



Required Auditor Disclosure Letter

March 13, 2020

To the Honorable County Judge and
Members of the Commissioners' Court of
Polk County, Texas:

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Polk County, Texas (the "County") as of and for the year ended September 30, 2019, and have issued our report thereon dated March 13, 2020. Professional standards require that we provide Commissioners' Court (the "governing body") with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 13, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated April 13, 2018.

III. Significant Audit Findings

I. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the County 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.

- B. 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 financial statements were:

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas County and District Retirement System (TCDRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the County to TCDRS.

Estimates are used in the calculation of the health care liability for other postemployment benefits. The County hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

- C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the County's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. 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. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

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

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 13, 2020.

6. 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 County’s financial statements or a determination of the type of auditors’ 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.

7. 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 County’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical information, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

V. Restrictions on Use

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



Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: **Polk County, Texas**
 Engagement: **4.1 - Polk County 9/30/19**
 Period Ending: **9/30/2019**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		C.01		
To adjust property taxes receivable, allowance and deferred to actuals				
010-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		5,745.49	
010-233-233100	DEFERRED REVENUE		69,933.09	
021-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		517.34	
021-233-233100	DEFERRED REVENUE		6,515.24	
022-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		538.60	
022-233-233100	DEFERRED REVENUE		7,022.74	
023-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		624.04	
023-233-233100	DEFERRED REVENUE		7,774.83	
024-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		784.14	
024-233-233100	DEFERRED REVENUE		12,023.28	
061-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		2,508.91	
061-233-233100	DEFERREF REVENUE		39,539.12	
010-105-105000	TAXES RECEIVABLE			75,678.58
021-105-105000	TAXES RECEIVABLE			7,032.58
022-105-105000	TAXES RECEIVABLE			7,561.34
023-105-105000	TAXES RECEIVABLE			8,398.87
024-105-105000	TAXES RECEIVABLE			12,807.42
061-105-105000	TAXES RECEIVABLE			42,048.03
Total			<u>153,526.82</u>	<u>153,526.82</u>
Adjusting Journal Entries JE # 2				
To record receivable to waste management.				
032-115-115000	ACCOUNTS RECEIVABLE		69,028.09	
032-344-4601	SANTEK CONTRACT PAYMENTS			69,028.09
Total			<u>69,028.09</u>	<u>69,028.09</u>
Adjusting Journal Entries JE # 3		J.01		
To correct fund balance.				
010-101-101199	CLAIM ON CASH - POOLED CASH		0.20	
016-207-207200	CREDIT CARD CLEARING		0.20	
021-6621-4900	MISCELLANEOUS		620.51	
022-6622-4900	MISCELLANEOUS		434.43	
023-6623-4900	MISCELLANEOUS		1,334.01	
024-6624-4900	MISCELLANEOUS		1,197.80	
061-342-900	MISCELLANEOUS		1,278.91	
090-340-4600	DISTRICT ATTY ACCOUNT		184.15	
093-7403-5000	COMPUTER NETWORK MAINTENANCE		502.33	
010-342-4900	MISCELLANEOUS REVENUE			0.20
016-101-101000	CASH IN BANK			0.20
021-271-271000	FUND BALANCE			620.51
022-271-271000	FUND BALANCE			434.43
023-271-271000	FUND BALANCE			1,334.01
024-271-271000	FUND BALANCE			1,197.80
061-271-271000	FUND BALANCE			1,278.91
090-271-271000	FUND BALANCE			184.15
093-271-271000	FUND BALANCE			502.33
Total			<u>5,552.54</u>	<u>5,552.54</u>

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4				
To reclass payroll liabilities to proper account - not cash				
010-101-101199	CLAIM ON CASH - POOLED CASH		286,402.58	
010-201-201000	VOUCHERS PAYABLE			286,402.58
Total			<u>286,402.58</u>	<u>286,402.58</u>
Adjusting Journal Entries JE # 5				
To reclass cash for audit purposes.				
010-101-101101	CASH IN BANK - JURY		8,905.00	
010-101-101200	CREDIT CARD CLEARING		452.80	
010-101-101201	PAYROLL BANK ACCOUNT		1,431.81	
010-101-101199	CLAIM ON CASH - POOLED CASH			10,789.61
Total			<u>10,789.61</u>	<u>10,789.61</u>
Adjusting Journal Entries JE # 6				
		I.03c		
To reclass principal and interest payment to match lease confirmation.				
015-7621-5700	LEASE PAYMENT		5.85	
015-7621-5690	LEASE INTEREST PAYMENT			5.85
Total			<u>5.85</u>	<u>5.85</u>
Adjusting Journal Entries JE # 8				
To correct negative cash.				
010-131-131200	DUE FROM OTHER ENTITIES		6,282.01	
185-101-101199	CLAIM ON CASH - POOLED CASH		6,282.01	
010-101-101199	CLAIM ON CASH - POOLED CASH			6,282.01
185-202-202300	DUE TO OTHER UNITS			6,282.01
Total			<u>12,564.02</u>	<u>12,564.02</u>

