



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

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July 24, 2015

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Hidalgo, Texas (County) for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 30, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the County's financial statements were:

1. Management's estimate of the allowance for un-collectible taxes is based on historical tax revenues, historical loss levels, and analysis of the collectability of individual accounts.
2. Management's estimate of the annual required contribution for the Texas County and District Retirement System (TCDRS) were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2014, the basis for determining the contribution rate for the 2014 calendar year.
3. Management's estimate of the Landfill Closure and Post-closure Care Cost liability is based on the ratio of landfill capacity.

4. Management's estimate of the Workers' Compensation Fund claims liability.
5. The estimated useful lives of fixed assets and related depreciation.

Difficulties Encountered in Performing the Audit

The County provided us its December 31, 2014 trial balance in early April 2014. We then commenced the audit on the understanding that the trial balance was the County's auditable trial balance and would require few, if any, adjustments. However, subsequent to the submission of the trial balance, a total of 98 County prepared adjusting journal entries were provided to us for posting. Some of these adjustments were dated as late as mid-June. A trial balance that is submitted to us for audit that then requires numerous subsequent adjustments creates inefficiencies in completing the audit as well as creates significant challenges in meeting the required deadline.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. A total of 98 adjustments were posted. These adjustments were provided by the County as part of their normal year-end reconciliation process. After these adjustments were recorded, there were no misstatements detected as a result of audit procedures and corrected by management which were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 24, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

In addition, our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section were presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, related agency financial statements and budgetary comparison schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information was subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We opined that the combining and individual nonmajor fund financial statements, related agency financial statements and budgetary comparison schedules were fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections were not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we did not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the use of the Honorable County Judge, County Commissioners, District Judges and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Burton McHugh & Co., LLP



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July 24, 2015

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

In planning and performing our audit of the financial statements of the County of Hidalgo, Texas (County) as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as basis for designing our auditing procedures for the purpose of expressing our opinion 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.

However, during our audit we became aware of several immaterial matters that are opportunities for strengthening internal controls and operating efficiency. The attachment that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our reports dated July 24, 2015 issued in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations*. In addition, this letter does not affect our report dated July 24, 2015, on the financial statements of the County.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Burton McCumber & Cortez, L.L.P.

Hidalgo County - Primary
 Summary of Other Comments and Recommendations
 December 31, 2014

DEPARTMENT/ AGENCY	Comment
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FINANCIAL STATEMENT

Primary	<p>Criteria and Condition: There were various bank reconciliations that contained outstanding checks older than ninety days.</p> <p>Cause and Effect: The County does not have a formal policy to address old outstanding checks, which increases the risk of material misstatement.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend outstanding checks be reviewed monthly and appropriate measures taken to clear stale checks.</p> <p>Management Response: The Tax Office continues to utilize Positive Pay to ensure that checks do not clear after the 90th day of issuance. The office has limited the accountability of stale dated checks to 180 days and under. All other checks previously outstanding have been cleared and are being accounted as liabilities in the balance sheet. These liabilities will be escheated to the State Comptroller and/or County Treasurer after three years.</p> <p>The County Treasurer's Office (Accountant) reviews checks issued monthly, and should follow the State Date Check Policy (see attached). Recent changes in the County Treasurer's Office personnel has been done to correct the delay in clearing stale dated checks still listed in reconciliation outstanding lists, as well as maintaining of the county's unclaimed property funds. This recent change has created a better output of the monthly reviews performed (stale dated check issues). This office will work with the Accounting Division of the County Auditor's Office to help in the timely removal of stale dated checks once voided at the county's depository bank (positive pay program).</p> <p>Because the Hidalgo County depository honors checks up to 180 days after the check has been written, the Hidalgo County Clerk 's office has adopted a procedure to transfer checks twice a year to facilitate correct reconciliation of bank accounts effective August 2015 Bank Reconciliations.</p>
County Clerk & Adult Probation	<p>Criteria and Condition: The County Clerk Agency Fund account receivable and portion of Adult Probation accounts receivable has been deemed uncollectable. However, the departments will not to write-off uncollectable amounts due to the affect on general fund.</p> <p>Cause and Effect: Hidalgo County does not have a formal policy that specifies the amount of time that should pass before an account is written off.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend if balances are determined to be uncollectable, approval from Commissioner's Court should be obtained to write-off uncollectable amounts.</p> <p>PY Response: The County Clerk continues to look at the possible collectability of the accounts and are extending its study to credit balances in civil cases.</p> <p>Management Response: The County Clerk continues to look for the possible collection of these accounts. If collection is not possible the County Clerk will seek approval from Commissioner's Court to write off these accounts.</p> <p>The portion of Adult Probation accounts receivable that is uncollectable will be removed from the accounts receivable. It should have no affect on the general fund.</p>

Hidalgo County - Primary
 Summary of Other Comments and Recommendations
 December 31, 2014

DEPARTMENT/ AGENCY	Comment
Purchasing	<p>Criteria and Condition: Estimated useful lives for capital assets including improvements and buildings are not consistent with the County's Capital Asset Guide. In addition, the Capital Asset Guide must be updated to ensure consistency with what is reported in the CAFR.</p> <p>Cause and Effect: The County could be using a useful life that is inappropriate for the asset and should re- vise the useful life.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend the County update or ratify its capital assets purchasing policy.</p> <p>Management Response: During 2014, the County Auditor's Accounting Division began the process of evaluating the current useful for all categories of assets. Accurately estimating the useful life is complex. In addition, GAAP does not provide a clear guide for determining the useful life of long lived assets. Many factors affect the useful life of assets such as: (1) frequency of use, (2) age when acquired, (3) repair policy, (4) environmental conditions. The useful life can also be affected by obsolescence of capital assets based on technological advancement. In order to properly determine useful lives, the County will need to consult with various department to arrive at a final determination of the useful life. The category of machinery and equipment will first be evaluated. After the completion of that category, the remaining categories will be evaluated.</p>
CSA	<p>Criteria and Condition: Per Fiscal Procedures, all journal entries are to be prepared by the Financial Accounting Specialist and approved by the General Accounting Supervisor. Journal entries we reviewed did not reflect "prepared by" or "approved by." Various journal entries were prepared by the General Accounting Supervisor; however, Fiscal Procedures do not specify whether approval of these entries is required, or from who the approval should be obtained. Additionally, supporting documentation for journal entries, selected for testing, could not be provided.</p> <p>Cause and Effect: CSA failed to adhere to fiscal procedures for general journal entries.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend CSA update and adhere to fiscal procedures. Additionally that journal entries be supported with proper documentation.</p> <p>Management Response: At this time, all AJE sessions will have a preparer line and approver line for signatures. Both will be dated and the AJE's, along with support will be documented.</p>

Hidalgo County - Primary
 Summary of Other Comments and Recommendations
 December 31, 2014

