CERTIFIED PUBLIC ACCOUNTANTS
BELT HARRIS PECHACEK
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Required Auditor Disclosure Letter

October 15, 2014

To the Board of Directors
of the Southeast Texas Regional Advisory Council:

We have audited the financial statements of the Southeast Texas Regional Advisory Council (SETRAC) (a nonprofit organization), as of and for the year ended August 31, 2014, and have issued our report thereon dated October 15, 2014. Professional standards require that we provide the Board of Directors (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 December 13, 2013, 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 engagement letter dated December 13, 2013.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SETRAC 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 SETRAC 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.

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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 is the revenue concentrations.

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 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 October 15, 2014.

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 SETRAC'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 SETRAC'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 SETRAC 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:	***Southeast Texas Regional Advisory Council***
Engagement:	***4.1 - SETRAC 08/31/14***
Period Ending:	***8/31/2014***
Trial Balance:	***2.2.01 - Trial Balance***
Workpaper:	***2.5.06 - Adjusting Journal Entries Report - 2***

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
Adjusting entry to record prior year entry for capital assets. Client should make entry as of yearend and do not reverse.				
19001	Office equipment		55,532.00	
19002	Vehicles		2,604,581.40	
19003	Communications Equipment		554,790.45	
19004	Computer equipment		169,354.32	
19005	Field equipment		993,628.36	
19100	Depreciation			1,915,466.26
32000	Unrestricted Net Assets			2,462,420.27
Total			**4,377,886.53**	**4,377,886.53**
Adjusting Journal Entries JE # 2				
Adjusting entry to record revenue that is temporarily restricted. Client should make entry as of yearend and do not reverse.				
31500	Temp. Restricted Net Assets		799,489.95	
32000	Unrestricted Net Assets		486,948.18	
25800	Unearned or Deferred Revenue			486,948.18
32000	Unrestricted Net Assets			799,489.95
Total			**1,286,438.13**	**1,286,438.13**
Adjusting Journal Entries JE # 3				
Adjusting entry to reclass AMOP revenue from miscellaneous revenue. Client should make entry as of yearend and do not reverse.				
46430	Miscellaneous Revenue		143,382.00	
44541	State Grants			143,382.00
Total			**143,382.00**	**143,382.00**
Adjusting Journal Entries JE # 4				
Adjusting entry to reclassify grant receivables. Client should make entry as of yearend and do not reverse.				
11501	Grants Receivable		3,000.00	
11500	Accounts Receivable - Other			3,000.00
Total			**3,000.00**	**3,000.00**
Adjusting Journal Entries JE # 5				
Adjusting entry to record UASI accounts receivables. Client should make entry as of yearend and do not reverse.				
11501	Grants Receivable		47,964.00	
44500	Government Grants			47,964.00
Total			**47,964.00**	**47,964.00**
Adjusting Journal Entries JE # 6				
Adjusting entry to reclassify revenue to restricted and accounts payable. Client should make entry as of yearend and do not reverse.				
25800	Unearned or Deferred Revenue		245,991.11	
44520	Grant ASPR		24,356.77	
46430	Miscellaneous Revenue		2,327.01	
25010	ASPR Hospital Allocation			24,356.77
44520	Grant ASPR			2,327.01
44520	Grant ASPR			245,991.11
Total			**272,674.89**	**272,674.89**
Adjusting Journal Entries JE # 7				
Adjusting entry to reclassify revenue to restricted. Client should make adjusting entry as of yearend and do not reverse.				
44540	Grant EMS/RAC		158,025.52	

Client: *Southeast Texas Regional Advisory Council*
Engagement: *4.1 - SETRAC 08/31/14*
Period Ending: *8/31/2014*
Trial Balance: *2.2.01 - Trial Balance*
Workpaper: *2.5.06 - Adjusting Journal Entries Report - 2*

Account	Description	W/P Ref	Debit	Credit
44550	Grant County		248,427.00	
25800	Unearned or Deferred Revenue			406,452.52
Total			**406,452.52**	**406,452.52**
Adjusting Journal Entries JE # 8				
Adjusting entry to add current year capital asset activity. Client should make entry and do not reverse.				
19002	Vehicles		232,515.48	
19003	Communications Equipment		64,267.95	
19005	Field equipment		22,753.64	
690000	Depreciation		413,247.47	
19100	Depreciation			413,247.47
63200	Equip - Communications			64,267.95
63700	Equip - Field Response			22,753.64
63900	Equip - Mobile Assets			232,515.48
Total			**732,784.54**	**732,784.54**
Adjusting Journal Entries JE # 9				
Adjusting entry to remove assets that are no longer in use and are disposed of. Client should make entry and do not reverse.				
19100	Depreciation		658,795.40	
19003	Communications Equipment			221,036.00
19004	Computer equipment			163,650.40
19005	Field equipment			274,109.00
Total			**658,795.40**	**658,795.40**