

CERTIFIED
PUBLIC
ACCOUNTANTS

June 20, 2018

To Board of Directors
Southeast Metro Stormwater Authority
Centennial, Colorado

Dear Board Members

We have audited the financial statements of the Southeast Metro Stormwater Authority (Authority) for the year ended December 31, 2018, and have issued our report thereon dated June 20, 2018.

We thank you for this opportunity to be of service to the Southeast Metro Stormwater Authority. We also want to thank John McCarty, Dave Agee, and their staffs for assistance during the audit.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. We noted no transactions entered into by the Authority during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions 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.

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:

- The amount stormwater fees receivable that will be collected in future periods
- The useful lives used in recognizing depreciation of property (allocating costs of assets to operations over time), and
- The timing and amounts to be paid out for reimbursement agreements.

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. We proposed no audit adjustments for the fiscal year ended December 31, 2017.

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 June 20, 2018.

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 Authority'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.

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

Current Year Comments

Service Organization Internal Controls

The Authority employs outside service organizations to perform tasks such as depositing service fee funds into a lockbox. As a result, the Authority is dependent on those organization's internal controls. Those organizations may have a report on their internal controls called a SOC 1 or SSAE16 report. Reviewing that report may indicate internal control issues that the Authority finds impact its operations. For those internal control issues, the Authority could discover it is necessary to implement certain compensating controls.

The SOC 1 report will also include controls that should be in place at the Authority which compliment the controls at the service organization. The Authority should review that list to determine if any additional internal control steps should be put into place at the Authority level.

We recommend that the Authority obtain SOC 1 reports from their external service providers.

Other Matters

We applied certain limited procedures to management's discussion which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of

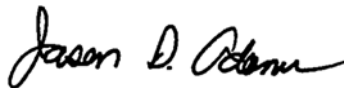
inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budgetary 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.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Southeast Metro Stormwater Authority and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

A handwritten signature in black ink, appearing to read "Jason D. Adams". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jason D. Adams, CPA
The Adams Group, LLC