>-</u>
586EGF5220	National Priority Safety Programs	20.616	26,878	7,408	34,286	-
			<u>26,878</u>	<u>7,408</u>	<u>34,286</u>	<u>-</u>
	Total Highway Safety Cluster		<u>27,745</u>	<u>7,408</u>	<u>35,153</u>	<u>-</u>
	Total Passed Through Texas Department of Transportation		<u>1,611,322</u>	<u>2,469,657</u>	<u>4,080,979</u>	<u>-</u>
	Total U.S. Department of Transportation		<u>\$ 1,611,322</u>	<u>\$ 2,469,657</u>	<u>\$ 4,080,979</u>	<u>\$ -</u>
<u>U.S. Department of Treasury</u>						
<u>Direct Programs</u>						
TX1080000	Equitable Sharing	21.U01	\$ 365,727	\$ -	\$ 365,727	\$ -
TX1082700	Equitable Sharing	21.U01	230,761	-	230,761	-
TX1082000	Equitable Sharing	21.U01	12,414	-	12,414	-
			<u>608,902</u>	<u>-</u>	<u>608,902</u>	<u>-</u>
	Total U.S. Department of Treasury		<u>\$ 608,902</u>	<u>\$ -</u>	<u>\$ 608,902</u>	<u>\$ -</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 22,226,392</u>	<u>\$ 3,140,404</u>	<u>\$ 25,366,796</u>	<u>\$ 1,269,291</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>URBAN COUNTY</u>						
<u>U.S. Department of Housing and Urban Development (HUD)</u>						
<u>Direct Programs</u>						
B-02-UC-48-0501	Community Development Block Grant/Entitlement Grants - 28th Year	14.218	\$ 1,730	\$ -	\$ 1,730	\$ -
B-06-UC-48-0501	Community Development Block Grant/Entitlement Grants - 32th Year	14.218	4,874	-	4,874	-
B-07-UC-48-0501	Community Development Block Grant/Entitlement Grants - 33th Year	14.218	31,508	-	31,508	-
B-08-UC-48-0501	Community Development Block Grant/Entitlement Grants - 34th Year	14.218	6,252	-	6,252	-
B-09-UC-48-0501	Community Development Block Grant/Entitlement Grants - 35th Year	14.218	1,175	-	1,175	-
B-10-UC-48-0501	Community Development Block Grant/Entitlement Grants - 36th Year	14.218	135,537	-	135,537	-
B-11-UC-48-0501	Community Development Block Grant/Entitlement Grants - 37th Year	14.218	414,269	-	414,269	-
B-12-UC-48-0501	Community Development Block Grant/Entitlement Grants - 38th Year	14.218	632,330	103,505	735,835	-
B-13-UC-48-0501	Community Development Block Grant/Entitlement Grants - 39th Year	14.218	1,245,378	164,594	1,409,972	-
B-14-UC-48-0501	Community Development Block Grant/Entitlement Grants - 40th Year	14.218	1,169,189	566,491	1,735,680	-
B-15-UC-48-0501	Community Development Block Grant/Entitlement Grants - 41th Year	14.218	3,432,867	88,029	3,520,896	281,967
B-16-UC-48-0501	Community Development Block Grant/Entitlement Grants - 42th Year	14.218	719,730	10,498	730,228	451,066
			<u>7,794,839</u>	<u>933,117</u>	<u>8,727,956</u>	<u>733,033</u>
M-08-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	8,489	-	8,489	-
M-12-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	9,832	-	9,832	-
M-13-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	401,239	-	401,239	-
M-14-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	967,882	-	967,882	-
M-15-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	77,828	45,725	123,553	-
M-16-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	112,967	195,333	308,300	-
			<u>1,578,237</u>	<u>241,058</u>	<u>1,819,295</u>	<u>-</u>
E-14-UC-48-0501	Emergency Solutions Grant Program (HESG)	14.231	50,618	-	50,618	50,574
E-15-UC-48-0501	Emergency Solutions Grant Program (HESG)	14.231	471,795	-	471,795	434,099
E-16-UC-48-0501	Emergency Solutions Grant Program (HESG)	14.231	77,399	-	77,399	77,399
			<u>599,812</u>	<u>-</u>	<u>599,812</u>	<u>562,072</u>
Total U.S. Department of Housing and Urban Development (HUD)						
Direct Programs			<u>9,972,888</u>	<u>1,174,175</u>	<u>11,147,063</u>	<u>1,295,105</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Passed Through Texas Department of Housing and Community Affairs</u>						
712013	Community Development Block Grants/State's Program (Colonia XXXVIII)	14.228	385,342	-	385,342	-
			<u>385,342</u>	<u>-</u>	<u>385,342</u>	<u>-</u>
	Total Passed Through Texas Department of Housing and Community Affairs		<u>385,342</u>	<u>-</u>	<u>385,342</u>	<u>-</u>
<u>Passed Through The Texas General Land Office</u>						
DRS210068	Community Development Block Grants/State's Program (DRS XXXVI)	14.228	6,560,646	322,718	6,883,364	-
DRS220068	Community Development Block Grants/State's Program (DRS XXXVII)	14.228	1,973,598	178,452	2,152,050	-
			<u>8,534,244</u>	<u>501,170</u>	<u>9,035,414</u>	<u>-</u>
	Total Passed through Texas General Land Office		<u>8,534,244</u>	<u>501,170</u>	<u>9,035,414</u>	<u>-</u>
<u>Passed Through The Texas Department of Agriculture</u>						
713045	Community Development Block Grants/State's Program (Colonia XL)	14.228	392,407	-	392,407	-
			<u>392,407</u>	<u>-</u>	<u>392,407</u>	<u>-</u>
	Total Passed through Texas Department of Agriculture		<u>392,407</u>	<u>-</u>	<u>392,407</u>	<u>-</u>
	Total U.S. Department of Housing and Urban Development (HUD)		<u>\$ 19,284,881</u>	<u>\$ 1,675,345</u>	<u>\$ 20,960,226</u>	<u>\$ 1,295,105</u>
TOTAL URBAN COUNTY			<u>\$ 19,284,881</u>	<u>\$ 1,675,345</u>	<u>\$ 20,960,226</u>	<u>\$ 1,295,105</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
HEAD START						
<u>U.S. Department of Health and Human Services</u>						
<u>Direct Programs</u>						
06CH0183-34	Head Start Program	93.600	\$ 14,699,174	\$ 3,674,794	\$ 18,373,968	\$ -
06CH010420-01	Head Start Program	93.600	11,549,353	2,887,338	14,436,691	-
			<u>26,248,527</u>	<u>6,562,132</u>	<u>32,810,659</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>\$ 26,248,527</u>	<u>\$ 6,562,132</u>	<u>\$ 32,810,659</u>	<u>\$ -</u>
<u>US Department of Agriculture</u>						
<u>Passed Through Texas Department of Agriculture</u>						
TX-1080006	Child and Adult Care Food Program	10.558	\$ 2,339,774	\$ -	\$ 2,339,774	\$ -
TX-1080006	Child and Adult Care Food Program	10.558	779,924	-	779,924	-
			<u>3,119,698</u>	<u>-</u>	<u>3,119,698</u>	<u>-</u>
	Total Passed Through Texas Department of Agriculture		<u>3,119,698</u>	<u>-</u>	<u>3,119,698</u>	<u>-</u>
	Total US Department of Agriculture		<u>\$ 3,119,698</u>	<u>\$ -</u>	<u>\$ 3,119,698</u>	<u>\$ -</u>
	TOTAL HEAD START PROGRAM		<u>\$ 29,368,225</u>	<u>\$ 6,562,132</u>	<u>\$ 35,930,357</u>	<u>\$ -</u>
COMMUNITY SERVICE AGENCY						
<u>U.S. Department of Health and Human Services</u>						
<u>Passed Through Texas Department of Housing and Community Affairs</u>						
58150002108	Low-Income Home Energy Assistance	93.568	\$ 639,410	\$ -	\$ 639,410	\$ -
58160002338	Low-Income Home Energy Assistance	93.568	4,225,203	-	4,225,203	-
			<u>4,864,613</u>	<u>-</u>	<u>4,864,613</u>	<u>-</u>
61150002185	Community Services Block Grant	93.569	684,698	-	684,698	-
61150002443	Community Services Block Grant	93.569	1,219,667	-	1,219,667	-
61160002386	Community Services Block Grant	93.569	12,000	-	12,000	-
61160002516	Community Services Block Grant	93.569	4,803	-	4,803	-
			<u>1,921,168</u>	<u>-</u>	<u>1,921,168</u>	<u>-</u>
	Total Passed Through Texas Department of Housing and Community Affairs		<u>6,785,781</u>	<u>-</u>	<u>6,785,781</u>	<u>-</u>
	Total U.S. Department of Health and Human Services		<u>\$ 6,785,781</u>	<u>\$ -</u>	<u>\$ 6,785,781</u>	<u>\$ -</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>U.S. Corporation For National and Community Services</u>						
<u>Direct Programs</u>						
14SRWTX001-2	Retired and Senior Volunteer Program	94.002	\$ 30,918	\$ -	\$ 30,918	\$ -