DEPARTMENT/ AGENCY	Comment
CSA	<p>Criteria and Condition: CSA's IT Department consists of one individual upon whom all IT-related functions are dependent. Per discussion with CSA personnel, there is no manual in place to identify, nor is an individual or organization in place with knowledge or understanding of CSA's IT specifics (procedures, network configuration, passwords, etc.). Should the IT individual be unable to perform necessary functions or in the event of an emergency, CSA may not have the ability to function.</p> <p>Cause and Effect: CSA does not have a manual or other documentation in place to identify critical IT procedures, network configuration, passwords, etc.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend CSA draft and implement an IT Procedural Manual to identify all critical systems and procedures.</p> <p>Management Response: With the assistance of CHCSA's I.T. Security Engineer, we will discuss with the County on having some I.T. staff available to assist CHCSA I.T. with basic trouble shooting in the event of CHCSA I.T.'s absence or types of leave.</p>
CSA	<p>Criteria and Condition: CSA's "Credit Card Use Policy" specifies that a Credit Card Manager will be appointed by the Executive Director. Duties of the Credit Card Manager and Authorized Users are outlined within the policy; however, no documentation was available to support an appointment of a Credit Card Manager, Authorized Users, a listing of all approved credit cards, or a log reflecting the date a credit card was released/returned and the name of the authorized user.</p> <p>Cause and Effect: CSA failed to adhere to Sections 1.02, 3.06, 3.07 and 5.00 of the Credit Card Use Policy.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend the Agency adhere to the Credit Card Use Policy.</p> <p>Management Response: CHCSA management will begin drafting a governance policy designating a Card Manager and authorized users of the cards.</p>
Urban County	<p>Criteria and Condition: Reports submitted to grantor agencies are submitted electronically, therefore review and approval of submitted reports cannot be determined and is not documented. Additionally, per discussion with personnel, submitted reports can be modified at any time after submission.</p> <p>Cause and Effect: Reports submitted to grantor agencies are not reviewed and approved prior to being submitted.</p> <p>Questioned Cost: \$0</p> <p>Recommendation: We recommend a copy of the reports be printed for review and approval prior to submission to ensure information included in progress reports is accurate.</p> <p>Management Response: Reports are submitted electronically thru TREX (state software) and staff is not able to print these reports upon submittal. Staff will attempt to screen print future report.</p>

COUNTY OF HIDALGO, TEXAS

INDEPENDENT AUDITORS'
REPORT

SINGLE AUDIT

December 31, 2014



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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, 2014, 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 24, 2015.

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 were not 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 deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. [2014-002]

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. [2014-001, 2014-003, 2014-004].

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 24, 2015.

The County's Response to Findings

The County's response to the 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 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.

Brenton McCall & Co., LLP

McAllen, Texas
July 24, 2015



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2014. 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 laws, regulations, contracts, and grants 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-006, 2014-007, and 2014-008. 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 2014-005 and 2014-009 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 24, 2015, 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 OMB Circular A-133 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Burton McAllister & Co., LLP

McAllen, Texas
July 24, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND 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 *OMB Circular A-133 Compliance Supplement* and 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, 2014. 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 laws, regulations, contracts and grants 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; the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and, State of Texas Uniform Grant Management Standards Chapter IV *Texas State Single Audit Circular*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, 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 program and to test and report on internal control over compliance in accordance with OMB Circular A-133, and the State of Texas Uniform Grant Management Standards Chapter IV State of *Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *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, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of 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, 2014, and have issued our report thereon dated July 24, 2015, 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 County's financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the State of Texas Uniform Grant Management Standards Chapter IV State of *Texas Single Audit Circular*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the 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 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 OMB Circular A-133 and the State of Texas Uniform Grant Management Standards Chapter IV State of *Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Burton McElh & Co., LLP

McAllen, Texas
July 24, 2015

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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
FEDERAL AWARDS						
PRIMARY GOVERNMENT						
U.S. Department of Agriculture						
Passed Through the Texas Department of State Health Services						
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 7,587,836	\$ -	\$ 7,587,836	\$ -
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,428,679	-	2,428,679	-
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	491,699	-	491,699	-
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	157,052	-	157,052	-
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	39,038	-	39,038	-
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14,557	-	14,557	-
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	58,029	-	58,029	-
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	18,094	-	18,094	-
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	13,225	-	13,225	-
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	8,751	-	8,751	-
2014-045054	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	149,544	-	149,544	-
2015-047381	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	59,664	-	59,664	-
			<u>11,026,168</u>	<u>-</u>	<u>11,026,168</u>	<u>-</u>
	Total Passed Through Texas Department of State Health Services		11,026,168	-	11,026,168	-
	Total U.S. Department of Agriculture		11,026,168	-	11,026,168	-
U.S. Department of Justice						
Direct Programs						
2013-AP-BX-0830	State Criminal Alien Assistance Program (SCAAP)	16.606	\$ 21,325	\$ -	\$ 21,325	\$ -
			<u>21,325</u>	<u>-</u>	<u>21,325</u>	<u>-</u>
2013-DJ-BX-0199	Edward Byrne Memorial Justice Assistance Grant Program	16.738	48,318	-	48,318	-
2014-DJ-BX-0263	Edward Byrne Memorial Justice Assistance Grant Program	16.738	9,632	-	9,632	-
			<u>57,950</u>	<u>-</u>	<u>57,950</u>	<u>-</u>
2010JLWX0024	Public Safety Partnership and Community Policing Grants (Universal Hiring 13 (COPS))	16.710	215,376	361,099	576,475	-
			<u>215,376</u>	<u>361,099</u>	<u>576,475</u>	<u>-</u>
N/A	Asset Forfeiture Program	21.xxx	816,157	-	816,157	-
N/A	Asset Forfeiture Program	16.922	37,131	-	37,131	-
			<u>853,288</u>	<u>-</u>	<u>853,288</u>	<u>-</u>
	Total U.S. Department of Justice Direct Programs		1,147,939	361,099	1,509,038	-

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 the Organized Crime Drug Enforcement Task Forces</u>					
SW-TXS-0910	The Department of Justice Assets Forfeiture Fund OCDETF (Equipment)	N/A	11,640	-	11,640	-
SW-TXS-0968	The Department of Justice Assets Forfeiture Fund OCDETF (Equipment)	N/A	2,322	-	2,322	-
SW-TXS-0910	The Department of Justice Assets Forfeiture Fund OCDETF (Salary)	N/A	9,609	-	9,609	-
SW-TXS-0968	The Department of Justice Assets Forfeiture Fund OCDETF (Salary)	N/A	3,117	-	3,117	-
	Total Passed Through the Organized Crime Drug Enforcement Task Forces		26,688	-	26,688	-
	<u>Passed Through the Federal Bureau of Investigations</u>					
281D-SA-C46020	The Department of Justice Assets Forfeiture Fund	N/A	9,948	-	9,948	-
	Total Passed Through the Federal Bureau of Investigations		9,948	-	9,948	-
	<u>Passed Through the Office of the Governor, Criminal Justice Division</u>					
JB-12-XXX-24529-03	Juvenile Accountability Block Grants (JABG)	16.523	10,913	1,212	12,125	-
JB-12-XXX-24529-04	Juvenile Accountability Block Grants (JABG)	16.523	2,322	258	2,580	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		13,235	1,470	14,705	-
RT-11-A10-2517502	Residential Substance Abuse Treatment for State Prisoners	16.593	153,521	-	153,521	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		153,521	-	153,521	-
DJ-11-A10-2725301	Edward Byrne Memorial Justice Assistance Grant Program - Hidalgo County Monitoring High Risk Offenders	16.738	22,251	-	22,251	-
DJ-12-A10-2725302	Edward Byrne Memorial Justice Assistance Grant Program - Hidalgo County Monitoring High Risk Offenders	16.738	7,117	-	7,117	-
	Total Passed Through the Office of the Governor, Criminal Justice Division		29,368	-	29,368	-
	<u>Passed Through United States Marshals Service</u>					
M-14-D79-0-000188	Fugitive Apprehension Task Force (DOJ-USMS)	N/A	196,124	1,470	197,594	-
M-15-D79-0-000140	Fugitive Apprehension Task Force (DOJ-USMS)	N/A	24,553	-	24,553	-
	Total Passed Through the United States Marshals Service		27,899	-	27,899	-
	Total U.S. Department of Justice		\$ 1,408,598	\$ 362,569	\$ 1,771,167	\$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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
	Executive Office of the President for National Drug Control Policy					
	Direct Programs					
G12SS0002A	High Intensity Drug Trafficking Areas Program - McAllen Initiative	95.001	\$ 9,368	\$ -	\$ 9,368	\$ -
G13SS0002A	High Intensity Drug Trafficking Areas Program - McAllen Initiative	95.001	199,686	-	199,686	-
G14SS0002A	High Intensity Drug Trafficking Areas Program - McAllen Initiative	95.001	489,296	-	489,296	-
			698,350	-	698,350	-
	Total Executive Office of the President for National Drug Control Policy		\$ 698,350	\$ -	\$ 698,350	\$ -
	U.S. Department of Health and Human Services					
	Passed Through Texas Department of State Health Services					
53700-5-0000409888	Strengthening Public Health Services at the Outreach Offices of the US - Mexico Border Health Commission - Border Binational Health Week	93.018	\$ 2,450	\$ -	\$ 2,450	\$ -
53700-4-0000404051	Strengthening Public Health Services at the Outreach Offices of the US - Mexico Border Health Commission - Border Binational Health Week	93.018	3,250	-	3,250	-
			5,700	-	5,700	-
2014-001134-00	Public Health Emergency Preparedness - CPS Bioterrorism Preparedness	93.069	391,074	39,107	430,181	-
2015-001134-01	Public Health Emergency Preparedness - CPS Bioterrorism Preparedness	93.069	182,266	18,228	200,494	-
2014-045408-001A	Public Health Emergency Preparedness - PPCPS/PHER	93.069	89,346	9,927	99,273	-
			662,686	67,262	729,948	-
2014-001400-02	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	309,034	69,373	378,407	-
2015-001400-00	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	129,169	25,834	155,003	-
			438,203	95,207	533,410	-
2014-000022-00	Immunization Cooperative Agreements	93.268	519,725	-	519,725	-
2015-000022-00	Immunization Cooperative Agreements	93.268	232,814	-	232,814	-
			752,539	-	752,539	-
2013-043641-001	Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	75	-	75	-
			75	-	75	-
2014-044665-001	Maternal and Child Health Services Block Grant to the States - Child Health	93.994	28,176	-	28,176	-
2015-046149-001	Maternal and Child Health Services Block Grant to the States - Child Health	93.994	3,560	-	3,560	-
2014-045454-001A	Maternal and Child Health Services Block Grant to the States - Prenatal/Maternity	93.994	119,003	-	119,003	-
			150,739	-	150,739	-
	Total Passed Through Texas Department of State Health Services		2,009,942	162,469	2,172,411	-

COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 Juvenile Probation Commission</u>					
TJPC-E-2014-108	Foster Care Title IV - E	93.658	373,126	-	373,126	-
TJPC-E-2015-108	Foster Care Title IV - E	93.658	124,212	-	124,212	-
TJPC-E-2014-108	Foster Care Title IV - E	93.658	103,572	-	103,572	-
			600,910	-	600,910	-
	Total Passed Through Texas Juvenile Probation Commission		600,910	-	600,910	-
	<u>Passed Through Texas Department of Family & Protective Services</u>					
23941008	Foster Care Title IV - E - Legal Services FY14	93.658	91,488	-	91,488	-
23941009	Foster Care Title IV - E - Child Welfare Services FY14	93.653	14,863	-	14,863	-
			106,351	-	106,351	-
	Total Passed Through Texas Department of Family & Protective Services		106,351	-	106,351	-
	<u>Passed Through Office of the Attorney General of Texas</u>					
N/A	Child Support Enforcement	93.563	286,188	-	286,188	-
N/A	Child Support Enforcement	93.563	1,899	-	1,899	-
			288,087	-	288,087	-
	Total Passed Through Office of the Attorney General of Texas		288,087	-	288,087	-
	<u>Passed Through Health & Human Services Commission</u>					
N/A	Medical Assistance Program	93.778	271,183	-	271,183	-
			271,183	-	271,183	-
	Total Passed Through Health & Human Services Commission		271,183	-	271,183	-
	Total U.S. Department of Health and Human Services		3,276,473	162,469	3,438,942	\$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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.S. Department of Homeland Security						
Passed Through Division of Emergency Management Office of the Governor						
EMW-2011-SS-0019	Homeland Security Grant Program (Operation Stonegarden)	97.067	\$ 439,402	\$ -	\$ 439,402	\$ 341,085
EMW-2011-SS-0019	Homeland Security Grant Program (Operation Stonegarden)	97.067	47,880	-	47,880	-
EMW-2012-SS-00018-S01	Homeland Security Grant Program (Operation Stonegarden)	97.067	2,023,457	-	2,023,457	1,564,073
EMW-2012-SS-00018-S01	Homeland Security Grant Program (Operation Stonegarden)	97.067	8,706	-	8,706	-
EMW-2012-SS-00018-S01	Homeland Security Grant Program (Operation Stonegarden)	97.067	556	-	556	-
EMW-2012-SS-00018-S01	Homeland Security Grant Program (Operation Stonegarden)	97.067	11,369	-	11,369	-
EMW-2013-SS-00045	Homeland Security Grant Program (Operation Stonegarden)	97.067	1,907,713	-	1,907,713	894,633
EMW-2013-SS-00045	Homeland Security Grant Program (Operation Stonegarden)	97.067	52,714	-	52,714	-
EMW-2013-SS-00045	Homeland Security Grant Program (Operation Stonegarden)	97.067	78,244	-	78,244	-
EMW-2013-SS-00045	Homeland Security Grant Program (Operation Stonegarden)	97.067	111,815	-	111,815	-
EMW-2013-SS-00045	Homeland Security Grant Program (Operation Stonegarden)	97.067	121,059	-	121,059	-
			<u>4,802,915</u>	<u>-</u>	<u>4,802,915</u>	<u>2,799,791</u>
DR-1999-022	Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hazard Mitigation	97.036	45,413	15,138	60,551	-
DR-1797-331	Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hazard Mitigation	97.036	98,539	-	98,539	98,539
			<u>143,952</u>	<u>15,138</u>	<u>159,090</u>	<u>98,539</u>
	Total Passed Through Division of Emergency Management Office of the Governor		4,946,867	15,138	4,962,005	2,898,330
	Total U.S. Department of Homeland Security		4,946,867	15,138	4,962,005	2,898,330
U.S. Department of Treasury						
Direct Programs						
N/A	Asset Forfeiture Program	21.xxx	563,836	-	563,836	\$ -
N/A	Asset Forfeiture Program	21.xxx	237,077	-	237,077	\$ -
N/A	Asset Forfeiture Program	21.xxx	32,051	-	32,051	-
			<u>832,964</u>	<u>-</u>	<u>832,964</u>	<u>-</u>
	Total U.S. Department of Treasury		832,964	-	832,964	\$ -
U.S. Elections Assistance Commission						
Passed Through Office of the Secretary of State						
N/A	HAVA Program Income	N/A	43,581	-	43,581	\$ -
			<u>43,581</u>	<u>-</u>	<u>43,581</u>	<u>-</u>
	Total Passed Through Office of the Secretary of State		43,581	-	43,581	\$ -
	Total U.S. Elections Assistance Commission		43,581	-	43,581	\$ -
	TOTAL PRIMARY GOVERNMENT		22,233,001	540,176	22,773,177	\$ 2,898,330

