



RSM US LLP

19026 Ridgewood Pkwy
Suite 400
San Antonio, TX 78259

T +1 210 828 6281

www.rsmus.com

March 27, 2018

Report to the Members of the Board of Directors
Edwards Aquifer Authority
San Antonio, Texas

Attention: Ms. Luana Buckner, Chairman of the Board

This letter is to inform the Board of Directors of Edwards Aquifer Authority (the EAA) about significant matters related to the conduct of our audit as of and for the year ended December 31, 2017, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated July 18, 2017. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated September 2, 2017, regarding the planned scope and timing of our audit.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the EAA's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- Useful lives of capital assets
- Net pension liability and related disclosures

Audit Adjustments

For purposes of this communication, professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those we believe are trivial, and communicate them to the appropriate level of management. We did not identify any audit adjustments.

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Uncorrected Misstatements

We identified the following uncorrected misstatements that management has concluded are not, individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
Factual misstatement:					
To record the Edwards Aquifer Conservancy activity not recorded in the financial statements	\$ 145,921	\$ (63,031)	\$ (94,626)	\$ (57,527)	\$ 69,263
To record interest earned on certificates of deposit as of December 31, 2017	54,898	-	-	(54,898)	-
Total	<u>\$ 200,819</u>	<u>\$ (63,031)</u>	<u>(94,626)</u>	<u>\$ (112,425)</u>	<u>\$ 69,263</u>
Effect of current-year passed adjustments on net position			(43,162)		
Total			<u>\$ (137,788)</u>		

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed or Subject to Correspondence With Management

No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Management Representations

Attached is a copy of the management representation letter we obtained from management.

Other Information in Documents Containing Audited Financial Statements

In connection with the EAA's comprehensive annual financial report containing our independent auditor's report, we will not perform any procedures or corroborate other information included in the comprehensive annual financial report. However, we will read the EAA's comprehensive annual financial report and consider whether the information or the manner in which it is presented is materially inconsistent with the information or the manner of presentation in the financial statements.

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Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the EAA.

This report is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

RSM VS LLP



March 27, 2018

RSM US, LLP
19026 Ridgewood Pkwy Ste. 400
San Antonio, Texas 78259

This representation letter is provided in connection with your audit of the basic financial statements of Edwards Aquifer Authority (the EAA), as of and for the years ended December 31, 2017 and 2016, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 27, 2018:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 18, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. We are not aware of any events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

9. We have informed you of all uncorrected misstatements.

As of and for the year ended December 31, 2017, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

	Debit (Credit) to Correct the Misstatements				
	Assets	Liabilities	Net Position	Revenue	Expense
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Information Provided

10. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit;
- Unrestricted access to persons within the EAA from whom you determined it necessary to obtain audit evidence; and
- Minutes of the meetings of stockholders, directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of allegations of fraud or suspected fraud affecting the EAA's financial statements involving:

- Management.
- Employees who have significant roles in internal control.

- c. Others where the fraud could have a material effect on the financial statements.
- 14. We have no knowledge of any allegations of fraud or suspected fraud affecting the EAA's financial statements received in communications from employees, former employees, analysts, regulators, or others.
- 15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- 17. We have disclosed to you the identity of the EAA's related parties and all the related-party relationships and transactions of which we are aware.
- 18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the EAA's ability to record, process, summarize and report financial data.
- 19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information


- 21. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
- 22. With respect to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability, Schedule of the EAA's Pension Contribution, and Notes to Required Supplementary Information - presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

- c. The methods of measurement or presentation have not changed from those used in the prior period.
- d. The underlying significant assumptions or interpretations regarding the measurement or presentation of such information include the actuary assumptions to the TCDRS pension plan.

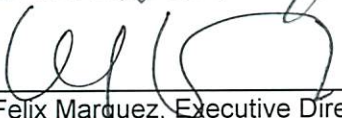
Edwards Aquifer Authority




Roland Ruiz, General Manager



Brock Curry, Deputy General Manager



Felix Marquez, Executive Director of
Administration and Financial Services



Shelly Hendrix, Controller/ Director of Finance