14SRWTX001-3	Retired and Senior Volunteer Program	94.002	32,766	-	32,766	-
			<u>63,684</u>	<u>-</u>	<u>63,684</u>	<u>-</u>
Total U.S. Corporation For National and Community Services						
Direct Programs			<u>63,684</u>	<u>-</u>	<u>63,684</u>	<u>-</u>
<u>Passed Through Texas Department of Aging and Disability Services</u>						
15SRWTX020-1	Retired and Senior Volunteer Program	94.002	27,441	-	27,441	-
15SRWTX020-2	Retired and Senior Volunteer Program	94.002	10,225	-	10,225	-
			<u>37,666</u>	<u>-</u>	<u>37,666</u>	<u>-</u>
Total Passed Through Texas Department of Aging and Disability Services			<u>37,666</u>	<u>-</u>	<u>37,666</u>	<u>-</u>
Total U.S Corporation For National and Community Services			<u>\$ 101,350</u>	<u>\$ -</u>	<u>\$ 101,350</u>	<u>\$ -</u>
TOTAL COMMUNITY SERVICE AGENCY			<u>\$ 6,887,131</u>	<u>\$ -</u>	<u>\$ 6,887,131</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 77,766,629</u>	<u>\$ 11,377,881</u>	<u>\$ 89,144,510</u>	<u>\$ 2,564,396</u>
STATE AWARDS						
PRIMARY GOVERNMENT						
<u>District Courts</u>						
N/A	Forfeitures of Contraband (Code of Criminal Procedure Art. 59.06) - District Attorney	N/A	\$ 1,316,015	\$ -	\$ 1,316,015	\$ -
N/A	Forfeitures of Contraband (Code of Criminal Procedure Art. 59.06) - Sheriff	N/A	474,724	-	474,724	-
N/A	Forfeitures of Contraband (Code of Criminal Procedure Art. 59.06) - Constable Pct. 3	N/A	3,626	-	3,626	-
N/A	Forfeitures of Contraband (Code of Criminal Procedure Art. 59.06) - Constable Pct. 4	N/A	265	-	265	-
N/A	Forfeitures of Contraband (Code of Criminal Procedure Art. 59.06) - HIDTA Task Force	N/A	921,527	-	921,527	650,000
			<u>2,716,157</u>	<u>-</u>	<u>2,716,157</u>	<u>650,000</u>
Total District Courts			<u>\$ 2,716,157</u>	<u>\$ -</u>	<u>\$ 2,716,157</u>	<u>\$ 650,000</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Texas Office of the Governor, Criminal Justice Division</u>						
2016-DC-ST-0012 (2413906)	Hidalgo County DWI Court	N/A	\$ 130,177	\$ -	\$ 130,177	\$ -
2017-SF-ST-0015 (2413907)	Hidalgo County DWI Court	N/A	50,833	-	50,833	-
2016-SF-ST-0015 (2431505)	Hidalgo County Veterans Court	N/A	58,077	-	58,077	-
2017-SF-ST-0015 (2431506)	Hidalgo County Veterans Court	N/A	28,860	-	28,860	-
2016-SF-ST-0015 (2752003)	Hidalgo County Prostitution Court	N/A	78,446	-	78,446	-
2016-SF-ST-0015 (2800302)	Hidalgo County Re-Entry Court	N/A	101,763	-	101,763	-
2017-SF-ST-0015 (2800303)	Hidalgo County Re-Entry Court	N/A	47,967	-	47,967	-
2016-SF-ST-0015 (2881401)	Hidalgo County Misdemeanor DWI Court	N/A	97,214	-	97,214	-
2017-SF-ST-0015 (2881402)	Hidalgo County Misdemeanor DWI Court	N/A	59,893	-	59,893	-
2017-SF-ST-0015 (3046901)	Hidalgo County Mental Health Court	N/A	6,137	-	6,137	-
			<u>659,367</u>	<u>-</u>	<u>659,367</u>	<u>-</u>
	Total Texas Office of the Governor, Criminal Justice Division		<u>\$ 659,367</u>	<u>\$ -</u>	<u>\$ 659,367</u>	<u>\$ -</u>
<u>Texas Office of the Governor, Homeland Security Grants Division</u>						
2016-BP-ST-0018 (2537805)	Border Prosecution Unit	N/A	\$ 240,513	\$ -	\$ 240,513	\$ -
2017-BP-ST-0018 (2537806)	Border Prosecution Unit	N/A	112,514	-	112,514	-
2016-BP-ST-0016 (2996101)	Local Border Security Program-Sheriff's Office	N/A	174,918	-	174,918	-
2016-BP-ST-0016 (2997501)	Local Border Security Program-Constable Pct. 1	N/A	29,915	-	29,915	-
2016-BP-ST-0016 (3002101)	Local Border Security Program-Constable Pct. 2	N/A	30,000	-	30,000	-
2016-BP-ST-0016 (2998901)	Local Border Security Program-Constable Pct. 3	N/A	79,019	-	79,019	-
2016-BP-ST-0016 (2998401)	Local Border Security Program-Constable Pct. 4	N/A	63,895	-	63,895	-
2017-BL-ST-0016 (2996102)	Local Border Security Program-Sheriff's Office	N/A	73,282	-	73,282	-
2017-BL-ST-0016 (2997502)	Local Border Security Program-Constable Pct. 1	N/A	13,436	-	13,436	-
2017-BL-ST-0016 (3002102)	Local Border Security Program-Constable Pct. 2	N/A	12,789	-	12,789	-
2017-BL-ST-0016 (2998902)	Local Border Security Program-Constable Pct. 3	N/A	29,102	-	29,102	-
			<u>859,383</u>	<u>-</u>	<u>859,383</u>	<u>-</u>
	Total Texas Office of the Governor, Homeland Security Grants Division		<u>\$ 859,383</u>	<u>\$ -</u>	<u>\$ 859,383</u>	<u>\$ -</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Texas Department of State Health Services</u>						
2015-047694-002	WIC Lactation Support Center Services - Strategic Expansion Program	N/A	\$ 106,924	\$ -	\$ 106,924	\$ -
2016-048872-001	WIC Peer Dad	N/A	20,433	-	20,433	-
2017-049851-001	WIC Peer Dad	N/A	7,077	-	7,077	-
N/A	Health Department - Administration	N/A	93,553	-	93,553	-
2016-001052-00	RLSS/Local Public Health System-PnP	N/A	17,277	-	17,277	-
2016-001417-01	Tuberculosis Prevention and Control-State	N/A	606,128	115,700	721,828	-
2016-000022-00	Immunization Branch-Locals	N/A	335,141	-	335,141	-
2016-003894-00	CHS-Title V-Prenatal Services	N/A	110,046	-	110,046	-
2016-003894-01	CHS-Title V-Prenatal Services	N/A	14,591	-	14,591	-
2016-003779-00	Infectious Disease Control Unit/Surveillance and Epidemiology Activities	N/A	50,194	-	50,194	-
2016-003779-01	Infectious Disease Control Unit/Surveillance and Epidemiology Activities	N/A	16,582	-	16,582	-
2016-003832-01	Infectious Disease Control Unit/Surveillance and Epidemiology Ebola Activities	N/A	73,108	-	73,108	-
			1,451,054	115,700	1,566,754	-
Total Texas Department State Health Services			\$ 1,451,054	\$ 115,700	\$ 1,566,754	\$ -
<u>Texas Juvenile Justice Department</u>						
TJJD-A-2016-108	State Aid Grant - Basic Probation Supervision and Flexible Funding	N/A	\$ 789,585	\$ -	\$ 789,585	\$ -
TJJD-A-2017-108	State Aid Grant - Basic Probation Supervision and Flexible Funding	N/A	370,395	-	370,395	-
TJJD-A-2016-108	State Aid Grant - Mental Health Services	N/A	155,240	-	155,240	-
TJJD-A-2017-108	State Aid Grant - Mental Health Services	N/A	73,193	-	73,193	-
TJJD-A-2016-108	State Aid Grant - Community Programs	N/A	398,882	-	398,882	-
TJJD-A-2017-108	State Aid Grant - Community Programs	N/A	117,995	-	117,995	-
TJJD-A-2016-108	State Aid Grant - Pre & Post Adjudication and Flexible Funding	N/A	450,927	-	450,927	-
TJJD-A-2017-108	State Aid Grant - Pre & Post Adjudication and Flexible Funding	N/A	397,126	-	397,126	-
TJJD-A-2016-108	State Aid Grant - Commitment Diversion	N/A	11,755	-	11,755	-
TJJD-M-2016-108	Grant M - Special Needs Diversionary Program	N/A	63,481	-	63,481	-
TJJD-M-2017-108	Grant M - Special Needs Diversionary Program	N/A	33,925	-	33,925	-
TJJD-P-2016-108	Grant P - Juvenile Justice Alternative Education Program (JJAEP)	N/A	149,038	-	149,038	-
TJJD-P-2017-108	Grant P - Juvenile Justice Alternative Education Program (JJAEP)	N/A	68,972	-	68,972	-
TJJD-R-2016-108	Grant R - Regional Diversion Alternatives Program (Reimbursement)	N/A	26,603	-	26,603	-
TJJD-R-2017-108	Grant R - Regional Diversion Alternatives Program (Reimbursement)	N/A	141,908	-	141,908	-
TJJD-S-2016-108	Grant S - Prevention and Intervention	N/A	20,000	-	20,000	-
			3,269,025	-	3,269,025	-
Total Texas Juvenile Justice Department			\$ 3,269,025	\$ -	\$ 3,269,025	\$ -
<u>Texas Department of Criminal Justice</u>						
N/A	Offender Transportation Program	N/A	\$ 84,794	\$ -	\$ 84,794	\$ -
			84,794	-	84,794	-
Total Texas Department of Criminal Justice			\$ 84,794	\$ -	\$ 84,794	\$ -

