



Required Auditor Disclosure Letter

January 28, 2011

To the Honorable County Judge and
Members of 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, 2010, and have issued our report thereon dated January 28, 2011. Professional standards require that we provide Commissioners' Court (the "governing body") with the following information related to our audit.

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

As stated in our engagement letter dated February 22, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with its 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 meeting about planning matters on September 29, 2010.

III. Significant Audit Findings

I. *Qualitative Aspects of Accounting Practices*

- A. Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.
- i. The significant accounting policies used by the County are described in Note I to the financial statements.
 - ii. No new accounting policies were adopted and the application of existing policies was not changed during the year.
 - iii. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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- 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 estimate affecting the financial statements was:

Management's estimate of the useful lives of capital assets as 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.

- C. The disclosures in the financial statements 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 and debt service requirements in Note IV. D. to the financial statements given that bond interest, premium, and related deferred charges are among the largest expenditures within the County's finances and that it disclosed the County's long-term financial obligation to pay off debt; and

The disclosure of the County's component unit, IAH Public Facility Corporation in the Note's section given that the County and the Corporation have entered into a number of legal agreements related to the operation and financing of the facility.

2. Difficulties Encountered in Performing the Audit

We did not encounter any 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 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 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 January 28, 2011.

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.

This information is intended solely for the use of the governing body and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: *Polk County, Texas*
 Engagement: *4.1 - Polk County 9/30/10*
 Period Ending: *9/30/2010*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To record transfer in for interest revenue.				
092-360-100	DEPOSITORY INTEREST		906.15	
092-370-091	TRANSFER FROM PERM.SCH			906.15
Total			906.15	906.15

Adjusting Journal Entries JE # 2				
To correct interest and principal amount, posted to wrong account				
023-623-570	LEASE PAYMENT		2,054.17	
023-623-569	LEASE INTEREST PAYMENT			2,054.17
Total			2,054.17	2,054.17

Adjusting Journal Entries JE # 3				
To accrue salaries payable for general fund and to correct balance carried in salaries payable, paid from accounts payable.				
010-400-101	SALARY - COUNTY JUDGE		810.94	
010-400-103	CELL PHONE ALLOWANCE		12.92	
010-400-105	SALARIES		1,001.70	
010-400-201	SOCIAL SECURITY		159.58	
010-400-203	RETIREMENT		89.12	
010-400-225	VEHICLE ALLOWANCE		293.75	
010-401-105	SALARIES		380.41	
010-401-201	SOCIAL SECURITY		16.88	
010-401-203	RETIREMENT		41.81	
010-402-105	SALARIES - STATE LAW E		440.20	
010-402-201	SOCIAL SECURITY		33.16	
010-402-203	RETIREMENT		48.38	
010-403-101	SALARY - COUNTY CLERK		703.36	
010-403-105	SALARIES		3,403.40	
010-403-107	ELECTION WORKERS - PAR		2,274.00	
010-403-201	SOCIAL SECURITY		352.62	
010-403-203	RETIREMENT		451.34	
010-405-105	SALARIES		844.94	
010-405-201	SOCIAL SECURITY		63.18	
010-405-203	RETIREMENT		92.86	
010-426-101	SALARY- CCL JUDGE		1,907.69	
010-426-105	SALARIES		1,862.36	
010-426-201	SOCIAL SECURITY		270.08	
010-426-203	RETIREMENT		414.33	
010-450-101	SALARIES - DISTRICT CL		703.36	
010-450-103	CELL PHONE ALLOWANCE		9.23	
010-450-105	SALARIES		3,421.88	
010-450-108	SALARIES - PART/TIME		347.82	
010-450-201	SOCIAL SECURITY		318.54	
010-450-203	RETIREMENT		463.76	
010-455-101	SALARY - JP #1		486.85	
010-455-105	SALARIES		786.05	