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

GRANT NUMBER	FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ STATE GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES		TOTAL EXPENDITURES	PASSED THROUGH AMOUNTS TO SUB-RECIPIENTS
			FEDERAL/STATE	LOCAL		
			\$	\$	\$	
URBAN COUNTY						
U.S. Department of Housing and Urban Development (HUD)						
Direct Programs						
B-02-UC-48-0501	Community Development Block Grant - 28th Year	14.218	4,944	-	4,944	-
B-03-UC-48-0501	Community Development Block Grant - 29th Year	14.218	5,289	-	5,289	-
B-04-UC-48-0501	Community Development Block Grant - 30th Year	14.218	39,997	-	39,997	-
B-05-UC-48-0501	Community Development Block Grant - 31th Year	14.218	3,625	-	3,625	-
B-06-UC-48-0501	Community Development Block Grant - 32th Year	14.218	733	-	733	-
B-07-UC-48-0501	Community Development Block Grant - 33th Year	14.218	72,044	-	72,044	-
B-08-UC-48-0501	Community Development Block Grant - 34th Year	14.218	244,058	-	244,058	-
B-09-UC-48-0501	Community Development Block Grant - 35th Year	14.218	94,669	-	94,669	-
B-10-UC-48-0501	Community Development Block Grant - 36th Year	14.218	515,170	-	515,170	-
B-11-UC-48-0501	Community Development Block Grant - 37th Year	14.218	983,441	68,460	1,051,901	-
B-12-UC-48-0501	Community Development Block Grant - 38th Year	14.218	1,371,709	18,165	1,389,874	-
B-13-UC-48-0501	Community Development Block Grant - 39th Year	14.218	3,351,858	156,078	3,507,936	419,573
B-14-UC-48-0501	Community Development Block Grant - 40th Year	14.218	691,603	9,367	700,970	460,034
			7,379,140	252,070	7,631,210	879,607
M-04-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	71,866	-	71,866	-
M-05-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	99,402	-	99,402	-
M-06-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	39,885	-	39,885	-
M-08-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	41,945	-	41,945	-
M-10-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	34,846	-	34,846	-
M-11-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	1,039,028	-	1,039,028	-
M-12-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	290,000	-	290,000	-
M-13-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	102,399	156,434	258,833	-
M-14-UC-48-0501	Home Investment Partnership Program (HOME)	14.239	129,962	63,466	193,428	-
			1,849,333	219,900	2,069,233	-
E-12-UC-48-0501	Emergency Solutions Grant (HESG)	14.231	5,436	-	5,436	5,436
E-13-UC-48-0501	Emergency Solutions Grant (HESG)	14.231	516,742	-	516,742	488,806
E-14-UC-48-0501	Emergency Solutions Grant (HESG)	14.231	101,127	-	101,127	85,961
			623,305	-	623,305	580,203
B-11-UN-48-0501	Neighborhood Stabilization Program (Recovery Act Funded)	14.218	685,824	-	685,824	-
			685,824	-	685,824	-
	Total U.S. Department of Housing and Urban Development (HUD) Direct Programs		10,537,602	471,970	11,009,572	1,459,810
Passed Through Texas Department of Housing and Community Affairs						
712013	Colonia XXXVIII	14.228	85,795	-	85,795	-
			85,795	-	85,795	-
	Total Passed through Texas Department of Housing and Community Affairs		85,795	-	85,795	-

COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 The Texas General Land Office</u>					
DRS010088	DRS XXXII	14.228	379,020	-	379,020	-
DRS210068	DRS XXXVI	14.228	3,231,895	-	3,231,895	-
DRS220068	DRS XXXVII	14.228	183,604	-	183,604	-
			<u>3,794,519</u>	<u>-</u>	<u>3,794,519</u>	<u>-</u>
	Total Passed through Texas General Land Office		3,794,519	-	3,794,519	-
	<u>Passed Through The Texas Department of Agriculture</u>					
713005	Colonia XXXIX	14.228	310,710	-	310,710	-
713045	Colonia XL	14.228	3,028	-	3,028	-
			<u>313,738</u>	<u>-</u>	<u>313,738</u>	<u>-</u>
	Total Passed through Texas Department of Agriculture		313,738	-	313,738	-
	Total U.S. Department of Housing and Urban Development (HUD)		\$ 14,731,654	\$ 471,970	\$ 15,203,624	\$ 1,459,810
	TOTAL URBAN COUNTY		\$ 14,731,654	\$ 471,970	\$ 15,203,624	\$ 1,459,810

COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

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>					
06CH0183-33	Head Start Program	93.600	\$ 25,607,556 25,607,556	\$ 6,447,326 6,447,326	\$ 32,054,882 32,054,882	\$ - -
	Total U.S. Department of Health and Human Services		\$ 25,607,556	\$ 6,447,326	\$ 32,054,882	\$ -
	<u>U.S. Department of Agriculture</u> <u>Passed Through Texas Department of Agriculture</u>					
TX-1080006	Child and Adult Care Food Program	10.558	\$ 2,065,824	\$ -	\$ 2,065,824	\$ -
TX-1080006	Child and Adult Care Food Program	10.558	858,111	-	858,111	-
			2,923,935	-	2,923,935	-
	Total Passed Through Texas Department of Agriculture		2,923,935	-	2,923,935	-
	Total U.S. Department of Agriculture		\$ 2,923,935	\$ -	\$ 2,923,935	\$ -
	TOTAL HEAD START PROGRAM		\$ 28,531,491	\$ 6,447,326	\$ 34,978,817	\$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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
COMMUNITY SERVICE AGENCY						
<u>U.S. Department of Health and Human Services and Community Affairs</u>						
<u>Passed Through Texas Department of Housing and Community Affairs</u>						
58140001799	Low Income Home Energy Assistance	93.568	\$ 3,280,588	\$ -	\$ 3,280,588	\$ -
58130001960	Low Income Home Energy Assistance	93.568	1,092,700	-	1,092,700	-
			4,373,288	-	4,373,288	-
61130001583	Community Services Block Grant	93.569	804,359	-	804,359	-
61140001850	Community Services Block Grant	93.569	954,167	-	954,167	-
			1,758,526	-	1,758,526	-
	Total Passed Through Texas Department of Housing and Community Affairs		6,131,814	-	6,131,814	-
	Total U.S. Department of Health and Human Services and Community Affairs		\$ 6,131,814	\$ -	\$ 6,131,814	\$ -
<u>Corporation For National and Community Services</u>						
<u>Direct Programs</u>						
11SRWTX016-3	Retired Senior Volunteer Program	94.002	\$ 38,251	\$ -	\$ 38,251	\$ -
14SRWTX001-2	Retired Senior Volunteer Program	94.002	45,000	-	45,000	-
			83,251	-	83,251	-
	Total Corporation For National and Community Services Direct Programs		83,251	-	83,251	-
<u>Passed Through Texas Department of Aging and Disability Services</u>						
13RZWTX018-1	Retired Senior Volunteer Program	94.002	25,660	-	25,660	-
13RZWTX018-2	Retired Senior Volunteer Program	94.002	9,408	-	9,408	-
			35,068	-	35,068	-
	Total Passed Through Texas Department of Aging and Disability Services		35,068	-	35,068	-
	Total Corporation For National and Community Services		\$ 118,319	\$ -	\$ 118,319	\$ -
	TOTAL COMMUNITY SERVICES AGENCY		\$ 6,250,133	\$ -	\$ 6,250,133	\$ -
	TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 71,746,279	\$ 7,459,472	\$ 79,205,751	\$ 4,358,140