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
<u>Texas Comptroller of Public Accounts, State Fiscal</u>						
N/A	LEOSE - Law Enforcement Officer Standards and Education - Sheriff	N/A	\$ 39,557	\$ -	\$ 39,557	\$ -
N/A	LEOSE - Law Enforcement Officer Standards and Education - Constable Pct. 1	N/A	4,698	-	4,698	-
N/A	LEOSE - Law Enforcement Officer Standards and Education - Constable Pct. 2	N/A	1,573	-	1,573	-
N/A	LEOSE - Law Enforcement Officer Standards and Education - Constable Pct. 3	N/A	1,292	-	1,292	-
N/A	LEOSE - Law Enforcement Officer Standards and Education - Constable Pct. 4	N/A	1,861	-	1,861	-
			<u>48,981</u>	<u>-</u>	<u>48,981</u>	<u>-</u>
	Total Texas Comptroller of Public Accounts, State Fiscal		<u>\$ 48,981</u>	<u>\$ -</u>	<u>\$ 48,981</u>	<u>\$ -</u>
<u>Texas Comptroller of Public Accounts, Judiciary Section</u>						
70003407098 008	District Attorney State Supplement	N/A	\$ 14,018	\$ -	\$ 14,018	\$ -
70003407098 008	District Attorney State Supplement	N/A	7,298	-	7,298	-
			<u>21,316</u>	<u>-</u>	<u>21,316</u>	<u>-</u>
	Total Texas Comptroller of Public Accounts, Judiciary Section		<u>\$ 21,316</u>	<u>\$ -</u>	<u>\$ 21,316</u>	<u>\$ -</u>
<u>Texas Department of Transportation</u>						
CTIF-01-109	County Transportation Infrastructure Fund Grant Program	N/A	\$ 29,250	\$ 3,250	\$ 32,500	\$ -
8BCF5001	Border Colonia Access Program Round III	N/A	1,968,299	-	1,968,299	-
CSJ-0921-02-323 & 0921-02-326	Highway Planning and Construction - Precinct 3 Mile 2 North	N/A	238,864	-	238,864	-
ROW CSJ-1803-02-033	Highway Planning and Construction - Precinct 4 FM 1925 (Kenyon-FM907)	N/A	1,706	-	1,706	-
CONST CSJ-2094-01-038	Highway Planning and Construction - Precinct 4 FM 2220 (Ware Road)	N/A	-	1,023,600	1,023,600	-
ROW CSJ-2094-01-044	Highway Planning and Construction - Precinct 4 FM 2220 (Ware Road)	N/A	1,380,869	42,877	1,423,746	-
			<u>3,618,988</u>	<u>1,069,727</u>	<u>4,688,715</u>	<u>-</u>
	Total Texas Department of Transportation		<u>\$ 3,618,988</u>	<u>\$ 1,069,727</u>	<u>\$ 4,688,715</u>	<u>\$ -</u>
<u>Texas Indigent Defense Commission</u>						
212-16-108	FY16 Formula Grant Program	N/A	\$ 659,127	\$ -	\$ 659,127	\$ -
			<u>659,127</u>	<u>-</u>	<u>659,127</u>	<u>-</u>
	Total Texas Indigent Defense Commission		<u>\$ 659,127</u>	<u>\$ -</u>	<u>\$ 659,127</u>	<u>\$ -</u>
<u>Texas Secretary of State</u>						
N/A	Voter Registration (Texas Election Code Sec. 19.002)	N/A	\$ 110,366	\$ -	\$ 110,366	\$ -
N/A	Voter Registration (Texas Election Code Sec. 19.002)	N/A	314	-	314	-
			<u>110,680</u>	<u>-</u>	<u>110,680</u>	<u>-</u>
	Total Texas Secretary of State		<u>\$ 110,680</u>	<u>\$ -</u>	<u>\$ 110,680</u>	<u>\$ -</u>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL/STATE EXPENDITURES	LOCAL EXPENDITURES	TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
	<u>Office of the Attorney General of Texas</u>					
N/A	Crime Victims' Compensation (Texas Administrative Code Sec. 61.801)	N/A	\$ 56,212	\$ -	\$ 56,212	\$ -
1662352	Victim Coordinator and Liaison Grant	N/A	32,371	-	32,371	-
1772391	Victim Coordinator and Liaison Grant	N/A	14,007	-	14,007	-
1659895	Statewide Automated Victim Notification Service (SAVNS)	N/A	20,786	-	20,786	-
1770981	Statewide Automated Victim Notification Service (SAVNS)	N/A	6,929	-	6,929	-
			<u>130,305</u>	<u>-</u>	<u>130,305</u>	<u>-</u>
	Total Office of the Attorney General of Texas		<u>\$ 130,305</u>	<u>\$ -</u>	<u>\$ 130,305</u>	<u>\$ -</u>
	<u>Lower Rio Grande Valley Development Council</u>					
17-21-G05	Regional Solid Waste Grants Program	N/A	\$ 9,930	\$ -	\$ 9,930	\$ -
			<u>9,930</u>	<u>-</u>	<u>9,930</u>	<u>-</u>
	Total Lower Rio Grande Valley Development Council		<u>\$ 9,930</u>	<u>\$ -</u>	<u>\$ 9,930</u>	<u>\$ -</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 13,639,107</u>	<u>\$ 1,185,427</u>	<u>\$ 14,824,534</u>	<u>\$ 650,000</u>
COMMUNITY SERVICE AGENCY						
	<u>Texas Veterans Commission</u>					
FVA_16B-0333	General Assistance Grant Series 16-B	N/A	\$ 20,157	\$ -	\$ 20,157	\$ -
			<u>20,157</u>	<u>-</u>	<u>20,157</u>	<u>-</u>
	Total Veterans Commission Direct Programs		<u>\$ 20,157</u>	<u>\$ -</u>	<u>\$ 20,157</u>	<u>\$ -</u>
TOTAL COMMUNITY SERVICE AGENCY			<u>\$ 20,157</u>	<u>\$ -</u>	<u>\$ 20,157</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 13,659,264</u>	<u>\$ 1,185,427</u>	<u>\$ 14,844,691</u>	<u>\$ 650,000</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 91,425,893</u>	<u>\$ 12,563,308</u>	<u>\$ 103,989,201</u>	<u>\$ 3,214,396</u>

