



Required Auditor Disclosure Letter

December 31, 2009

To the Honorable County Judge and
Members of Commissioners' Court,
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, for the year ended September 30, 2009, and have issued our report thereon dated December 31, 2009. Professional standards require that we provide Commissioners' Court (the "governing body") with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 14, 2007, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to management in our meeting about planning matters on July 17, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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. The significant accounting policies used by the County, are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 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 it is reasonable in relation to the financial statements taken as a whole.

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 disclosures affecting the financial statements were:

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 Note V. I. given that the County and the Corporation have entered into a number of legal agreements related to the operation and financing of the facility.

Difficulties Encountered in Performing the Audit

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

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.

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2009.

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 auditor's 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.

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 Commissioners and management of Polk County, Texas, and is not intended to be and should not be used by anyone other than these specified parties.

Belt Harris & Associates, LLLP

Belt Harris & Associates, LLLP

Certified Public Accountants

Houston, Texas

December 31, 2009

Client: *Polk County, Texas*
 Engagement: *4.0 - Polk County 9/30/09*
 Period Ending: *9/30/2009*
 Workpaper: *2.5.11 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To correct amount posted to wrong acct number.				
081-101-812	Mary Weltch		898.09	
081-101-800	FNB - INDIVIDUAL BENEF			898.09
Total			<u><u>898.09</u></u>	<u><u>898.09</u></u>
Adjusting Journal Entries JE # 2				
To adjust book to bank.				
086-101-400	ROC - FSB INDIVIDUAL T		6,088.07	
086-207-225	DUE TO ROC TRUST AGENC			6,088.07
Total			<u><u>6,088.07</u></u>	<u><u>6,088.07</u></u>
Adjusting Journal Entries JE # 3				
To correct interest payment applied to principal amount.				
023-623-569	LEASE INTEREST PAYMENT		548.38	
023-623-569	LEASE INTEREST PAYMENT		3,272.12	
023-623-570	LEASE PAYMENT			548.38
023-623-570	LEASE PAYMENT			3,272.12
Total			<u><u>3,820.50</u></u>	<u><u>3,820.50</u></u>
Adjusting Journal Entries JE # 4				
To adjust transfer amounts.				
092-370-091	TRANSFER FROM PERM.SCH		449.29	
092-360-100	DEPOSITORY INTEREST			449.29
Total			<u><u>449.29</u></u>	<u><u>449.29</u></u>
Adjusting Journal Entries JE # 5				
To record sales tax receivable for CY.				
010-318-150	SALES TAX		37,680.25	
010-110-000	SALES TAX RECEIVABLE			37,680.25
Total			<u><u>37,680.25</u></u>	<u><u>37,680.25</u></u>
Adjusting Journal Entries JE # 6				
To record property tax receivable for CY.				
010-222-100	DEFERRED REVENUE		13,959.17	
010-105-000	TAXES RECEIVABLE			13,959.17
Total			<u><u>13,959.17</u></u>	<u><u>13,959.17</u></u>

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7				
To record property tax receivable for CY.				
021-105-000	TAXES RECEIVABLE		1,970.06	
021-222-000	DEFERRED REVENUE			1,970.06
Total			1,970.06	1,970.06
Adjusting Journal Entries JE # 8				
To record property tax receivable for CY.				
022-105-000	TAXES RECEIVABLE		2,016.16	
022-222-000	DEFERRED REVENUE			2,016.16
Total			2,016.16	2,016.16
Adjusting Journal Entries JE # 9				
To record property tax receivable for CY.				
023-105-000	TAXES RECEIVABLE		2,019.45	
023-222-000	DEFERRED REVENUE			2,019.45
Total			2,019.45	2,019.45
Adjusting Journal Entries JE # 10				
To record property tax receivable for CY.				
024-105-000	TAXES RECEIVABLE		2,226.91	
024-222-000	DEFERRED REVENUE			2,226.91
Total			2,226.91	2,226.91
Adjusting Journal Entries JE # 11				
To record property tax receivable for CY.				
061-105-000	TAXES RECEIVABLE		9,301.37	
061-222-100	DEFERREF REVENUE			9,301.37
Total			9,301.37	9,301.37
Adjusting Journal Entries JE # 12				
To record receivable and expense for grant for CY.				
035-115-000	ACCOUNTS RECEIVABLE		8,536.20	
035-409-600	DISASTER PROJECT - DRS		8,536.20	
035-409-612	DISASTER RELIEF GRANT		7,256.44	
035-201-000	VOUCHERS PAYABLE			7,256.44
035-201-000	VOUCHERS PAYABLE			8,536.20
035-331-100	DISASTER PROJECT - DRS			8,536.20

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 Workpaper: *2.5.11 - Adjusting Journal Entries Report*

Account	Description	W/P Ref	Debit	Credit
Total			<u>24,328.84</u>	<u>24,328.84</u>
Adjusting Journal Entries JE # 13				
Client adj entry to salaries payable.				
010-202-100	SALARIES PAYABLE		24,996.12	
010-409-202	RENEWAL CREDIT - TAC H			24,996.12
Total			<u>24,996.12</u>	<u>24,996.12</u>
Adjusting Journal Entries JE # 14				
Client adj entry.				
021-621-202	GROUP INSURANCE		147.51	
021-202-100	SALARIES PAYABLE			147.51
Total			<u>147.51</u>	<u>147.51</u>
Adjusting Journal Entries JE # 15				
Client Adj entry.				
022-622-202	GROUP INSURANCE		363.39	
022-202-100	SALARIES PAYABLE			363.39
Total			<u>363.39</u>	<u>363.39</u>
Adjusting Journal Entries JE # 16				
Client adj entry.				
023-623-202	GROUP INSURANCE		329.19	
023-202-100	SALARIES PAYABLE			329.19
Total			<u>329.19</u>	<u>329.19</u>
Adjusting Journal Entries JE # 17				
Client adj entry.				
024-202-100	SALARIES PAYABLE		249.90	
024-624-202	GROUP INSURANCE			249.90
Total			<u>249.90</u>	<u>249.90</u>
Adjusting Journal Entries JE # 18				
Client adj entry.				
051-645-202	GROUP INSURANCE		416.90	
051-202-100	SALARIES PAYABLE			416.90
Total			<u>416.90</u>	<u>416.90</u>

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 19				
Client adj entry.				
027-580-202	GROUP INSURANCE		77.63	
027-202-100	SALARIES PAYABLE			77.63
Total			<u>77.63</u>	<u>77.63</u>
Adjusting Journal Entries JE # 20				
Client Adj Entry JE912A2.				
010-401-352	CONTINGENCIES		10,000.00	
010-401-400	ATTORNEY FEES/COMM COU		10,000.00	
010-426-485	JURY FEES		4,000.00	
010-512-440	CONTRACT-INMATE HOUSIN		26,881.91	
010-560-330	FUEL & OIL		10,000.00	
010-695-493	DISASTER EXPENSES		22,497.15	
010-409-202	RENEWAL CREDIT - TAC H			60,681.91
010-409-450	HURRICANE REPAIRS INSU			18,697.15
010-435-485	JURY - PETIT,GRAND,COM			4,000.00
Total			<u>83,379.06</u>	<u>83,379.06</u>
Adjusting Journal Entries JE # 21				
To record grant revenues and expenditures for child support supplement.				
080-450-251	TITLE IV CHILD SPRT EXPENDITURES		45,400.08	
080-370-251	TITLE IV CHILD SPRT REVENUE			45,400.08
Total			<u>45,400.08</u>	<u>45,400.08</u>