



MARTINEZ, ROSARIO & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MAVERICK COUNTY, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

MAVERICK COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2011

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INDEPENDENT AUDITORS' REPORT

Honorable County Judge and
Members of Commissioners' Court
Maverick County, Texas

We have audited the accompanying Schedule of Expenditures of Federal Awards of Maverick County, Texas (the "County") for the year ended September 30, 2011. This financial statement is the responsibility of the County's management. Our responsibility is to express an opinion on this financial statement.

We conducted our audit 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; 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 the financial statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedule of Expenditures of Federal Awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the County for the year ended September 30, 2011, in conformity with accounting principles generally accepted in the United States of America.

In our report dated May 23, 2013, we disclaimed an opinion on the governmental activities, the business-type activities, each major governmental fund, the aggregate remaining governmental funds information, the major proprietary fund for the Water Utility Operations, aggregate remaining proprietary funds information and the agency funds of Maverick County, Texas (the "County") as of and for the year ended September 30, 2011, and we also disclaimed an opinion on the Supplemental information on pages 93 through 116, and page 117 the Schedule of Expenditures of Federal and State Awards for the year ended September 30, 2011.

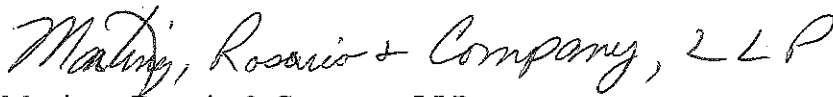
Our disclaimer of opinion was based on a scope limitation because the County does not currently have adequate accounting records in regards to its capital assets. Also, the County does not have adequate accounting records for all internal due to/due from amounts as of September 30, 2010. In addition, the County does not have adequate accounting records for its accounts payable balances as of September 30, 2010 and September 30, 2011, and its revenues, expenses and expenditures for the year ended September 30, 2011. Furthermore, we were unable to perform certain audit procedures necessary for certain related party contingencies and other matters. The County's records do not permit the application of other auditing procedures to its capital assets, all of its internal due to/due from amounts, its accounts payable balances, revenues, expenses and expenditures, certain related party contingencies and other matters.

Also, our disclaimer of opinion was based on a departure from accounting principles generally accepted in the United States of America because the County's financial statements do not report and disclose sufficient information in regards to capital assets and related depreciation expense.

Our present opinion on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2011, as presented herein, is different from our disclaimer of opinion expressed in and in our previous report dated May 23, 2013, on the Schedule of Expenditures of Federal and State Awards for the year ended September 30, 2011.

As discussed in Note 4 to the Schedule of Expenditures of Federal Awards, current and former County governing board members and employees of the County have been indicted and arrested on various criminal charges, including charges involving County business. One individual had all charges dropped. Six of these individuals have pled guilty; however, the resolution of the remaining indictments is currently not determinable.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2013 on our consideration of the County's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Martinez, Rosario & Company, LLP
Certified Public Accountants
San Antonio, Texas

July 29, 2013

MAVERICK COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| Federal/Pass Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Grant Period | Award Amount | Total Expenditures by Program |
|--|---------------------------|--|--------------------------|-----------------|----------------------------------|
| <u>FEDERAL ASSISTANCE:</u> | | | | | |
| U.S. DEPARTMENT OF HOUSING AND URBAN | | | | | |
| Passed-Through Texas Department of Agriculture: | | | | | |
| Community Development Blocks Grant/State's - CDBG Self Help Project #710003 | 14.228 | 711003 | 05-05-2011 to 05-05-2015 | 1,000,000 | \$ <u>2,647</u> |
| | | | | | 2,647 |
| Passed-Through Office of Rural Community Affairs: | | | | | |
| Community Development Blocks Grant/State's - CDBG Seco Mines Drainage Project R729400 | 14.228 | R729400 | 09-15-2009 to 09-14-2011 | 600,516 | 574,926 |
| - CDBG Seco Mines Drainage Project R729400B | 14.228 | R729400B | 09-15-2009 to 09-14-2011 | 107,354 | <u>61,538</u> |
| | | | | | 636,464 |
| U.S. DEPARTMENT OF JUSTICE | | | | | |
| Passed-Through Criminal Justice Division of The State of Texas: | | | | | |
| Edward Byrne Memorial Justice Assistance Grant - BorderStar JAG | 16.738 | 1983104 | 10-01-2010 to 09-30-2011 | 166,341 | 163,279 |
| Border Law Enforcement Training Program | 16.753 | 2008-DD-BX-0523 | 09-01-2008 to 08-31-2011 | 626,044 | 273,517 |
| FY09 Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2009-DJ-BX-1268 | 10-01-2008 to 09-30-2012 | 16,383 | 16,383 |
| FY09 Recovery Act Edward Byrne Memorial Justice Assistance Grant | 16.804 | 2009-SB-B9-3257 | 03-01-2009 to 02-28-2013 | 67,352 | 27,226 |
| Operation Border Star - Recovery -SU-Recovery Act (ARRA) | | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.803 | SU-09-A10-23223-01 | 04-01-2010 to 05-31-2010 | 300,000 | <u>184,268</u> |
| | | | | | 664,673 |
| Passed-Through Texas Border Sheriff's Coalition: | | | | | |
| Congressionally Recommended Awards | 16.753 | 2009-D1-BX-0141 | 07-01-2009 to 09-30-2011 | 249,067 | 215,977 |
| Congressionally Recommended Awards | 16.753 | 2010-DD-BX-0484 | 08-01-2010 to 07-31-2011 | 247,650 | <u>133,813</u> |
| | | | | | 349,790 |
| U.S. DEPARTMENT OF ENERGY | | | | | |
| Passed-Through Texas Comptroller Public Accounts: | | | | | |
| ARRA Energy Efficiency and Conservation Block Grant (EECBG) | 81.128 | CS0595 | 06-13-2010 to 06-30-2012 | 115,153 | <u>108,139</u> |
| | | | | | 108,139 |

See notes to schedule of expenditures of federal awards.