**COUNTY OF HIDALGO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

General

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) present the federal and state grant activity for the County of Hidalgo, Texas (the County) for the year ended December 31, 2016. The reporting entity is defined in Note 1 to the County's financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas State Single Audit Circular*. Because the SEFSA presents only a selected portion of the operations of the County, it is not intended and does not present the financial position, changes in net assets, or cash flows of the County.

Basis of Presentation

The accompanying SEFSA is presented using the modified accrual basis of accounting, which is described in Note 1 of the County's notes to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Texas Single Audit Circular, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFSA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2016**

Reconciliation of Schedule of Federal and State Awards to Comprehensive Annual Financial Report

The following is a reconciliation of the SEFSA to the Statement of Revenues, Expenditures, and Changes in Fund Balance within the County of Hidalgo, Texas Comprehensive Annual Financial Report (CAFR):

Primary Government

Primary Government Federal Expenditures per SEFSA	\$	22,226,392
Primary Government State Expenditures per SEFSA		13,639,107
		35,865,499
Add: Local Expenditures		4,325,831
		40,191,330

Urban County

Urban County Expenditures per SEFSA	\$	19,284,881
Add: Local Expenditures		1,675,345
		20,960,226
Urban County Expenditures per CAFR	\$	20,960,226

Head Start Program

Head Start Expenditures per SEFSA	\$	29,368,225
Add: Local Expenditures		6,562,132
		35,930,357
Head Start Expenditures per CAFR	\$	35,930,357

Community Service Agency

Community Service Agency Federal Expenditures per SEFSA	\$	6,887,131
Community Service Agency State Expenditures per SEFSA		20,157
		6,907,288
Community Service Agency Expenditures per CAFR	\$	6,907,288

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section I - Summary of Auditors' Results	Description
Financial Statements	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements?	No
Federal Awards	
Internal control of major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,332,999
Auditee qualified as low-risk auditee?	No
Identification of Major Federal Programs:	
	Head Start Program 93.600
	Low-Income Home Energy Assistance Program 93.568
	Community Services Block Grant 93.569
	Highway Planning and Construction 20.205

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section I - Summary of Auditors' Results	Description
State Awards	
Internal control of major programs: <ul style="list-style-type: none"> • 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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State of Texas Single Audit Circular</i> ?	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	\$361,135
Auditee qualified as low-risk auditee?	No
Identification of Major State Programs:	<p>Texas Juvenile Justice Department Basic Probation Supervision and Flexible Funding Mental Health Services Community Programs Pre & Post Adjudication and Flexible Funding Commitment Diversion Grant M - Special Needs Diversionary Program Grant P - Juvenile Justice Alternative Education Program (JJAEP) Grant R - Regional Diversion Alternatives Program Grant S - Prevention and Intervention</p> <p>Texas Department of Transportation Border Colonia Access Program Round III</p> <p>Texas Department of Transportation Highway Planning and Construction</p> <p>Texas Office of the Governor, Homeland Security Grants Division Border Prosecution Unit</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II – Findings and Questioned Costs	
Financial Statements	Description
<p>2016 – 001 Infrastructure Capital Assets</p>	<p><u>Criteria and Condition:</u> The County's Fixed Asset Policy requires a comprehensive asset inventory and official property records for all capital assets, including infrastructure. 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 seven percent.</p> <p><u>Cause and Effect:</u> The County had not reconciled the two reports to ensure a complete inventory of infrastructure assets is properly maintained.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2007-003</p> <p><u>Recommendation:</u> We recommend the County resolve the difference between the two reports as it could affect the amount of recorded fixed assets and depreciation.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>
<p>2016 – 002 District Clerk Bond Funds</p>	<p><u>Criteria and Condition:</u> 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 judgement are held long after court cases have been tried and are not disposed of timely.</p> <p><u>Cause and Effect:</u> 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 higher risk for misappropriation.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2006-001</p> <p><u>Recommendation:</u> We recommend the District Clerk research the status of all cases for which bond money is held. Forfeited bonds should be transferred to the County Treasurer's Office. Bond funds that should have been released to individuals should be held pending notification of that individual. If no response is received from the individual, the District should send bond funds to the State Comptroller's Office in accordance with State Escheat Laws.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II – Findings and Questioned Costs	
Financial Statements	Description
<p>2016 – 003 Internal Audits of Capital Assets</p>	<p><u>Criteria and Condition:</u> The internal audit department should follow up to ensure a corrective action plan is in place to address audit findings noted. In 2016, the internal audit department completed internal audits of capital assets for Precinct 1, 398th District Court and 449th District Clerk. These audits concluded that the capital asset listings were inaccurate and incomplete. No corrective action was received from the departments and no follow-up audits have been conducted.</p> <p><u>Cause and Effect:</u> Not following up on the corrective action to address internal audit findings may result in uncorrected internal control weaknesses.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2012-001</p> <p><u>Recommendation:</u> We recommend the Internal Audit Department follow up to ensure a corrective action plan is obtained from the departments audited. Further, we recommend a follow up audit be conducted to ensure internal audit findings are corrected.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>
<p>2016 – 004 Repeat Findings</p>	<p><u>Criteria and Condition:</u> Certain observations previously reported in prior years have not been addressed and resolved by management.</p> <p><u>Cause and Effect:</u> Management has not monitored for resolution of all repeat comments thus causing opportunities for improvements in operations and internal controls to not be implemented timely.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2007-001</p> <p><u>Recommendation:</u> 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 reportable conditions and other comments and observations be addressed by management timely.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<p>Section II – Findings and cel Costs</p> <p>Financial Statements</p>	<p>Description</p>
<p>2016 – 005 Adherence to Biometric Electronic Clock Policy</p>	<p><u>Criteria and Condition:</u> County policy requires all employees, regardless of exempt or non-exempt status, to clock in and out. However, during our discussion with Internal Audit, it was noted not all exempt employees are clocking in and out.</p> <p><u>Cause and Effect:</u> Exempt employees are not clocking in and out as required by policy; therefore, may be paid for time not worked.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2013-001</p> <p><u>Recommendation:</u> We recommend the Biometric Electronic Clock policy be enforced to require all employees to clock-in and out.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>
<p>2016 – 006 Segregation of Duties Community Service Agency</p>	<p><u>Criteria and Condition:</u> Segregation of duties is a key component of a sound internal control structure. Checks are signed by use of a signature stamp. We noted fiscal personnel with access for posting transactions to the general ledger are given access to the signature stamp for processing payment.</p> <p><u>Cause and Effect:</u> The lack of segregation of duties between fiscal personnel with the ability to post transactions to the general ledger and those who have access to the signature stamp is a weakness in internal control. The lack of segregation of duties may present an opportunity for misappropriation of cash.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2015-002</p> <p><u>Recommendation:</u> We recommend CSA implement proper segregation of duties as it relates to posting transactions to the general ledger and processing payments.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II – Findings and Questioned Costs	
Financial Statements	Description
<p>2016 – 007 Journal Entries - Community Service Agency</p>	<p><u>Criteria and Condition:</u> Year end trial balances provided as part of the audit contained a significant amount of errors. We noted (1) prior year audit adjustments were not posted, (2) prior year trial balances were not closed, (3) current year transactions were coded to the prior year, and (4) the balance sheets for grants closed out during the year included large and/or multiple balances at December 31, 2016.</p> <p><u>Cause and Effect:</u> The Agency did not adhere to processes and procedures as outlined in its fiscal procedures manual. Additionally, the current fiscal policies do not sufficiently address appropriate general ledger and journal entry procedures pertaining to the opening and closing of a fiscal years and grant contracts. The lack of appropriately designed procedures may result in inaccurate and unreliable financial reporting due to error or fraud.</p> <p><u>Repeat Finding from Prior Year(s):</u> 2015-001</p> <p><u>Recommendation:</u> We recommend the Agency update, strengthen and adhere to its fiscal policies and procedures.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II – Findings and Questioned Costs	
Financial Statements	Description
<p>2016 – 008 Payroll Community Service Agency</p>	<p><u>Criteria and Condition:</u> In general, CSA’s salaries and related costs are charged to grant and other programs based on approved timesheets; these costs are considered direct, as they can be specifically identified with a particular final cost objective or can be directly assigned. During our audit, eight pay periods were selected for testing of key controls and allowable costs. The following exceptions were noted: (1) one instance of an employee’s timesheet missing the employee’s signature, (2) three instances of employee timesheets missing a supervisor’s signature, (3) one instance where an employee’s total hours paid did not agree to the approved timesheet, (4) two instances of employees’ allocated costs being calculated based on an incorrect pay rate, (5) for each of the eight pay periods, time taken from timesheets was not correctly converted when allocating hours between programs, and (6) for each of the eight pay periods, CSBG appears to have absorbed 100% of the time expended under vacation, sick leave and annual leave.</p> <p><u>Cause and Effect:</u> The Agency’s controls are not effectively designed to ensure time and related allowable costs are appropriately allocated to respective grant programs based upon approved employee timesheets. Additionally, payroll costs are recorded in full within CSBG and allocated by journal entries to other programs.</p> <p><u>Repeat Findings from Prior Year(s):</u> 2015-004, 2014-002</p> <p><u>Recommendation:</u> We recommend the Agency review and enhance internal control procedures surrounding payroll to ensure time and costs recorded for respective grant programs is appropriate.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2016 – 009 Suspension and Debarment CFDA #20.205 – Highway Planning and Construction</p>	<p><u>Criteria and Condition:</u> According to 2 CFR 200.213, non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from, or ineligible, for participation in Federal assistance programs or activities. The County’s procedures to ensure compliance with such requirement includes a verification by performing a search for the contractor or vendor on the System of Award Management (sam.gov) and maintaining a printout of the search results. For 1 of 3 contracts tested, we noted a documented verification was not maintained and/or performed.</p> <p><u>Cause and Effect:</u> The debarment form or an exhibit was not included in the spec book during the bidding process for construction services. No evidence exists that a search on sam.gov was performed. Not performing a suspension and debarment verification or not maintaining documented evidence of the verification may result in contracting with contractors or vendors who are suspended or debarred.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Repeat Finding from Prior Year(s):</u> No</p> <p><u>Recommendation:</u> We recommend the County’s procedures be followed to ensure compliance with the suspension and debarment compliance requirement.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2016 – 010 Reporting - CFDA #20.205 – Highway Planning and Construction</p>	<p><u>Criteria and Condition:</u> Requests for reimbursement (Form 132 – Billing Statement) should be submitted to TxDOT timely for reimbursement. The local government is allowed to submit reimbursement requests no more frequently than once per month. However, the TxDOT Local Government Project Management Guide states that local governments are strongly encouraged to submit invoices and backup documentation on a monthly basis when the work is performed. For months where no reimbursement is required, the local government should submit a status stating the reason. We noted the request for reimbursement submitted on October 25, 2016 for the Mile 6 West Road Project (CSJ: 0921-02-168 and CSJ: 0921-02-286) included a request for reimbursement for engineering costs incurred from July 1, 2007 to May 31, 2016.</p> <p><u>Cause and Effect:</u> Not submitting reimbursement requests timely may result in delayed reimbursement from TxDOT and potentially disallowed costs.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Repeat Finding from Prior Year(s):</u> No</p> <p><u>Recommendation:</u> We recommend management review the TxDOT Local Government Project Management Guide and implement procedures and best practices to ensure timely submission of reimbursement requests.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2016 – 011 Eligibility - Community Service Agency CFDA #93.569 – Community Service Block Grant</p>	<p><u>Criteria and Condition:</u> Per 10 TAC 5.201(i), for CSBG eligibility, subrecipients must complete and maintain an intake form that documents income, assesses client needs and captures the demographic and household characteristic data. The Agency’s intake personnel are required to sign the intake form to certify the documented information is true and accurate based on documentation observed. To qualify for CSBG benefits, an applicant’s household income must be at or below 125% of the Federal Poverty Level. We selected a sample of 76 eligibility determinations and noted 4 instances where the intake personnel did not sign the intake form and 1 instance where the applicant’s household income exceeded 125% of the Federal Poverty Level.</p> <p><u>Cause and Effect:</u> The Agency did not follow appropriate intake procedures and eligibility under Federal Poverty Guidelines.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Prior Year Audit Finding(s):</u> No</p> <p><u>Recommendation:</u> We recommend the Agency strengthen its processes and procedures with regard to client intake and income-based eligibility for benefits.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2016 – 012 Reporting - Community Service Agency CFDA #93.568 – Low Income Home Energy Assistance CFDA #93.569 – Community Services Block Grant</p>	<p>Criteria and Condition: CSBG and CEAP require monthly expenditure and performance reports to be submitted by the 15th day after month end and a final report to be submitted by the 45th day after contract term ended. CSBG and CEAP also require an equipment inventory report to be submitted by the 45th day after contract term end.</p> <p>For CSBG we noted 7 of 29 monthly expenditure reports, 1 of 2 final expenditure reports, 1 of 18 monthly performance reports and 2 of 2 equipment inventory reports were not submitted timely to the grantor agency.</p> <p>For CEAP we noted 5 of 21 monthly expenditure reports, 1 of 1 final expenditure reports, 5 of 21 monthly performance reports, 1 of 1 final performance reports and 1 of 1 equipment inventory reports were not submitted timely to the grantor agency.</p> <p>Cause and Effect: The Agency's controls are not effectively designed to ensure all reports required by the granting agency are appropriately completed and/or submitted timely within the provisions of the grant agreement.</p> <p>Questioned Cost: \$0</p> <p>Repeat Finding from Prior Year(s): 2015-008, 2014-006</p> <p>Recommendation: We recommend the Agency implement controls to ensure all required reports are completed and submitted timely within the provisions of the grant agreements.</p> <p>Views of Responsible Officials: See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section III – Findings and Questioned Costs	
State Awards	Description
<p>2016 – 013 Allowable Costs - Border Prosecution Unit</p>	<p><u>Criteria and Condition:</u> The requirements set forth by the Uniform Grant Management Standards (UGMS) requires that where employees are expected to work solely on a single state award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. We noted all semi-annual certifications reviewed during our audit were prepared, signed and dated after the date the certifications were requested for review as part of the audit. Although the certifications were ultimately prepared certifying each employee worked solely on the Border Prosecution Unit Program, the certifications were not prepared at least semi-annually as required.</p> <p><u>Cause and Effect:</u> The discrepancy inadvertently occurred as a result of an oversight on the part of the District Attorney’s Office Administration Division, Grants Section. The lack of semi-annual certifications results in non-compliance with the requirements set forth by the Uniform Grant Management Standards. Non-compliance with these requirements may result in disallowed costs.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Repeat Finding from Prior Year(s):</u> No</p> <p><u>Recommendation:</u> We recommend the semi-annual certification requirement outlined in the Uniform Grant Management Standards be reviewed by management and controls be implemented to ensure semi-annual certifications are prepared timely in accordance with the requirement.</p> <p><u>Views of Responsible Officials:</u> See Corrective Action Plan.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