Client: *Polk County, Texas*
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 Period Ending: *9/30/2010*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
010-455-108	SALARIES - PART/TIME		202.37	
010-455-201	SOCIAL SECURITY		109.88	
010-455-203	RETIREMENT		184.64	
010-455-225	TRAVEL ALLOWANCE		200.31	
010-456-101	SALARY JP #2		486.85	
010-456-105	SALARY - SECRETARY		708.45	
010-456-201	SOCIAL SECURITY		105.14	
010-456-203	RETIREMENT		153.38	
010-456-225	TRAVEL ALLOWANCE		200.31	
010-457-101	SALARY - JP #3		486.85	
010-457-105	SALARIES		809.13	
010-457-201	SOCIAL SECURITY		113.20	
010-457-203	RETIREMENT		163.40	
010-457-225	TRAVEL ALLOWANCE		200.31	
010-458-101	SALARY - JP #4		486.85	
010-458-105	SALARIES		717.57	
010-458-201	SOCIAL SECURITY		105.21	
010-458-203	RETIREMENT		154.38	
010-458-225	TRAVEL ALLOWNACE		200.31	
010-465-101	SALARY SUPPLEMENT FOR		430.77	
010-465-201	SOCIAL SECURITY		32.30	
010-465-203	RETIREMENT		47.34	
010-466-103	CELL PHONE ALLOWANCE		11.93	
010-466-105	SALARIES		1,845.12	
010-466-120	CERTIFICATE PAY		18.46	
010-466-201	SOCIAL SECURITY		135.19	
010-466-203	RETIREMENT		208.15	
010-466-225	TRAVEL ALLOWANCE-BAILI		27.69	
010-467-103	CELL PHONE ALLOWANCE		11.93	
010-467-105	SALARIES		1,335.66	
010-467-120	CERTIFICATE PAY		27.69	
010-467-201	SOCIAL SECURITY		101.42	
010-467-203	RETIREMENT		154.19	
010-467-225	TRAVEL ALLOWANCE-BAILI		27.69	
010-475-101	SALARY - D.A.		107.69	
010-475-105	SALARIES		9,628.07	
010-475-120	CERTIFICATE PAY- TCLEO		83.08	
010-475-201	SOCIAL SECURITY		744.18	
010-475-203	RETIREMENT		1,072.27	
010-495-102	SALARY - AUDITOR		895.38	
010-495-105	SALARIES		1,891.41	
010-495-201	SOCIAL SECURITY		200.90	
010-495-203	RETIREMENT		308.40	
010-495-225	TRAVEL ALLOWANCE		65.49	
010-497-101	SALARY - TREASURER		703.36	
010-497-105	SALARIES		863.52	
010-497-201	SOCIAL SECURITY		114.90	
010-497-203	RETIREMENT		169.90	
010-499-101	SALARY - TAX ASSESS/CO		703.36	
010-499-105	SALARIES		5,065.51	
010-499-201	SOCIAL SECURITY		399.91	
010-499-203	RETIREMENT		604.56	
010-501-105	SALARIES		1,633.80	
010-501-201	SOCIAL SECURITY		118.75	
010-501-203	RETIREMENT		179.56	
010-503-103	CELL PHONE ALLOWANCE		6.16	
010-503-105	SALARIES		1,250.01	

