



Required Auditor Disclosure Letter

March 29, 2022

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, 2021, and have issued our report thereon dated March 29, 2022. 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 September 6, 2019, 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 September 6, 2019.

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. . As described in Note III. F. to the financial statements, the County changed accounting policies related to accounting for fiduciary activities by adopting Governmental Accounting Standards Statement No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. 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 29, 2022.

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 9/30/21**
 Period Ending: **9/30/2021**
 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				
To correct AJE made to transfer account.				
022-6622-4912	NUISANCE ABATEMENT		30,138.75	
022-370-7010	TRANSFER FROM GENERAL FUND			30,138.75
Total			30,138.75	30,138.75
Adjusting Journal Entries JE # 2				
To post current year property tax activity.				
010-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		6,262.22	
010-233-233100	DEFERRED REVENUE		135,112.54	
021-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		491.88	
021-233-233100	DEFERRED REVENUE		10,281.58	
022-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		527.52	
022-233-233100	DEFERRED REVENUE		11,266.53	
023-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		668.92	
023-233-233100	DEFERRED REVENUE		14,483.37	
024-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		739.43	
024-233-233100	DEFERRED REVENUE		16,565.47	
061-105-105100	UNCOLLECTIBLE TAX ALLOWANCE		2,202.67	
061-233-233100	DEFERRED REVENUE		49,279.76	
010-105-105000	TAXES RECEIVABLE			141,374.76
021-105-105000	TAXES RECEIVABLE			10,773.46
022-105-105000	TAXES RECEIVABLE			11,794.05
023-105-105000	TAXES RECEIVABLE			15,152.29
024-105-105000	TAXES RECEIVABLE			17,304.90
061-105-105000	TAXES RECEIVABLE			51,482.43
Total			247,881.89	247,881.89
Adjusting Journal Entries JE # 3				
To accrue mixed beverage tax at year end.				
010-115-115000	ACCOUNTS RECEIVABLE		11,950.01	
010-318-1155	MIXED BEVERAGE TAX ALLOCATION			11,950.01
Total			11,950.01	11,950.01
Adjusting Journal Entries JE # 4				
To clear out prior year due to/froms and transfers.				
010-101-101199	CLAIM ON CASH - POOLED CASH		4,164.21	
010-131-131000	DUE FROM OTHER FUNDS		452.60	
010-131-131000	DUE FROM OTHER FUNDS		1,280.10	
013-207-207000	DUE TO OTHER FUNDS		4,164.21	
092-360-6100	DEPOSITORY INTEREST		14.09	
010-131-131000	DUE FROM OTHER FUNDS			4,164.21
010-340-4700	DISTRICT CLERK FEES			1,732.70
013-101-101199	CLAIM ON CASH - POOLED CASH			4,164.21
092-370-7091	TRANSFER FROM PERM.SCHOOL FUND			14.09
Total			10,075.21	10,075.21