<p>Section III – Findings and Questioned Costs</p>	
<p>State Awards</p> <p>2016 – 014 Allowable Costs - Juvenile Probation</p>	<p>Description</p> <p>Criteria and Condition: The requirements set forth by the Uniform Grant Management Standards (UGMS) requires that where employees are expected to work solely on a single state award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employee worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. We noted no semi-annual certifications were performed during the year ended December 31, 2016.</p> <p>Cause and Effect: Hidalgo County Juvenile Probation was not aware of the semi-annual certification requirement. The lack of semi-annual certifications results in non-compliance with the requirements set forth by the Uniform Grant Management Standards. Non-compliance may result in disallowed costs.</p> <p>Questioned Cost: \$0</p> <p>Repeat Finding from Prior Year(s): No</p> <p>Recommendation: We recommend the semi-annual certification requirement outlined in the Uniform Grant Management Standards be reviewed by management and controls be implemented to ensure semi-annual certifications are prepared timely in accordance with the requirement.</p> <p>Views of Responsible Officials: See Corrective Action Plan.</p>
<p>Highway Planning and Construction (State Program)</p>	<p>Findings for the Highway Planning and Construction state award are the same as those listed as 2016-009 and 2016-010. The state award was received as required matching for the Highway Planning and Construction program (CFDA# 20.205), therefore, the findings are applicable to both the Federal and State awards.</p>
<p>Section IV – Contact Persons Regarding Findings and Questioned Costs</p>	<p>Description</p>
<p>Primary Government</p>	<p>Raymundo Eufrazio, County Auditor Hidalgo County Auditor's Office 2808 S. Business Hwy 281 Edinburg, Texas 78539 (956) 383-2511 (956) 383-2577(fax)</p>



**COUNTY OF HIDALGO, TEXAS
CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2016**

Findings Related to the Financial Statements

2016-001 *Significant Deficiency: Infrastructure Capital Assets*

The goal to reconcile the infrastructure during 2016 could not be met due to staffing issues. A new position was added to the Financial Accounting Section in 2017, which should assist with the completion of this task.

Contact Person: Marcela Luna, Director of Accounting, County Auditor's Office – (956) 318-2511

Proposed Completion Date: December 31, 2017

2016-002 *Significant Deficiency: District Clerk Bond Funds*

The District Clerk's Office maintains an Excel spreadsheet with all bond monies that have been paid. New business processes have been implemented to check the status of cases on a monthly basis and for notices to be sent out to individuals whose cases have been dismissed or disposed.

This year, our office initiated a project to disburse as much state bond money as possible. Letters were sent to all individuals whose cases had been dismissed or disposed but whose bond money was still pending. The DA's Office helped write orders to transfer NISI bonds being held in our Office to the Treasurer's Office. We had a huge response to the letters and were able to disburse close to one million dollars in TRO bonds and criminal cash bonds. The bonds pending a response were escheated to the State as unclaimed property. This year alone, \$73,297.02 in criminal cash bonds and \$129, 289.64 in variable bonds were sent to the State Comptroller's Office.