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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
STATE AWARDS						
PRIMARY GOVERNMENT						
District Courts						
Direct Programs						
N/A	Asset Forfeiture HB65 - Chapter 59 DA	N/A	489,411 \$	- \$	489,411	\$
N/A	Asset Forfeiture HB65 - Chapter 59 Sheriff's Office	N/A	384,853	-	384,853	-
N/A	Asset Forfeiture HB65 - Chapter 59 Constable Pct #3	N/A	1,456	-	1,456	-
N/A	Asset Forfeiture HB65 - Chapter 59 Constable Pct #4	N/A	1,060	-	1,060	-
			876,780	-	876,780	-
	Total District Courts		876,780 \$	- \$	876,780	\$
Division of Emergency Management Office of the Governor						
Passed through the Texas Border Sheriff's Coalition						
LBSP-13-HIDALGO	Local Border Security Program	N/A	1,528 \$	- \$	1,528	\$
			1,528	-	1,528	-
	Total Passed Through the Texas Border Sheriff's Coalition		1,528	-	1,528	\$
	Total Division of Emergency Management Office of the Governor		1,528 \$	- \$	1,528	\$
Division of Criminal Justice Office of the Governor						
CH-14-A10-2537803	Border Prosecution Initiative	N/A	146,189 \$	- \$	146,189	\$
CH-15-A10-2537804	Border Prosecution Initiative	N/A	69,331	-	69,331	-
DC-14-A10-2413904	Hidalgo County DWI Court	N/A	119,700	-	119,700	-
DC-15-A10-2413905	Hidalgo County DWI Court	N/A	57,786	-	57,786	-
DC-14-A10-2431503	Hidalgo County Veterans Court	N/A	56,684	-	56,684	-
DC-15-A10-2431504	Hidalgo County Veterans Court	N/A	30,367	-	30,367	-
SF-14-A10-27520-01	Hidalgo County Prostitution Court	N/A	55,480	-	55,480	-
SF-15-A10-27520-02	Hidalgo County Prostitution Court	N/A	31,665	-	31,665	-
SF-15-A10-28003-01	Hidalgo County Re-Entry Court	N/A	37,885	-	37,885	-
			605,087	-	605,087	-
	Total Division of Criminal Justice Office of the Governor		605,087 \$	- \$	605,087	\$
Texas Rangers Division						
Texas Department of Public Safety						
LBSP-14-0032	Local Border Security Program FY14	N/A	173,200 \$	- \$	173,200	\$
LBSP-14-0028	Local Border Security Program FY14	N/A	39,540	-	39,540	-
LBSP-14-0029	Local Border Security Program FY14	N/A	14,444	-	14,444	-
LBSP-13-27	Local Border Security Program FY13	N/A	5,978	-	5,978	-
LBSP-14-0030	Local Border Security Program FY14	N/A	86,715	-	86,715	-
LBSP-13-26	Local Border Security Program FY13	N/A	5,782	-	5,782	-
LBSP-14-0031	Local Border Security Program FY14	N/A	74,459	-	74,459	-
			400,118	-	400,118	-
	Total Rangers Division		400,118 \$	- \$	400,118	\$
	Texas Department of Public Safety		173,200 \$	- \$	173,200	\$
			39,540	-	39,540	-
			14,444	-	14,444	-
			5,978	-	5,978	-
			86,715	-	86,715	-
			5,782	-	5,782	-
			74,459	-	74,459	-
			400,118	-	400,118	-

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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
Texas Department of State Health Services						
N/A	Health Department - Administration	N/A	\$ 96,416	\$ -	\$ 96,416	-
2014-001052-00	Preventive Health and Health Services Block Grant	N/A	92,746	-	92,746	-
2015-001052-00	Preventive Health and Health Services Block Grant	N/A	29,319	-	29,319	-
2014-001417-00	Tuberculosis Prevention and Control - State	N/A	470,875	112,804	583,679	-
2015-001417-00	Tuberculosis Prevention and Control - State	N/A	198,233	37,221	235,454	-
2015-046009-001	Maternal and Child Health Services Block Grant to the States - Prenatal/Maternity	N/A	36,390	-	36,390	-
2014-0045531-00	Infectious Disease control Unit/Foodborne Associated Infections Interviews	N/A	22,681	-	22,681	-
2015-0046497-00	Infectious Disease control Unit/Foodborne Associated Infections Interviews	N/A	19,945	-	19,945	-
			966,605	150,025	1,116,630	-
	Total Texas Department State Health Services		\$ 966,605	\$ 150,025	\$ 1,116,630	\$ -
Texas Adult Probation Commission						
108-900	Basic Supervision	N/A	5,812,040	-	5,812,040	-
108-900	Basic Supervision	N/A	2,946,844	-	2,946,844	-
108-013	Mentally Impaired Caseload	N/A	119,490	-	119,490	-
108-013	Mentally Impaired Caseload	N/A	60,162	-	60,162	-
108-006	Treatment Alternatives to Incarceration Program	N/A	115,539	-	115,539	-
108-006	Treatment Alternatives to Incarceration Program	N/A	47,857	-	47,857	-
108-014	Drug Court	N/A	126,247	-	126,247	-
108-014	Drug Court	N/A	65,549	-	65,549	-
108-007	Sex Offender Caseload	N/A	329,848	-	329,848	-
108-007	Sex Offender Caseload	N/A	167,178	-	167,178	-
108-017	Substance Abuse Treatment Facility	N/A	1,286,488	-	1,286,488	-
108-017	Substance Abuse Treatment Facility	N/A	623,859	-	623,859	-
108-020	Aftercare Services	N/A	176,752	-	176,752	-
108-020	Aftercare Services	N/A	62,569	-	62,569	-
108-025	CCP_HRP	N/A	69,607	-	69,607	-
108-025	CCP_HRP	N/A	34,492	-	34,492	-
108-027	CCP-RRP	N/A	158,018	-	158,018	-
108-027	CCP-RRP	N/A	79,227	-	79,227	-
108-026	CCP Employment	N/A	42,058	-	42,058	-
108-026	CCP Employment	N/A	17,538	-	17,538	-
108-900	Transfer Out - RSAT Match	N/A	27,766	-	27,766	-
108-900	Transfer Out - RSAT Match	N/A	3,553	-	3,553	-
			12,372,681	-	12,372,681	-
	Total Texas Adult Probation Commission		\$ 12,372,681	\$ -	\$ 12,372,681	\$ -