Client: **Polk County, Texas**
 Engagement: **4.1 - Polk County 9/30/10**
 Period Ending: **9/30/2010**
 Workpaper: **2.5.06 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
010-503-201	SOCIAL SECURITY		89.74	
010-503-203	RETIREMENT		138.05	
010-511-105	SALARIES		4,089.89	
010-511-201	SOCIAL SECURITY		216.70	
010-511-203	RETIREMENT		341.36	
010-512-105	SALARIES		14,038.70	
010-512-108	SALARIES - PART/TIME		452.95	
010-512-120	CERTIFICATE PAY - TCLE		73.85	
010-512-201	SOCIAL SECURITY		1,019.76	
010-512-203	RETIREMENT		1,532.52	
010-551-101	SALARIES		385.30	
010-551-103	CELL PHONE ALLOWANCE		12.92	
010-551-201	SOCIAL SECURITY		18.70	
010-551-203	RETIREMENT		26.86	
010-552-101	SALARIES		231.46	
010-552-103	CELL PHONE ALLOWANCE		12.92	
010-552-201	SOCIAL SECURITY		18.70	
010-552-203	RETIREMENT		26.86	
010-553-101	SALARIES		231.46	
010-553-201	SOCIAL SECURITY		17.42	
010-553-203	RETIREMENT		25.44	
010-554-101	SALARIES		231.46	
010-554-201	SOCIAL SECURITY		17.71	
010-554-203	RETIREMENT		25.44	
010-560-101	SALARY - SHERIFF		703.36	
010-560-103	CELL PHONE ALLOWANCE		400.74	
010-560-105	SALARIES		3,028.16	
010-560-106	TRA OVERTIME SALARIES		24,750.27	
010-560-108	SALARIES - PART/TIME		1,198.71	
010-560-120	CERTIFICATE PAY		544.62	
010-560-201	SOCIAL SECURITY		2,171.56	
010-560-203	RETIREMENT		3,364.84	
010-560-225	TRAVEL ALLOWANCE		293.75	
010-645-105	SALARIES		811.49	
010-645-201	SOCIAL SECURITY		101.00	
010-645-203	RETIREMENT		147.78	
010-650-105	SALARIES		769.26	
010-650-108	SALARIES - PART/TIME		168.64	
010-650-201	SOCIAL SECURITY		63.47	
010-650-203	RETIREMENT		91.96	
010-665-105	SALARIES		839.34	
010-665-201	SOCIAL SECURITY		48.78	
010-665-203	RETIREMENT		46.20	
010-665-225	TRAVEL ALLOWANCE		123.08	
010-695-105	SALARIES		2,274.00	
010-695-108	SALARIES - PART/TIME		18.89	
010-695-201	SOCIAL SECURITY		166.65	
010-695-203	RETIREMENT		254.09	
010-696-103	CELL PHONE ALLOWANCE		9.23	
010-696-105	SALARIES - PERSONNEL		1,191.56	
010-696-201	SOCIAL SECURITY		83.29	
010-696-203	RETIREMENT		131.96	
010-697-105	SALARIES		509.46	
010-697-201	SOCIAL SECURITY		38.98	
010-697-203	RETIREMENT		55.99	
021-621-101	SALARY - COUNTY COMMIS		703.36	
021-621-103	CELL PHONE ALLOWANCE		12.92	

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 Period Ending: *9/30/2010*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
021-621-105	SALARIES		3,909.49	
021-621-108	SALARY - PART/ TIME		126.48	
021-621-201	SOCIAL SECURITY		398.59	
021-621-203	RETIREMENT		580.41	
021-621-225	VEHICLE ALLOWANCE		293.75	
022-622-101	SALARY - COUNTY COMMIS		703.36	
022-622-103	CELL PHONE ALLOWANCE		12.92	
022-622-105	SALARIES		4,222.74	
022-622-108	SALARY - PART/ TIME		113.83	
022-622-201	SOCIAL SECURITY		425.26	
022-622-203	RETIREMENT		620.43	
022-622-225	VEHICLE ALLOWANCE		293.75	
023-623-101	SALARY - COUNTY COMMIS		703.36	
023-623-103	CELL PHONE ALLOWANCE		12.92	
023-623-105	SALARIES		5,263.34	
023-623-108	SALARIES - PART/TIME		558.38	
023-623-201	SOCIAL SECURITY		532.12	
023-623-203	RETIREMENT		806.88	
023-623-225	VEHICLE ALLOWANCE		293.75	
024-624-101	SALARY - COUNTY COMMIS		703.36	
024-624-103	CELL PHONE ALLOWANCE		25.85	
024-624-105	SALARIES		4,536.24	
024-624-108	SALARY - PART/ TIME		233.99	
024-624-201	SOCIAL SECURITY		414.22	
024-624-203	RETIREMENT		611.73	
024-624-225	VEHICLE ALLOWANCE		293.75	
027-580-105	SALARIES-BALIFFS		509.46	
027-580-108	SALARIES - PART/TIME		18.46	
027-580-201	SOCIAL SECURITY		70.04	
027-580-203	RETIREMENT		101.21	
051-645-105	SALARIES		1,561.50	
051-645-108	SALARY - PART/TIME		127.54	
051-645-201	SOCIAL SECURITY		124.65	
051-645-203	RETIREMENT		184.03	
010-202-100	SALARIES PAYABLE			127,198.02
021-202-100	SALARIES PAYABLE			6,025.00
022-202-100	SALARIES PAYABLE			6,392.29
023-202-100	SALARIES PAYABLE			8,170.75
024-202-100	SALARIES PAYABLE			6,819.14
027-202-100	SALARIES PAYABLE			699.17
051-202-100	SALARIES PAYABLE			1,997.72
Total			157,302.09	157,302.09