Contact Person: Sabrina Guerra, Senior Accountant, District Clerk's Office – (956) 318-2200

Completed Date: June 30, 2017

2016-003 *Significant Deficiency: Internal Audits of Capital Assets*

In prior years, the County Auditor's Office requested corrective action plans and conducted follow-up audits. However, few departments would submit corrective action plans and generally, our follow-up audits resulted in the same or similar audit findings. A determination was made that our time and resources would be put to better use by issuing the internal audit reports to the auditee as well as all other affected departments (e.g., Purchasing Department and Executive Office) that are responsible for addressing the findings.

Contact Person: Raymundo Eufrazio, County Auditor, County Auditor's Office – (956) 318-2511

Proposed Completion Date: Not Applicable



Findings Related to the Financial Statements - Continued

2016-004 *Significant Deficiency: Repeat Findings*

The Department of Budget and Management will continue to assist departments in resolving prior year findings in a timely manner.

Contact Person: Sergio Cruz, Budget Officer, Department of Budget & Management – (956) 292-7025

Proposed Completion Date: December 31, 2017

2016-005 *Significant Deficiency: Adherence to Biometric Electronic Clock Policy*

Currently the Biometric Clock, as programmed, allows FLSA exempt employees to only clock in once on any workday to document that they have worked on that day. However, the policy does require that all employees, regardless of exempt or non-exempt status, clock in and out. The Executive Office coordinated with the IT Department to modify the Biometric Electronic Clock so that all employees will have to clock in and out to document when they reported to work and when they departed from work. Reports will be developed to track and report the actual hours worked so that any irregularities can be identified and addressed.

Contact Person: Raul Silguero, County Operations Administrator, Executive Office - (956) 383-6240

Proposed Completion Date: August 31, 2017

2016-006 *Significant Deficiency: Segregation of Duties (Community Service Agency)*

In November 2016, the General Accounting Supervisor was the only authorized member of the department to have access to the signature stamps. In addition, Operations Manager, Mr. Palacios was assigned the sole responsibility of utilizing the stamps for purposes of check disbursal. In his absence, the "stamping" of the checks is the responsibility of administrative personnel as assigned by the Executive Director.

Contact Person: Guillermo Palacios, Manager of Administrative Operations - (956) 383-6240

Proposed Completion Date: Immediately

2016-007 *Material Weakness: Journal Entries (Community Service Agency)*

The Agency procured the services of a certified Abila consultant for training staff on the full utilization of all accounting modules. In addition, the Agency continues to collaborate with similar agencies for the purpose of receiving best practice ideas. The Agency has also added two employees with significant professional experience, education and training in the areas of fund accounting and fiscal reporting. A thorough review of the fiscal policies and procedures will be conducted and additional and deletions will be made. Finally, procurement of an outside consultant will continue to augment the training of Agency/department personnel.

Contact Person: Cecilia Carrillo, General Accounting Supervisor, Community Service Agency - (956) 383-6240

Proposed Completion Date: December 31, 2017



Findings Related to the Financial Statements - Continued

2016-008 *Material Weakness: Payroll (Community Service Agency)*

In December 2016, management designated a new payroll specialist who would be charged gathering all pertinent documents, ensuring full completion of said documents and submissions for approval. This has resulted in dramatic improvement. In addition, the Operations Manager is charged with ensuring that proper signatures are obtained prior to submission to the Executive Director for final approval. Finally, the Manager of Administrative Operations will be proposing a new cost allocation formula for the purposes of distributing salary expenses consistently across all grant sources.

Contact Person: Cecilia Carrillo, General Accounting Supervisor, Community Service Agency - (956) 383-6240

Proposed Completion Date: December 31, 2017

Findings Related to Federal Awards

2016-009 *Significant Deficiency in internal controls over compliance: Suspension and Debarment*

Hidalgo County adopted and amended its Purchasing Policies and Procedures to include a Certification Regarding Debarment, Suspension and Ineligibility Form to be submitted by vendors/bidders with verification of same through sam.gov. Hidalgo County Purchasing Department has and will continue to follow the recommendation to continue to instruct professional services consultants and staff to follow and adhere to the adopted policies and make sure that the check list developed and included in the procurement packets be reviewed for compliance/completion prior to recommending award of bids.

Contact Person: Martha L. Salazar, Purchasing Agent, Purchasing Department – (956) 318-2626

Proposed Completion Date: August 2017

2016-010 *Significant Deficiency in internal controls over compliance: Reporting - TxDOT*

Department of Budget and Management will coordinate the submittal of all TxDOT reimbursement requests on a monthly basis. Centralization of this function within the Department of Budget and Management will ensure timely submittal of reimbursement requests should there be any turnover at the Precinct level.

Contact Person: Sergio Cruz, Budget Officer, Department of Budget & Management – (956) 292-7025

Proposed Completion Date: October 1, 2017

2016-011 *Non-Compliance: Eligibility (Community Service Agency)*

Training modules will continue to be offered to new hires as well as seasoned Eligibility Specialists for the purpose of addressing programming errors such as missing signatures or incomplete client or missing application data.

Contact Person: Mari Gallegos, CCFS Supervisor, Community Service Agency - (956) 383-6240

Proposed Completion Date: December 31, 2017



Findings Related to Federal Awards - Continued

2016-012 *Non-Compliance: Reporting (Community Service Agency)*

Expenditure and Performance Reports will be submitted within the allotted timeframe. In addition, inventory reports will be submitted 45 days from the end of the contract period for every grant. The Manager of Operations maintain a calendar of due dates for each particular grant.

Contact Person: Guillermo Palacios, Manager of Administrative Operations, Community Service Agency - (956) 383-6240

Proposed Completion Date: Immediately

Findings Related to State Awards

2016-013 *Non-Compliance: District Attorney Certifications of Time Worked*

The discrepancy inadvertently occurred as a result of an oversight on the part of the District Attorney's Office Administration Division, Grants Section. Internal office procedures have been established as of the date that my Office was notified, July 12, 2017. These procedures require submitting not only semi-annual work certifications, but quarterly certifications as well. A notification has been scheduled on the shared calendar managed by the Administration Office personnel.

Contact Person: Rosalinda Cantu, HR Coordinator/Office Administrator, District Attorney's Office – (956) 292-7600

Proposed Completion Date: July 12, 2017

2016-014 *Non-Compliance: Juvenile Probation Certifications of Time Worked*

Due to an oversight, Hidalgo County Juvenile Probation Department inadvertently did not prepare semi-annual certifications for employees who worked 100% state funds as required under UGMS. This is the first time this requirement was brought to the department's attention.

Being that we were notified on August 9, 2017, this finding has been addressed and corrected. The internal procedure will be implemented by the Department Accountant to comply with the UGMS requirements. The internal procedure will be to submit not only semi-annual certifications, but also quarterly certifications during the quarterly reporting period.

Contact Person: Cynthia Paslak, Accountant, Juvenile Probation Department – (956) 587-6200

Proposed Completion Date: August 9, 2017

Additional Findings Related to State Awards

Findings for the Highway Planning and Construction (state program) were applicable as both State and Federal audit findings. The Corrective Action Plan for these findings can be found under the Findings Related to Federal Awards section. See **2016-009** and **2016-010**.





**COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016**

Findings Related to the Financial Statements

2015-001 *Journal Entries (Community Service Agency)*

Condition – A significant number of journal entries were posted without the appropriate underlying support to document the basis for the journal entries. In addition, no evidence of review and approval for posting of journal entries was documented. Consequently, individual grant trial balances for audit purposes could not be provided timely.

Cause – CSA did not adhere to processes and procedures as outlined in the Agency’s fiscal procedures manual.

Recommendation – We recommend CSA strengthen and follow fiscal policies and procedures.

Current Status of Corrective Action Plan:

Revised fiscal policies were developed by management and approved at the November 2, 2016 Advisory Board Meeting. The revised policies require review and approval by the General Accounting Supervisor. Fiscal department personnel have been trained regarding the processes in place. As of July 2017, the department is under the leadership of a seasoned accounting professional charged with evaluating current procedures.

In January 2017, the agency also procured the services of a certified Abila Consultant who provided training to fiscal personnel in order to identify areas of concern within our system. Together with this, management have reached out to Hidalgo County Head Start to also assist with best practices.

2015-002 *Segregation of Duties (Community Service Agency)*

Condition – Fiscal personnel with access for posting transactions to the general ledger are given access to the signature stamp for processing payment.

Cause – The lack of segregation of duties between fiscal personnel with the ability to post transactions to the general ledger and those who have access to the signature stamp is a weakness in internal control.

Recommendation – We recommend CSA implement proper segregation of duties as it relates to posting transactions to the general ledger and processing payments.