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 9				
To reclass the payroll accrual entries to salaries payable accounts				
010-101-101199	CLAIM ON CASH - POOLED CASH		612,410.83	
021-101-101199	CLAIM ON CASH - POOLED CASH		20,533.20	
022-101-101199	CLAIM ON CASH - POOLED CASH		21,790.96	
023-101-101199	CLAIM ON CASH - POOLED CASH		28,310.00	
024-101-101199	CLAIM ON CASH - POOLED CASH		23,942.38	
027-101-101199	CLAIM ON CASH - POOLED CASH		6,645.38	
048-101-101199	CLAIM ON CASH - POOLED CASH		11,766.41	
051-101-101199	CLAIM ON CASH - POOLED CASH		9,087.33	
101-101-101199	CLAIM ON CASH - POOLED CASH		48,385.23	
185-101-101199	CLAIM ON CASH - POOLED CASH		34,957.38	
010-202-202100	SALARIES PAYABLE			612,410.83
021-202-202100	SALARIES PAYABLE			20,533.20
022-202-202100	SALARIES PAYABLE			21,790.96
023-202-202100	SALARIES PAYABLE			28,310.00
024-202-202100	SALARIES PAYABLE			23,942.38
027-202-202100	SALARIES PAYABLE			6,645.38
048-202-202100	SALARIES PAYABLE			11,766.41
051-202-202100	SALARIES PAYABLE			9,087.33
101-202-202100	SALARIES PAYABLE			48,385.23
185-202-202100	SALARIES PAYABLE			34,957.38
Total			<u>817,829.10</u>	<u>817,829.10</u>

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<u>Account</u>	<u>Description</u>	<u>W/P Ref</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 10				
To correct grant fund.				
010-101-101199	CLAIM ON CASH - POOLED CASH		13,052.31	
010-131-131035	DUE FROM GRANTS		29,865.55	
010-207-207035	DUE TO GRANT FUND		158,961.15	
010-342-4900	MISCELLANEOUS REVENUE		54,350.00	
034-115-115000	ACCOUNTS RECEIVABLE		3,293.03	
034-330-3610	GENERAL FEMA REVENUES		4,564.70	
034-7694-4910	COUNTY DISASTER EXPENSE		5,194.58	
035-101-101055	TOBACCO ENFORCEMENT GRANT		1,900.00	
035-115-115000	ACCOUNTS RECEIVABLE		9,500.00	
035-207-207010	DUE TO GENERAL FUND		54,350.00	
035-207-207010	DUE TO GENERAL FUND		158,961.15	
035-331-3210	CRT RECORDS PRESERVATION GRNT		5,818.32	
035-331-3550	REBUILD TX GRANT SHERIFF BOAT		241.11	
035-370-7010	TRANSFER FROM GENERAL FUND		29,865.55	
035-7409-6170	Tobbaco Sting Grant		5,700.00	
010-131-131035	DUE FROM GRANTS			54,350.00
010-131-131035	DUE FROM GRANTS			158,961.15
010-342-4900	MISCELLANEOUS REVENUE			8,487.61
010-370-7700	FEMA Funds			4,564.70
010-8700-0350	TRANSFER TO GRANTS			29,865.55
034-101-101199	CLAIM ON CASH - POOLED CASH		13,052.31	
035-101-101000	CASH IN BANK			46,750.00
035-101-101125	COURTHOUSE RESTORATION			9,500.00
035-131-131000	DUE FROM OTHER FUNDS			158,961.15
035-207-207000	DUE TO OTHER			5,700.00
035-207-207000	DUE TO OTHER			5,818.32
035-207-207010	DUE TO GENERAL FUND			29,865.55
035-233-233100	DEFERRED REVENUE			241.11
035-331-3207	Taylor Lake Estates Grant			9,500.00
Total			535,617.45	535,617.45

Adjusting Journal Entries JE # 11

To record unearned revenue for state ciminal alien assistance program.

010-115-115000	ACCOUNTS RECEIVABLE		16,453.41	
010-330-3512	SCAAP(FED ASST-ALIEN CRIMINAL)		6,818.00	
010-367-6801	DETCOG 911 MAINTENANCE		500.00	
010-115-115000	ACCOUNTS RECEIVABLE			500.00
010-233-23101	UNEARNED REVENUE			6,818.00
010-330-3696	EMA ASSISTANCE (EMPG)			16,453.41
Total			23,771.41	23,771.41

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 12				
To clear prior year entries.				
010-342-4900	MISCELLANEOUS REVENUE		13,738.50	
021-230-230000	WORKERS COMP PAYABLE		2,428.94	
022-230-230000	WORKERS COMP PAYABLE		2,294.23	
023-230-230000	WORKERS COMP PAYABLE		5,525.02	
024-230-230000	WORKERS COMP PAYABLE		4,730.54	
027-201-201000	VOUCHERS PAYABLE		1,463.81	
027-230-230000	WORKERS COMP PAYABLE		102.15	
028-7861-3340	OPERATING EXPENSES		8.53	
048-7276-2040	WORKERS COMPENSATION		6.09	
051-220-220203	REIM/EMPLOYEE PAYMENT		26.40	
051-230-230000	WORKERS COMP PAYABLE		352.97	
010-115-115000	ACCOUNTS RECEIVABLE			13,738.50
021-6621-2040	WORKERS COMPENSATION			2,428.94
022-6622-2040	WORKERS COMPENSATION			2,294.23
023-6623-2040	WORKERS COMPENSATION			5,525.02
024-6624-2040	WORKERS COMPENSATION			4,730.54
027-7680-2040	WORKERS COMPENSATION			102.15
027-7680-3150	OFFICE SUPPLIES			263.81
027-7680-4950	SECURITY EXPENSES			1,200.00
028-201-201000	VOUCHERS PAYABLE			8.53
048-230-230000	WORKERS COMP PAYABLE			6.09
051-7845-2040	WORKERS COMPENSATION			379.37
Total			30,677.18	30,677.18