MAVERICK COUNTY, TEXAS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
 FOR THE YEAR ENDED SEPTEMBER 30, 2011

| Federal/Pass Through Grantor/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Grant Period | Award Amount | Total Expenditures by Program |
|---|---------------------------|--|--------------------------|-----------------|----------------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | |
| Passed-Through Middle Rio Grande Development Council Area Agency: | | | | | |
| Special programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Citizens - Elderly Nutrition Title III (CI, CII, 3B trabs, Partucuoabt Assessment) | 93.044 | N/A | 10-01-06 to 09-30-07 | 191,133 | <u>191,133</u> |
| | | | | | 191,133 |
| Passed-Through Texas Department of Aging and Disability Services: | | | | | |
| Social Services Block Grant Title XX/XIX | 93.667 | N/A | 10-01-09 to 09-30-10 | 244,890 | <u>244,890</u> |
| | | | | | 244,890 |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | |
| Passed-Through Federal Emergency Management Agency: | | | | | |
| Operation Stone Garden 2008 | 97.067 | 2008-SG-T8-0009 | 09-01-2008 to 05-01-2011 | 1,400,000 | 22,577 |
| Operation Stone Garden 2009 | 97.067 | | 10-01-2009 to 09-12-2012 | 2,035,834 | 684,381 |
| Operation Stone Garden 2010 | 97.067 | 2010-SS-T0-0008 | 08-01-2010 to 10-31-2012 | 683,798 | <u>109,548</u> |
| | | | | | <u>816,506</u> |
| TOTAL FEDERAL ASSISTANCE | | | | \$ | <u><u>3,014,242</u></u> |

See notes to schedule of expenditures of federal awards.

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2011

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County under programs of the federal governments for the year ended September 30, 2011. 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*. Because the Schedule presents only a selected portion of the operations of the County, it is not intended to, and does not present, the financial position, changes in net assets, or cash flows of the County.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

Relationship to Federal Financial Reports - Amounts reported in the accompanying schedule may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of different program year-ends, different methods of accounting (cash versus accrual basis), and estimates made by management.

NOTE 3: PERIOD OF AVAILABILITY

The period of availability for Federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the Federal project period extends 90 days beyond the Federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement.

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS- Continued
For the Year Ended September 30, 2011

NOTE 4: CONTINGENCIES

Federal Grants

The County receives significant financial assistance from federal and state agencies in the form of grants and contracts. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant and/or contract agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of the County's Management, liabilities resulting from disallowed claims, if any, will not have a material adverse effect on the County's financial position at September 30, 2011.

Other Matters

The following are indictments against former and current County employees and vendors doing business with the County. These matters are part of an ongoing law enforcement investigation and the outcome or impact to the County is not currently determinable.

- The former County Purchasing Agent and the current Precinct 1 Foreman were arrested October 11, 2012. The Foreman is related to the County Commissioner for Precinct 4. They are charged with two counts of wire fraud and one count of theft concerning programs receiving federal funds. These charges involve their work with the County. The Foreman pled guilty on January 24, 2013. Charges were dropped against the former County Purchasing Agent on April 11, 2013.
- A vendor was arrested October 11, 2012. The vendor is charged with two counts of wire fraud and one count of theft concerning programs receiving federal funds.
- The County Commissioner for Precinct 2 was arrested October 18, 2012, on cash smuggling and money laundering charges. None of the charges involve his work with the County. On June 4, 2013, the County Commissioner pled guilty in connection with alleged bribery, kickback and a bid-rigging scheme involving his work with the County. He is scheduled to be sentenced on November 25, 2013.

MAVERICK COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS- Continued
For the Year Ended September 30, 2011

NOTE 4: CONTINGENCIES – Continued

Other Matters – Continued

- The former Assistant County Auditor was arrested on November 2, 2012, in connection with an alleged bribery scheme involving her work with the County. She pled guilty on January 24, 2013.
- A current employee was arrested on November 8, 2012, on a charge of receiving bribes in his role as a liaison between the County and private contractors hired to perform work for the County. He pled guilty on January 24, 2013.
- The County Commissioner for Precinct 1 was arrested on December 6, 2012, in connection with an alleged bribery, kickback and bid-rigging scheme involving his work with the County. He resigned his position on March 1, 2013 and pled guilty on May 2, 2013.
- A probation officer who also works as a general contractor was arrested December 12, 2012, on charges of fraud and bribery. He pled guilty on May 2, 2013.
- A general contractor was arrested on December 20, 2012 on three counts of paying bribes to get contract work. He pled guilty on March 12, 2013.
- The Justice of the Peace of Precinct 2 was arrested on January 11, 2013, in connection with engaging in organized criminal activity and theft by a public servant.
- The County Commissioner for Precinct 4 was arrested on January 17, 2013, in connection with an alleged bribery, kickback and bid-rigging scheme involving his work with the County. He resigned his position on March 15, 2013 and pled guilty on May 2, 2013
- A contractor was arrested on April 11, 2013, on two counts of bribery.
- The former Landfill manager, who tendered his resignation on January 8, 2013, was arrested on April 11, 2013, on one count of possessing forged securities and one count of theft. The indictment alleges the former Landfill Manager forged County checks to himself worth \$62,000. On June 12, 2013, he pled guilty. He is scheduled to be sentenced on September 17, 2013.
- A contractor was arrested on April 18, 2013 on one count of bribery.