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 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 5		2.2.04a,b,c,d		
Client AJE				
010-115-115000	ACCOUNTS RECEIVABLE		2,202.55	
010-115-115000	ACCOUNTS RECEIVABLE		38,407.59	
010-131-131035	DUE FROM GRANTS		118,428.56	
010-210-210035	DUE TO GRANT FUND		242,232.15	
010-2512-4900	Miscellaneous		12,468.40	
010-2512-4900	Miscellaneous		67,114.98	
010-2512-4900	Miscellaneous		69,028.09	
010-2512-4900	Miscellaneous		242,232.15	
011-101-101199	CLAIM ON CASH - POOLED CASH		2,202.55	
011-115-115000	ACCOUNTS RECEIVABLE		97.88	
024-101-101199	CLAIM ON CASH - POOLED CASH		67,134.98	
032-101-101199	CLAIM ON CASH - POOLED CASH		69,028.09	
035-131-131010	DUE FROM GENERAL FUND		242,232.15	
035-207-207000	DUE TO OTHER		5,700.00	
035-207-207010	DUE TO GENERAL FUND		123,803.59	
035-331-3125	COURTHOUSE REST PLANNING PROJECT GC ^a		118,428.56	
088-115-115000	ACCOUNTS RECEIVABLE		20.00	
090-101-101200	S/O CONTRABAND ACCOUNT		3,795.54	
090-101-101300	D/A CONTRABAND ACCOUNT		2,222.86	
090-101-101700	CONSTABLE PCT1 CONTRABAN		6,563.64	
010-101-101101	CASH IN BANK - JURY			
010-101-101199	CLAIM ON CASH - POOLED CASH			2,202.55
010-101-101199	CLAIM ON CASH - POOLED CASH			67,114.98
010-101-101199	CLAIM ON CASH - POOLED CASH			69,028.09
010-104-104000	PREPAID ITEMS			12,468.40
010-131-131035	DUE FROM GRANTS			242,232.15
010-210-210035	DUE TO GRANT FUND			242,232.15
010-2512-4900	Miscellaneous			38,407.59
010-2512-4900	Miscellaneous			118,428.56
011-115-115000	ACCOUNTS RECEIVABLE			2,202.55
011-318-1140	HOTEL OCCUPANCY TAX			97.88
024-115-115000	ACCOUNTS RECEIVABLE			67,134.98
032-115-115000	ACCOUNTS RECEIVABLE			69,028.09
035-115-115000	ACCOUNTS RECEIVABLE			201,142.95
035-131-131010	DUE FROM GENERAL FUND			118,428.56
035-131-131010	DUE FROM GENERAL FUND			123,803.59
035-331-3207	EWP-TAYLOR LAKE NR197442XXXXC007			9,500.00
035-7409-6500	EWP-TAYLOR LAKES NR197442XXXXC007			37,289.20
088-101-101199	CLAIM ON CASH - POOLED CASH			20.00
090-101-101600	DRUG SEIZURE PENDING			12,582.04
Total			1,433,344.31	1,433,344.31
Adjusting Journal Entries JE # 6				
To reverse capital outlay for vehicles not received at year end.				
010-101-101199	CLAIM ON CASH - POOLED CASH		134,230.00	
022-101-101199	CLAIM ON CASH - POOLED CASH		53,921.00	
010-2560-5750	CAPITAL OUTLAY-VEHICLES			134,230.00
022-6622-5710	CAPITAL OUTLAY			53,921.00
Total			188,151.00	188,151.00
Adjusting Journal Entries JE # 7				
To move capital outlay purchase out of parts and repair.				
022-6622-5710	CAPITAL OUTLAY		24,170.42	
022-6622-4560	PARTS & REPAIRS			24,170.42
Total			24,170.42	24,170.42

