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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Judge Louis H. Bruni and
the Honorable County Commissioners
Webb County, Texas

We have audited the basic financial statements of Webb County, Texas, as of and for the year ended September 30, 2003, and have issued our report thereon dated February 20, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the State of Texas *Uniform Grant and Contract Management Standards (UGCMS)*.

Compliance

As part of obtaining reasonable assurance about whether Webb County, Texas' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards* and *UGCMS*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Webb County, Texas, in a separate letter dated February 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Webb County, Texas' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Webb County, Texas, in a separate letter dated February 20, 2004.

This report is intended solely for the information and use of the audit committee, management, federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Mejia + Company, PLLC

Laredo, Texas
February 20, 2004