COUNTY OF HIDALGO, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 Juvenile Probation Commission</u>						
TJPC-M-2014-108	Special Needs (TCOMI) Funding	N/A	\$ 64,758	\$ -	\$ 64,758	\$ -
TJPC-M-2015-108	Special Needs (TCOMI) Funding	N/A	33,228	-	33,228	-
TJPC-A-2013-108	State Aid	N/A	24,119	-	24,119	-
TJPC-A-2014-108	State Aid	N/A	1,506,449	-	1,506,449	-
TJPC-A-2014-108	State Aid	N/A	1,231,805	-	1,231,805	-
TJPC-A-2015-108	State Aid	N/A	1,711	-	1,711	-
TJPC-P-2014-108	Juvenile Justice Alternative Education	N/A	192,812	-	192,812	-
TJPC-P-2015-108	Juvenile Justice Alternative Education	N/A	95,632	-	95,632	-
TJPC-C-2014-108	Commitment Reduction Program	N/A	250,802	-	250,802	-
TJPC-C-2015-108	Commitment Reduction Program	N/A	101,021	-	101,021	-
TJPC-N-2014-108	Commitment Reduction Program	N/A	215,478	-	215,478	-
TJPC-N-2015-108	Commitment Reduction Program	N/A	100,792	-	100,792	-
			<u>3,818,607</u>	<u>-</u>	<u>3,818,607</u>	<u>-</u>
	Total Texas Juvenile Probation Commission		\$ 3,818,607	\$ -	\$ 3,818,607	\$ -
<u>Texas Department of Criminal Justice</u>						
N/A	Offender Transportation Program	N/A	\$ 77,974	\$ -	\$ 77,974	\$ -
			<u>77,974</u>	<u>-</u>	<u>77,974</u>	<u>-</u>
	Total Texas Department of Criminal Justice		\$ 77,974	\$ -	\$ 77,974	\$ -
<u>Texas State Comptroller's Office</u>						
2-459-78-2965-4008	District Attorney State Supplement	N/A	\$ 14,931	\$ -	\$ 14,931	\$ -
2-459-78-2965-4008	District Attorney State Supplement	N/A	7,370	-	7,370	-
N/A	Juror Reimbursement	N/A	443,292	-	443,292	-
			<u>465,593</u>	<u>-</u>	<u>465,593</u>	<u>-</u>
	Total Texas State Comptroller's Office		\$ 465,593	\$ -	\$ 465,593	\$ -
<u>Texas Department of Transportation</u>						
8BCF5001	Border Colonia Access Program Round III	N/A	\$ 655,091	\$ -	\$ 655,091	\$ -
			<u>655,091</u>	<u>-</u>	<u>655,091</u>	<u>-</u>
	Total Texas Department of Transportation		\$ 655,091	\$ -	\$ 655,091	\$ -
<u>Texas Task Force on Indigent Defense</u>						
212-24-D09	Discretionary Grant FY2014 - Texas Indigent Defense Commission	N/A	\$ 90,322	\$ 96,551	\$ 186,873	\$ -
212-25-D09	Discretionary Grant FY2015 - Texas Indigent Defense Commission	N/A	16,871	42,674	59,545	-
212-11-108	Formula Grant FY 14 / Equalization FY 14	N/A	1,028,534	-	1,028,534	-
			<u>1,135,727</u>	<u>139,225</u>	<u>1,274,952</u>	<u>-</u>
	Total Texas Task Force on Indigent Defense		\$ 1,135,727	\$ 139,225	\$ 1,274,952	\$ -

COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 Secretary of State</u>					
N/A	2012 Voter Registration Section 19.002	N/A	\$ 87,865	\$ -	\$ 87,865	\$ -
N/A	2013 Voter Registration Section 19.002	N/A	2,633	-	2,633	-
			90,498	-	90,498	-
	Total Texas Secretary of State		\$ 90,498	\$ -	\$ 90,498	\$ -
	<u>Texas Veterans Commission</u>					
FVA-14B-0181	Texas Veterans Commission Grant	N/A	34,447	-	34,447	-
			34,447	-	34,447	-
	Total Texas Veterans Commission		\$ 34,447	\$ -	\$ 34,447	\$ -
	<u>Office of the Attorney General</u>					
1445766	Texas Vine	N/A	20,787	-	20,787	\$ -
1554914	Texas Vine	N/A	6,929	-	6,929	-
N/A	Asset Forfeiture (Article 59.06)	N/A	48,286	-	48,286	-
N/A	Asset Forfeiture (Other State Sharing)	N/A	225	-	225	-
			76,227	-	76,227	-
	Total Office of the Attorney General		\$ 76,227	\$ -	\$ 76,227	\$ -
	<u>Lower Rio Grande Valley Development Council</u>					
N/A	911 Program	N/A	16,368	-	16,368	\$ -
			16,368	-	16,368	-
	Total Lower Rio Grande Valley Development Council		\$ 16,368	\$ -	\$ 16,368	\$ -
	TOTAL EXPENDITURES OF STATE AWARDS		\$ 21,593,331	\$ 289,250	\$ 21,882,581	\$ -
	TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		\$ 93,339,610	\$ 7,748,722	\$ 101,088,332	\$ 4,358,140

**COUNTY OF HIDALGO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

General

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

Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the County's notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the *State of Texas Single Audit Circular*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Relationship to Federal and State Financial Reports

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

**COUNTY OF HIDALGO, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014**

Reconciliation of Schedule of Federal Awards to Comprehensive Annual Financial Report

The following is a reconciliation of the Schedule of Expenditures of Federal Awards (SEFA) 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 SEFA	\$	22,233,001
Primary Government State Expenditures per SEFA		21,593,331
		43,826,332
Add: Local Expenditures		829,426
		829,426
 Primary Government per CAFR	 \$	 44,655,758
		44,655,758

Urban County

Urban County Expenditure per SEFA	\$	14,731,654
Add: Local Expenditures		471,970
		15,203,624
 Urban County Expenditure per CAFR	 \$	 15,203,624
		15,203,624

Head Start Program

Head Start Expenditure per SEFA	\$	28,531,491
Add: Local Expenditures		6,447,326
		34,978,817
 Head Start Expenditure per CAFR	 \$	 34,978,817
		34,978,817

Community Services Agency

Community Services Agency Expenditure per SEFA	\$	6,250,133
Add: Non-Federal Expenditures		89,304
		6,339,437
 Community Services Agency per CAFR	 \$	 6,339,437
		6,339,437

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 Section .510(a) of Circular A-133?	Yes
Dollar threshold used to distinguish between Type A and Type B programs:	\$2,152,388
Auditee qualified as low-risk auditee?	No
Identification of Major Federal Programs:	
	Low Income Home Energy Assistance 93.568
	Special Supplemental Nutrition Program for Women, Infants, and Children 10.557
	Community Development Block Grant (CDBG) 14.218
	Head Start Program 93.600
	CDBG State Administered Grants 14.228
	Child and Adult Care Food Program 10.558
	Homeland Security Grant Program (Operation Stonegarden) 97.067

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 No
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> ?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$656,477
Auditee qualified as low-risk auditee?	No
Identification of Major State Programs:	<p>Texas Adult Probation Commission Basic Supervision Mentally Impaired Caseload Treatment Alternatives to Incarceration Program Drug Court Sex Offender Caseload Substance Abuse Treatment Facility Aftercare Services CCP HRP CCP Employment Transfer Out – RSAT Match</p> <p>Texas Juvenile Probation Commission State Aid Special Needs (TCOMI) Funding Juvenile Justice Alternative Education Commitment Reduction Program</p> <p>Texas Task Force on Indigent Defense Texas Indigent Defense Commission Formula Grant FY 14 / Equalization FY 14</p>

**COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Section I - Summary of Auditors' Results	Description
Identification of Major State Programs (Continued):	Texas Department State Health Services Health Department - Administration Preventive Health and Health Services Block Grant Tuberculosis Prevention and Control- State Maternal and Child Health Services Block Grant to the States – Prenatal/Maternity Infectious Disease Control Unit/ Foodborne Associated Infections Interviews District Courts Asset Forfeiture HB65