Current Status of Corrective Action Plan:

In November 2016, the General Accounting Supervisor was the only authorized member of the department to have access to the signature stamps. In addition, the Operations Manager, Mr. Palacios was assigned the sole responsibility of utilizing the stamps for purposes of check disbursement. In his absence, the “stamping” of the checks is the responsibility of administrative personnel as assigned by the Executive Director.



Findings Related to the Financial Statements - Continued

2015-003 Fund Accounting (Community Service Agency)

Condition – Monies received from all grants are maintained in a single operating bank account. Each grant/fund is assigned a unique general ledger code to track general ledger balances and activities. Instances were noted in which general ledger postings had been erroneously recorded to funds with similar general ledger coding. Because the combined general ledger cash balances agreed in total, the posting errors were not identified and corrected timely. Our review of general ledger cash balances at December 31, 2015 revealed approximately \$30,545 for which its source and purpose could not be identified.

Cause – The Agency’s fiscal policies and procedures are not effectively designed to prevent or detect erroneous entries in order to ensure cash on hand is appropriately identified and segregated.

Recommendation – We recommend the Agency implement procedures to properly track general ledger balances by grant/fund. For example, the Agency may consider maintaining separate bank accounts for each major grant program.

Current Status of Corrective Action Plan:

In July 2016, the Agency was granted funds from the Texas Veterans Commission for purposes of Operation Bravo Zulu. For purposes of those funds the agency is maintaining a separate bank account. Because of this experience, the agency expects that any new funds coming in January 2018 (CEAP), plans to maintain a separate bank account.

In a letter dated April 13, 2017, the Texas Department of Housing and Community Affairs requested that the questioned costs of \$30,545 be designated to provide direct client services in the following PY17 programs, CEAP and CSBG. The Agency has since followed that directive.

2015-004 Payroll (Community Service Agency)

Condition – CSA salaries and related costs are charged to grants and other programs based on the hours reported to each grant on the approved timesheets. We selected eight pay periods for testing and identified the following exceptions: (1) for three pay periods, all timesheets could not be located, (2) for five pay periods, timesheets were lacking employee signatures and/or supervisor approval, (3) three pay periods lacked evidence of management approval to process payroll, and (4) for each of the eight pay periods tested, we noted instances where 1 or more employees’ time recorded on timesheets did not agree with the time entered and processed with CSBG funds.

Cause – The Agency’s controls are not effectively designed to ensure that time and related allowable costs are appropriately allocated to the respective grant programs based upon approved employee timesheets.

Recommendation – We recommend the Agency review and enhance internal control procedures surrounding payroll to ensure time and costs recorded for respective grant programs is appropriate.

Current Status of Corrective Action Plan:

In December 2016, management designated a new payroll specialist who is charged with gathering all pertinent documents, ensuring full completion of said documents and submissions for approval. This has resulted in dramatic improvement. In addition, the Operations Manager is charged with ensuring that proper signatures are obtained prior to submission to the Executive Director for final approval.



COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to the Financial Statements - Continued

2014-002 Payroll – (Community Service Agency)

Condition – Five pay periods were selected for testing of key internal controls. The following exceptions were noted: (1) in all five instances complete timesheets could not be provided, (2) one timesheet did not include supervisor's approval and (3) one of the five pay periods did not include management's approval to process payroll.

Cause – CSA failed to follow proper internal controls when processing payroll.

Recommendation – We recommend internal controls be properly followed when processing payroll.

Current Status of Corrective Action Plan:

In December 2016, management designated a new payroll specialist who is charged with gathering all pertinent documents, ensuring full completion of said documents and submissions for approval. This has resulted in dramatic improvement. In addition, the Operations Manager is charged with ensuring that proper signatures are obtained prior to submission to the Executive Director for final approval.

2014-004 Expenditures – (Community Service Agency)

Condition – CSA could not provide evidence to substantiate cash drawn from the RSVP grant funds in the amount of \$13,285.

Cause – CSA failed to adhere to or implement procedures to maintain support documentation for expenditures submitted and/or funds drawn from open grant contracts.

Recommendation – We recommend the Agency adhere to or implement procedures to maintain appropriate and complete records for expenditures submitted and/or funds drawn from open grant contracts.

Current Status of Corrective Action Plan:

In November 2016, revised fiscal policies were implemented. These policies call for thorough documentation for each expenditure paid under the various grants.

In March 2017, a new director for the RSVP Program was selected. In July 2017, a new General Accounting Supervisor was added to the staff. The two staff members are charged with adhering to the policy of providing documentation for expenditures for funds drawn from open grants.

2013-001 Overall – Primary Government

Condition – The County requires that all employees, regardless of exempt or non-exempt status, clock in and out. However, during our discussion with Internal Audit, it was noted that not all exempt employees are clocking in and out.

Cause – Exempt employees are not clocking in and out as required by policy; therefore, may be paid for time not worked.

Recommendation – We recommend the Biometric Electronic Clock policy be enforced to require all employees to clock-in and out.

Current Status of Corrective Action Plan:

Currently the Biometric Clock, as programed, allows FLSA exempt employees to only clock in once on any workday to document that they have worked on that day. However, the policy does require that all employees, regardless of exempt or non-exempt status, clock in and out. The Executive Office has coordinated with the IT Department to modify the Biometric Electronic Clock so that all employees will have to clock in and out to document when they reported to work and when they departed from work. Reports will be developed to track and report the actual hours worked so that any irregularities can be identified and addressed.

COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to the Financial Statements - Continued

2012-001 *Capital Asset Internal Audit Results*

Condition – In 2012 and 2013, the internal auditors completed internal audits of capital assets for certain departments. These audits concluded that the capital asset listings were inaccurate and incomplete.

Cause – The County does not have an approved capital asset policy to address the accuracy and completeness of capital assets.

Recommendation – The County should implement proper policies / procedures to address the accuracy and completeness of capital assets.

Current Status of Corrective Action Plan:

For 2017, the Purchasing Department Fixed Asset Division has implemented a quarterly physical inventory for all acquisitions through purchase order information in order to ensure departments are tagging and tracking their assets. This will help ensure compliance with the Fixed Assets Procedures Manual. Along with the quarterly physical inventories, the Fixed Assets Division will implement random physical inventories for the larger departments on an annual basis.

2008-002 *Machinery & Equipment Asset Listing*

Condition – The listing of machinery and equipment provided by the County was incomplete and did not reconcile to the general ledger.

Cause – The County does not have a complete listing of machinery and equipment, which leads to an increased risk of theft or misstatement.

Recommendation – We recommend that the County have a complete listing of assets that make up machinery & equipment.

Current Status of Corrective Action Plan:

The Purchasing Department has implemented the Auditor's Office recommendation to update capital asset records based on expenditures. This will help expedite the year-end closing. We are also proposing that the Purchasing Department prepare the monthly journal entries to capitalize assets subject to review and posting to the general ledger by the County Auditor's Office. This change will require collaboration from both departments to draft procedures that will effectively outline roles and responsibilities as well as provide deadlines for submittal of information.

2007-001 *Previous Year's Findings*

Condition – Certain observations previously reported in prior years have not been addressed and resolved by management.

Cause – Management has not monitored for resolution of all repeat comments thus causing opportunities for improvements in operations and internal controls to not be implemented timely.

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.

Current Status of Corrective Action Plan:

The Department of Budget & Management will continue to assist departments in resolving prior year findings in a timely manner.

COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to the Financial Statements - Continued

2007-003 *Infrastructure Capital Assets*

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 – The County had not reconciled the two reports to ensure that fixed assets and corresponding depreciation are reasonably stated.

Recommendation – We recommend the County resolve this variance between the reports as these differences could affect the amount of recorded accumulated depreciation.

Current Status of Corrective Action Plan:

During 2016, the goal was to remove a considerable portion of the duplicated infrastructure based on a new approach. During the year, staffing issues were the main reason for the lack of completion. New staff had to be trained and at year-end three employees were out for about 2 and half months. For 2017, a new position was added to the Financial Accounting Section, which should assist in the workload and in the completion of the task. In order to complete the task in 2017, the plan is to have the new position work on this assignment daily until it is completed.

2006-001 *District Clerk Bonds Funds Held Pending Judgment*

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 – 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.

Recommendation – We recommend the District Clerk research the status of all cases for which bond money is held. Forfeited bonds should be transferred to the County Treasurer's Office. Bond funds that should have been released to individuals should be held pending notification of that individual. If no response is received from the individual, the District Clerk should send the bond funds to the State Comptroller's Office in accordance with State escheat laws.

Current Status of Corrective Action Plan:

The District Clerk's Office maintains an Excel spreadsheet with all bond monies that have been paid. New business processes have been implemented to check the status of cases on a monthly basis and for notices to be sent out to individuals whose cases have been dismissed or disposed.