Adjusting Journal Entries JE # 4

To record property tax receivable and deferred revenue

010-105-000	TAXES RECEIVABLE		118,721.40	
021-105-000	TAXES RECEIVABLE		15,585.40	
022-105-000	TAXES RECEIVABLE		17,534.69	
023-105-000	TAXES RECEIVABLE		13,105.31	
024-105-000	TAXES RECEIVABLE		19,199.29	
061-105-000	TAXES RECEIVABLE		57,779.43	
010-233-100	DEFERRED REVENUE			118,721.40
021-233-100	DEFERRED REVENUE			15,585.40
022-233-100	DEFERRED REVENUE			17,534.69

Client: *Polk County, Texas*
 Engagement: *4.1 - Polk County 9/30/10*
 Period Ending: *9/30/2010*
 Workpaper: *2.5.06 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
023-233-100	DEFERRED REVENUE			13,105.31
024-233-100	DEFERRED REVENUE			19,199.29
061-233-100	DEFERREF REVENUE			57,779.43
Total			241,925.52	241,925.52

Adjusting Journal Entries JE # 5

To record sales tax receivable for the year.

010-110-000	SALES TAX RECEIVABLE		21,302.40	
010-318-150	SALES TAX			21,302.40
Total			21,302.40	21,302.40

Adjusting Journal Entries JE # 6

Client adjusting entry.

010-115-000	ACCOUNTS RECEIVABLE		966.95	
010-202-100	SALARIES PAYABLE		313,571.97	
010-229-200	IAH-CIVIGENICS PAYABLE		1,033,362.00	
010-342-549	DELQ.TAX-OFFICE REIMBU		4,149.11	
010-560-565	CJD GRANT #2237201 EXP		966.95	
021-202-100	SALARIES PAYABLE		15,650.59	
022-202-100	SALARIES PAYABLE		16,727.48	
023-202-100	SALARIES PAYABLE		21,702.26	
024-202-100	SALARIES PAYABLE		16,480.46	
027-202-100	SALARIES PAYABLE		2,730.35	
051-202-100	SALARIES PAYABLE		4,957.85	
010-115-000	ACCOUNTS RECEIVABLE			4,149.11
010-201-000	VOUCHERS PAYABLE			966.95
010-201-000	VOUCHERS PAYABLE			313,571.97
010-229-000	JP'S FEES PAYABLES			1,033,362.00
010-330-565	CJD GRANT #2237201 REV			966.95
021-201-000	VOUCHERS PAYABLE			15,650.59
022-201-000	VOUCHERS PAYABLE			16,727.48
023-201-000	VOUCHERS PAYABLE			21,702.26
024-201-000	VOUCHERS PAYABLE			16,480.46
027-201-000	VOUCHERS PAYABLE			2,730.35
051-201-000	VOUCHERS PAYABLE			4,957.85
Total			1,431,265.97	1,431,265.97