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section II – Findings and Questioned Costs	
Financial Statement	Description
<p>2014 – 001 Board Minutes - Community Service Agency</p>	<p><u>Criteria and Condition:</u> Community Service Agency (CSA) could not provide either "DRAFT" or "APPROVED" minutes from the meetings of the Board of Directors.</p> <p><u>Cause and Effect:</u> CSA failed to adhere to Article III, Section III [E][3][h], Article IV, Section X, Article X and Article XI of the agency's bylaws.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend the bylaws governing the agency be adhered to.</p> <p><u>Management Response and Planned Corrective Action:</u> New recording and record keeping is being controlled by Administrative Assistant. At the conclusion of Advisory Board, minutes are collected, organized and filed with both hard copy and scan. Upon next audit engagement, board minutes will be readily available to hand over.</p>
<p>2014 – 002 Payroll Internal Controls - Community Service Agency</p>	<p><u>Criteria and Condition:</u> 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 time sheet did not include supervisor's approval and 3) one of the five pay periods did not include management's approval to process payroll.</p> <p><u>Cause and Effect:</u> CSA failed to follow proper internal controls when processing payroll.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend internal controls be properly followed when processing payroll.</p> <p><u>Management Response and Planned Corrective Action:</u> CHCSA fiscal policies will be reviewed and amended for better controls in processing and authorization of payroll functions. Payroll Specialist will perform a complete review of bi-weekly timesheets and ensure that timesheets are both complete and filled with necessary detail, and also ensure that timesheets are signed by the respective department head, and executive director.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Findings and Questioned Costs	
Financial Statement	Description
<p>2014 – 003 Expenditures Internal Controls - Community Service Agency</p>	<p><u>Criteria and Condition:</u> 60 expenditures were selected for testing key internal controls. The following exceptions were noted: 1) 44 instances where management's approval to print checks was not obtained and 2) three instances where expense reimbursements did not document management's approval.</p> <p><u>Cause and Effect:</u> CSA failed to follow proper internal controls when processing expenditures.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend internal controls be properly followed when processing expenditures.</p> <p><u>Management Response and Planned Corrective Action:</u> As of March of 2015, CHCSA Fiscal has attached signed Accounts Payable Invoices to expense vouchers. Accounts Payable Invoices are signed by either Executive Director, or Administrative Operations Manager. In addition, any expense reimbursement, such as travel, will have authorized signatures of management before a check is even considered for processing.</p>
<p>2014 – 004 Expenditures - Community Service Agency</p>	<p><u>Criteria and Condition:</u> CSA could not provide evidence to substantiate cash drawn from the RSVP grant funds in the amount of \$13,285.</p> <p><u>Cause and Effect:</u> CSA failed to adhere to or implement procedures to maintain support documentation for expenditures submitted and/or funds drawn from open grant contracts.</p> <p><u>Questioned Cost:</u> \$13,285</p> <p><u>Recommendation:</u> We recommend the agency adhere to or implement procedures to maintain appropriate and complete records for expenditures submitted and/or fund drawn from open grant contracts.</p> <p><u>Management Response and Planned Corrective Action:</u> CHCSA will maintain detailed support for the request of any funds. In addition, controls will be put in place to ensure that in the event that the authorized reporting officer resigns, that the new officer is aware what has been reported, and what has been drawn, in order to prevent disjointed financial reporting.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2014 – 005 Eligibility Internal Controls - Community Service Agency - CFDA #93.568 – Low Income Home Energy Assistance</p>	<p><u>Criteria and Condition:</u> Testing of eligibility for the CEAP program revealed nine instances out of 40 where the Declaration of Income Statement was not signed by management as required per internal control procedures.</p> <p><u>Cause and Effect:</u> CSA failed to follow proper internal controls when determining eligibility.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend internal controls be properly followed when determining eligibility.</p> <p><u>Management Response and Planned Corrective Action</u> As per change in TDHCA policy, sub-recipients are to use a revised DIS. In this revised DIS, a signature is no longer required from a management official. CHCSA will retain a copy of these instructions for support in subsequent monitorings.</p>
<p>2014 – 006 Reporting - Community Service Agency CFDA #93.568 – Low Income Home Energy Assistance</p>	<p><u>Criteria and Condition:</u> 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.</p> <p><u>Cause and Effect:</u> CSA does not have controls in place to ensure an inventory observation is performed annually and provided to the granting agency.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend CSA implement procedures to maintain appropriate and complete records for inventory and submit reports timely.</p> <p><u>Management Response and Planned Corrective Action:</u> CHCSA has implemented a bar code system of up-to-date inventory to track all current inventory and new inventory items. A report will be sent to each grantor agency for the current fiscal year of inventory and equipment. Fiscal policies will be reviewed and amended to include specific requirements of each grant and reporting responsibilities.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2014 – 007 Cash Management – Urban County CFDA #14.218 Community Development Block Grant</p>	<p><u>Criteria and Condition:</u> Noted costs incurred under CDBG State (CFDA #14.228) are being included on the reimbursement requests for CDBG (CFDA#14.218). CDBG is requested directly from HUD and is paid three days after the reimbursement request is submitted. CDBG State is requested from the State, which is the pass-through agency, and is typically paid 30 days or more after the reimbursement request is submitted. For cash flow purposes to be able to have sufficient cash for operations, Urban County Program requests funds for CDBG State expenditures under CDBG Entitlement. A request is also submitted for these same costs under CDBG State. A future CDBG Entitlement reimbursement request is then reduced by the amount that was previously requested.</p> <p><u>Cause and Effect:</u> Urban County is improperly requesting CDBG State grant costs reimbursements from CDBG Entitlement grant.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend Urban County report proper expenditures under the appropriate grant or obtain granting agencies approval to continue as described above.</p> <p><u>Management Response and Planned Corrective Action:</u> The practice of paying Urban County Program staff using CDBG funds and awaiting reimbursement from other sources to credit the CDBG fund has been in place since the inception of the program. Upon receipt of reimbursement from the State funded grants, Urban County reports the properly balanced expenditures to the appropriate grant as indicated in the previous audits. In order to change this practice, the Hidalgo County Commissioners' Court will need to authorize funding from the General Fund to pay for all upfront costs associated with project administration for grants operating strictly on a reimbursement basis.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2014 – 008 Reporting – Urban County CFDA #14.228 CDBG State Administered Grants</p>	<p><u>Criteria and Condition:</u> Provisions of the CDBG State grants require Urban County to submit quarterly progress reports no later than the 20th day of the month following the end of the quarter. Quarterly progress report for Contract # 713005, covering October to December 2014, was not submitted timely.</p> <p><u>Cause and Effect:</u> Urban County did not adhere to the reporting requirements per grant agreement.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend Urban County implement controls to ensure all reports are submitted timely per grant provisions.</p> <p><u>Management Response and Planned Corrective Action:</u> Out of the Quarterly reports required for Contract #713005, UCP submitted 1 report 35 days after the due date. Report was accepted by the State.</p>
<p>2014 – 009 Eligibility – W.I.C. (Primary Government) CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children</p>	<p><u>Criteria and Condition:</u> 60 participants were tested for eligibility; the following exceptions were noted: 1) one instance where a WIC official did not sign/certify Form 35-1 noting participant met eligibility requirements and 2) one instance where participant did not meet the age requirement for assessed need.</p> <p><u>Cause and Effect:</u> WIC failed to adhere to procedures related to eligibility requirements.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend WIC implement controls to ensure all reports are submitted timely per grant provisions.</p>