This year, our office initiated a project to disburse as much state bond money as possible. Letters were sent to all individuals whose cases had been dismissed or disposed but whose bond money was still pending. The District Attorney's Office helped write orders to transfer NISI bonds being held in our Office to the Treasurer's Office. We had a huge response to the letters and were able to disburse close to one million dollars in TRO bonds and criminal cash bonds. The bonds pending a response were escheated to the State as unclaimed property. This year alone, \$73,297.02 in criminal cash bonds and \$129,289.64 in variable bonds were sent to the State Comptroller's Office.



COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to Federal Awards

2015-005 *Cash Management (Community Service Agency)*

Condition – When awards provide for advance payments, recipients must follow procedures to minimize the time elapsing between the transfer of funds and disbursement. We noted several instances where projected cash needs did not reasonably correspond to actual subsequent expenditures incurred. Further, monthly advance requests for projected cash needs lacked documentation supporting the basis and/or calculations for estimated amounts.

Cause – The Agency did not have formal cash management procedures in place to minimize the time elapsing between the transfer of funds and disbursement.

Recommendation – To more effectively utilize and manage cash, we recommend the Agency adopt and implement formal procedures and document methods and basis used for determining monthly projected cash needs. Formalized written procedures could include (1) periodic cash-flow analysis reviewed and approved by management (2) immediate and long-term cash needs forecasted and updated periodically based on management's review of changing conditions.

Current Status of Corrective Action Plan:

In November 2016, the agency began utilizing a formal approach in forecasting cash needs. The General Accounting Supervisor is charged with performing an analysis of expenditures for the month in question (salaries, utilities, rent, direct services to clients etc.) together with anticipated cash needs for ½ of the next month's anticipated expenses (direct services to clients, etc.) together with any "unusual" expenses to be incurred during this time period (equipment purchases, etc.). A template of these expenses is to be utilized on a month-to-month basis for the purposes of anticipating cash needs for the agency.

2015-006 *Eligibility (Community Service Agency)*

Condition – The Systematic Alien Verification for Entitlements (SAVE) Certification Form is required. Of the 60 client files reviewed, we noted 3 instances where there was no SAVE Certification Form completed at the time of the application.

Cause – The SAVE Certification Form was not completed during the initial intake process. Failure to obtain all required documentation may result in incorrect eligibility determinations.

Recommendation – We recommend internal controls be followed and all required documentation be obtained when determining eligibility.

Current Status of Corrective Action Plan:

Eligibility workers undergo periodic training with regards to the requirements of the SAVE Certification Process. In addition, periodic quality control checks are done on 10% of program files. Results of these QC processes are then analyzed and appropriate training sessions are developed for agency personnel. This process is on-going.



COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to Federal Awards - Continued

2015-007 *Eligibility (Community Service Agency)*

Condition – CSA, as a subrecipient of CSBG, is required to establish an applicant’s identity. Additionally, per 10 TAC 5.201(i), subrecipients must complete and maintain an intake form that documents income, assesses client needs and captures demographic and household characteristic data. Of the 53 files reviewed, we noted 1 instance where establishment of the applicant’s identity was not documented and 15 instances where no record of the applicants’ needs assessments form could be provided.

Cause – Information required to determine eligibility was not performed and/or not maintained on file. Failure to obtain all required information and maintaining the information on file may result in incorrect eligibility assessments.

Recommendation – We recommend CSA adhere to policies and procedures and obtain all required documentation for determining eligibility. For example, an eligibility checklist may be used to ensure all required documentation and management approval is obtained.

Current Status of Corrective Action Plan:

Intake and Eligibility Workers undergo periodic training regarding completion of intake forms and processes for the establishment of identity. These trainings are periodic and ongoing. In addition, quality control checks are performed on at least 10% of program folders in order to develop appropriate training regimens for program staff.

2015-008 *Reporting (Community Service Agency)*

Condition – CSBG and CEAP require monthly expenditure and performance reports to be submitted by the 15th day after month end and a final report to be submitted by the 45th day after contract term end. CSBG and CEAP also require an equipment inventory report to be submitted by the 45th day after contract term end. The equipment inventory report should be cumulative of all tools and equipment purchased, in whole or part with CSBG or CEAP funds. We noted 24 of 64 required reports where monthly and/or final expenditure and performance reports were not submitted timely to the granting agency. Additionally, 2 equipment inventory reports due within the calendar year have not been submitted to the granting agency.

Cause – The Agency’s controls are not effectively designed to ensure all reports required by the granting agency are appropriately completed and submitted timely.

Recommendation – We recommend the Agency implement controls to ensure all required reports are completed and submitted timely within the provisions of the grant agreements.

Current Status of Corrective Action Plan:

On November 2, 2016, the Agency adopted a revised Fiscal Policies Manual. Section 2 of the fiscal policies outline a schedule of periodic reports due to various funding agencies. With regards to inventory report submission, a discrepancy existed between the contract requirements and on-line training provided by the funding agency. Contract language calls for inventory reports to be submitted after the contract term (taking into account any extensions); however, both CEAP and CSBG fillable documents on the website give instructions that the report is due 45 days after the “original end date of the contract.” A call was placed to the funding agency and, as of August, 2017, the discrepancy was clarified.



COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016

Findings Related to Federal Awards - Continued

2015-009 *Cash Management (Community Service Agency)*

Condition – With regard to CEAP utility assistance payments, funds returned to the Agency for closed customer accounts are required to be matched to the original grant contract funding source. Amounts belonging to current, open grant contracts, are permitted to be retained and netted against subsequent cash requests. Otherwise, amounts belonging to closed grant contracts must be refunded to the grantor. Balances due to grantor agencies at December 31, 2014 were not refunded to the grantor and remained payable at December 31, 2015.

Cause – The Agency did not perform an internal review of cash receipts to appropriately determine and reimburse amounts due to grantor under past CEAP contracts.

Recommendation – We recommend the Agency implement procedures to adequately identify and monitor funds returned by utility companies, which should be refunded to the grantor. Further, we recommend the Agency perform an internal review of cash receipts and return outstanding funds due to the grantor.

Current Status of Corrective Action Plan:

Refund checks received from closed customer accounts are received by administration personnel and stamped for deposit only. These checks are then logged and routed back to fiscal for deposit back into the appropriate account. These funds are then re-designated to another client for utility services. For those funds received after a grant year has expired, those funds are designated as Due to Grantor and returned as part of the close out procedures for that year. An appropriate addition to the Fiscal Policies is being written and will be proposed for adoption in September of 2017.

Regarding final disposition of the Funds Due to Grantor, on April 13, 2017, the Agency was notified by the Texas Department of Housing and Community Affairs to allocate the funds in question to the PY 2017 CEAP and CSBG Direct Services Account.

2014-006 *Reporting – (Community Service Agency)*

Condition – Provisions of the CEAP grant require CSA to submit an inventory of all vehicles and equipment by the 45th day after the contract term. CSA has not provided such listing to the granting agency.

Cause – CSA does not have controls in place to ensure an inventory observation is performed annually and provided to the granting agency.

Recommendation – We recommend CSA implement procedures to maintain appropriate and complete records for inventory and submit reports timely.

Current Status of Corrective Action Plan:

CSA computerized inventory system was developed and implemented in order to track vehicles and equipment purchased with grant funds. This system lists the serial number, date of purchase and the funding source for that purchase. Reports are generated utilizing this system.



**COUNTY OF HIDALGO, TEXAS
STATUS OF PRIOR YEAR SINGLE AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2016**

Findings Related to State Awards

2015-010 *Suspension and Debarment (Adult Probation)*

Condition – Non-federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered Transactions" include those procurement contracts for goods and services that are expected to equal or exceed \$25,000. When entering into a covered transaction with an entity, the non-federal entity must verify that the vendor is not suspended or debarred or otherwise excluded. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at www.sam.gov, (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity. We noted one instance where Hidalgo County Adult Probation did not take appropriate steps to verify the vendor was not suspended or debarred or otherwise excluded.

Cause – Hidalgo County Adult Probation did not verify that the vendor was not suspended or debarred or otherwise excluded. Failure to perform the verification on the Excluded Parties List System (www.sam.gov) may result in contracting with individuals or entities who are suspended or debarred or otherwise excluded.

Recommendation – We recommend internal controls be properly followed to ensure no contracts are entered into with parties that are suspended or debarred or otherwise excluded. We recommend suspension and debarment and/or sam.gov search results be maintained on file as evidence of the verification being performed.

Current Status of Corrective Action Plan:

The Adult Probation department has continued to search the sam.gov website for vendors whose contracts are paid with Federal funds.