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 8				
To record district clerk activity for fiscal year.				
080-101-101400	TITLE IV CHILD SPRT-FSB#152769		5,124.17	
080-207-207225	DUE TO DIST CLK (CC)		65.00	
080-207-207400	DUE TO DIST CLK (TITLE IV)		282.22	
080-207-207400	DUE TO DIST CLK (TITLE IV)		584.82	
080-207-207500	DUE TO DIST CLK-PETTY CASH		32.00	
080-207-207500	DUE TO DIST CLK-PETTY CASH		1,340.29	
080-330-6000	Collections Received from State		1.00	
086-101-101101	ROC (NEW) - FNB#9022740		446,000.80	
086-101-101200	CASH BOND - FNB#9000119		278.82	
086-101-101201	CASH BOND (NEW) - FNB#9022759		17,666.04	
086-101-101300	ROC - FNB INDIVIDUAL TRUST		3.76	
086-101-101400	ROC - FSB INDIVIDUAL TRUST		36,889.10	
086-101-101700	ROC INVEST #2 - FNB#9022783		180.16	
086-207-207000	DUE TO OTHER AGENCIES		1,469.85	
080-101-101225	DIST.CLK CC - FSB#173864			1.00
080-271-271000	FUND BALANCE			1,990.11
080-330-6000	Collections Received from State			314.22
080-330-6000	Collections Received from State			5,124.17
086-101-101100	ROC (MAIN ACCT)-FNB#9000135			1,469.85
086-207-207000	DUE TO OTHER AGENCIES			17,666.04
086-207-207000	DUE TO OTHER AGENCIES			36,889.10
086-207-207225	DUE TO ROC TRUST AGENCIES			3.76
086-207-207225	DUE TO ROC TRUST AGENCIES			180.16
086-207-207225	DUE TO ROC TRUST AGENCIES			278.82
086-207-207225	DUE TO ROC TRUST AGENCIES			446,000.80
Total			509,918.03	509,918.03
Adjusting Journal Entries JE # 9				
To correct grant fund.				
010-131-131035	DUE FROM GRANTS		6,204.79	
035-331-3170	TOBACCO ENFORCEMENT GRANT (TEP)		41,642.44	
035-331-3216	HAVA GRANT		55,144.56	
035-331-3562	COMM WILDFIRE PROTECTION PLAN		3,985.00	
035-7409-6217	4173501 CORONAVIRUS EMER SUPP FUNDING (PPE)		6,204.79	
010-1695-6950	COVID 19 EXPENSE			6,204.79
035-207-207010	DUE TO GENERAL FUND			6,204.79
035-233-233100	DEFERRED REVENUE			41,642.44
035-233-233100	DEFERRED REVENUE			59,129.56
Total			113,181.58	113,181.58

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 10				
To implement GASB 84.				
012-207-207300	DUE TO OTHER FUNDS - JP3		98.45	
012-207-207400	COKE MACHINE FUND PAYABLES		1,377.36	
012-207-207403	DUE TO OTHER FUNDS		33,469.28	
012-7500-1500	Distributions to others		10,248.59	
081-207-207800	DUE TO BENEFICIARY		82,502.94	
081-207-207800	DUE TO BENEFICIARY		568,796.91	
081-7298-7298	distributions to others		48,687.50	
086-207-207000	DUE TO OTHER AGENCIES		87,585.29	
086-207-207000	DUE TO OTHER AGENCIES		111,015.36	
086-207-207225	DUE TO ROC TRUST AGENCIES		58,453.49	
086-207-207225	DUE TO ROC TRUST AGENCIES		3,950,532.19	
086-7298-7298	Distribution to others		1,764,651.46	
090-222-222000	DRUG SEIZURE PENDING		169,795.94	
012-271-271000	FUND BALANCE			45,193.68
081-271-271000	FUND BALANCE			568,796.91
081-331-1252	Trust funds received			129,269.63
081-331-1254	Interest revenue			1,920.81
086-271-271000	FUND BALANCE			4,061,547.55
086-331-1252	trust funds received			1,892,570.54
086-331-1254	Interest revenue			18,119.70
090-271-271000	FUND BALANCE			166,190.17
090-340-4200	SHERIFFS ACCT			3,605.77
Total			<u>6,887,214.76</u>	<u>6,887,214.76</u>
Adjusting Journal Entries JE # 11				
To move SCAAP grant revenue to unearned revenue.				
010-330-3512	SCAAP(FED ASST-ALIEN CRIMINAL)		6,768.57	
010-233-23101	UNEARNED REVENUE			6,768.57
Total			<u>6,768.57</u>	<u>6,768.57</u>
Adjusting Journal Entries JE # 12				
To record grant receivable for EMPG grant.				
010-115-115000	ACCOUNTS RECEIVABLE		7,902.30	
010-330-3696	EMA ASSISTANCE (EMPG)			7,902.30
Total			<u>7,902.30</u>	<u>7,902.30</u>
Adjusting Journal Entries JE # 13				
To record accounts receivable from				
101-115-115000	Accounts Receivable		45,240.00	
185-115-115000	Accounts Receivable		40,341.00	
101-340-4930	PAYROLL REIMBURSEMENT-ADULT			45,240.00
185-340-4930	PAYROLL REIMBURSEMENT-JUVENILE			40,341.00
Total			<u>85,581.00</u>	<u>85,581.00</u>