**COUNTY OF HIDALGO, TEXAS
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FOR THE YEAR ENDED DECEMBER 31, 2014**

Section III – Findings and Questioned Costs	
Federal Awards	Description
<p>2014-009 – (Continued) Eligibility – W.I.C. (Primary Government) CFDA #10.557 Special Supplemental Nutrition Program for Women, Infants, and Children</p>	<p><u>Management Response and Planned Corrective Action:</u> Hidalgo County WIC Program is taking the following measures to reduce errors: 1) WIC staff review records to meet compliance standards set by Texas Department of State Health Services Quality Assurance Women, Infants and Children (WIC) Clinical Tool. Records are reviewed on a daily basis before filing records to ensure records are complete and correct. 2) Clinic staff also audits ten records quarterly. Record reviews are documented on the State Agency Review Tools. It is recommended to review a minimum of three records for each criterion monthly. Twenty-three criteria are reviewed from active records. 3) Clinic staff submits Record Review Tool worksheets. Reports are submitted within the first ten days of the month following the third month in the quarter. Findings are summarized in all areas. A Plan of Action is included to address findings and list specific training provided to address findings. 4) Monitoring of clinic sites are reviewed annually by the Area Coordinators. The Quality Assurance Committee develops a schedule for the fiscal year. Clinic sites are divided into three areas: East, Central, and West. Each area has an Area Coordinator who is responsible for reviewing and overseeing the activities of these clinic sites. 5) Area Coordinators complete a report summarizing findings along with recommendations. The clinic supervisors validate the findings and respond with corrective action to be taken. This response is submitted in writing to the WIC Director within one month from the date the report was presented. 6) A follow-up visit is conducted at the clinic site within six weeks to re-evaluate and observe the implementation of corrective actions. 7) Peer Self-Audits are conducted annually in September. Clinic supervisors are assigned a clinic to complete a review of clinical operations. Review tools and a summary are submitted after completing the Peer Self-Audit. 8) Findings from all reviews are discussed with the Quality Assurance Committee to develop appropriate staff training for the fiscal year.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER	
Program	Description
<p>2006 – 001 District Clerk Bond Funds Held Pending Judgment (Primary Government)</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 judgment 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 a higher risk for misappropriation.</p> <p><u>Questioned Cost:</u> \$0</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 County should send bond funds to the State Comptroller's Office in accordance with State Escheat Laws.</p> <p><u>Status:</u> The District Clerk's Office continues to work diligently to disburse bond funds accordingly. In addition to prior year's efforts, the Registry & Trust Division has generated correspondence to notify individuals regarding any pending criminal cash bonds, sureties, social studies and/or attorney ad-litem fees. This notification has proven to be effective resulting in the increased number of released bond funds to individuals.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER Program	Description
<p>2007 – 001 Previous Year’s Finding (Primary Government)</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 repeat comments thus causing opportunities for improvements in operations and internal controls to not be implemented timely.</p> <p><u>Questioned Costs:</u> \$0</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>Status:</u> The Department of Budget and Management will be responsible for assisting non-compliant departments/offices in preparing a Corrective Action Plan (CAP) and shall report the progress of each CAP to the Commissioners' Court Executive Officer on a quarterly basis. The Commissioners' Court Executive Officer will advise the Commissioners Court of those CAP's that will require a timeframe of longer than one fiscal year to correct or have not been corrected timely.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER	
Program	Description
<p>2007 – 003 Infrastructure Depreciation (Primary Government)</p>	<p><u>Criteria and Condition:</u> 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 that fixed assets and corresponding depreciation are reasonably stated.</p> <p><u>Questioned Costs:</u> \$0</p> <p><u>Recommendation:</u> We recommend the County resolve this variance between the reports as these differences could affect the amount of recorded accumulated depreciation.</p> <p><u>Status:</u> In 2014, the County Auditor's Office Accounting Division started to evaluate the infrastructure assets related to the Road Districts. We obtained maps for each of the road districts and have a list of all the roads within each district. The identification of the roads has been very time consuming since no limits are indicated and some road names have changed. We are still researching the roads. We hope to have a portion completed during 2015 and to complete the rest during 2016.</p>
<p>2008 – 002 Machinery & Equipment Asset Listing (Primary Government)</p>	<p><u>Criteria and Condition:</u> The listing of machinery and equipment provided by the County was incomplete and did not reconcile to the general ledger.</p> <p><u>Cause and Effect:</u> The County does not have a complete listing of machinery and equipment which leads to an increased risk of theft or misstatement.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend the County have a complete listing of assets that make up machinery and equipment.</p> <p><u>Status:</u> For 2014, the Purchasing Department Fixed Asset Manager started reconciling the FIS Module to the FAS Module. This will be a process that will take time to complete. Currently the FIS and FAS Modules are being reconciled through July 31, 2015. Any discrepancies will be forwarded to the County Auditor's Office Accounting Division.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER	
Program	Description
<p>2012 – 001 Capital Assets Internal Audit Results (Primary Government)</p>	<p><u>Criteria and Condition:</u> In 2012 and 2013, the Internal Auditors completed internal audits of capital assets. These audits concluded that the capital asset listings were inaccurate and incomplete.</p> <p><u>Cause and Effect:</u> The County does not have an approved capital asset policy to address the accuracy and completeness of capital assets.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> The County should implement proper policies/procedures to address the accuracy and completeness of capital assets.</p> <p><u>Status:</u> The Purchasing Department had the Fixed Assets Policies and Procedures Manual approved in 2014. A revised 2015 edition was approved on March 17, 2015.</p>
<p>2013 – 001 Overall (Primary Government)</p>	<p><u>Criteria and Condition:</u> 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.</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>Questioned Cost:</u> \$0</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>Status:</u> The Biometric Clock Electronic Clock policy was approved by Commissioners' Court on June 11, 2013. In reviewing the policy, you will note that it includes a statement on public integrity, reiterates county work hours, and affirms the notion that "employees should not be paid for time they do not work". "All employees are required to "clock in" in the morning and "clock out" during their lunch hour, "clock in" upon return to work, "clock out" anytime they leave the office for more than twenty (20) minutes for non-work related matters, and "clock out" at the end of the workday." The policy does not distinguish between exempt or non-exempt (FLSA or Civil Service). Therefore, unless an exception is approved by the Executive Officer, all Department exempt employees are required to adhere to the Biometric Electronic Clock Policy.</p>

**COUNTY OF HIDALGO, TEXAS
SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER	
Program	Description
<p>2013 – 002 Overall (Primary Government)</p>	<p><u>Criteria and Condition:</u> In review of bank reconciliations at December 31, 2013, we noted that many reconciliations were prepared and reviewed in March or April 2014.</p> <p><u>Cause and Effect:</u> Untimely preparation and review of bank reconciliations can make the County vulnerable to error or fraud.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend County personnel prepare and review all bank reconciliations timely.</p> <p><u>Status:</u> The County Treasurer's Office and the County Auditor's Office have worked together to improve the preparation and review of the bank reconciliations. We will continue the joint effort to maintain timely preparation and review of the bank reconciliations.</p>
<p>2013 – 003 Treasurers (Primary Government)</p>	<p><u>Criteria and Condition:</u> In review of Bail Bonds - Deeds of Trust as collateral, we noted that the County does not perform tests or review to determine if property, which is being held as collateral, has not been erroneously sold or pledged.</p> <p><u>Cause and Effect:</u> The County could not have proper collateral on Bail Bonds.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> We recommend the County implement a review to determine that property held as collateral has not been sold or pledged.</p> <p><u>Status:</u> The County Treasurer, as trustee of funds used for bail bonds, reviews annually the certificate of deposits pledged to Hidalgo County as collateral. The County Sheriff is the trustee of property (Deeds of Trust) used for bail bonds. Currently no review is performed to determine that property held as collateral has not been sold or pledged. We will implement a review of property pledged to Hidalgo County as collateral for bail bonds via the Hidalgo County Clerk's Office annually to insure proper collateral is pledged.</p>

**COUNTY OF HIDALGO, TEXAS
 SCHEDULE OF STATUS OF PRIOR AUDIT FINDINGS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

REFERENCE NUMBER Program	Description
<p>2013 – 004 Equipment Management – Adult Probation (Primary Government)</p>	<p><u>Criteria and Condition:</u> Provisions of the grant require the Hidalgo County Adult Probation to take a physical inventory of equipment at least once every two years and reconcile to equipment records. The Hidalgo County Adult Probation has not performed a 100% physical inventory in the past two years.</p> <p><u>Cause and Effect:</u> Adult Probation does not have controls in place to ensure that count is performed per grant agreement. Lack of physical inventory of equipment gives rise to the risk of misappropriation of assets.</p> <p><u>Questioned Cost:</u> \$0</p> <p><u>Recommendation:</u> Hidalgo County Adult Probation should implement controls to ensure inventory of equipment is done at least once every two years per grant provisions.</p> <p><u>Status:</u> Physical inventory was taken in 2014, in compliance with grant agreement.</p>