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COMMUNICATIONS WITH THOSE
CHARGED WITH GOVERNANCE

CLEAN WATER SERVICES

June 30, 2021





Communications with Those Charged with Governance

To the Board of Directors
Clean Water Services
(A component unit of Washington County, Oregon)

We have audited the financial statements of Clean Water Services (the “District”) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 1, 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated June 23, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free from material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over financial reporting. Accordingly, we considered the District’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in the financial statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated June 23, 2021.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. New GASB pronouncements adopted included GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61* and GASB Statement No. 84. *Fiduciary Activities*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. We noted no majority equity interest that meet the criteria entered into by the District during the year for which that would change the basis of reporting. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

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:

Management's estimate of the accumulated depreciation is based on historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. We evaluated the key factors and assumptions used to develop the estimated accumulated depreciation, determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of the Pension and Other Post-Employment Benefits (OPEB) are based on an actuarial valuation, which has been compiled with management input. We have evaluated the key factors and assumptions used to develop the annual expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Disclosure of the reporting entity and summary of significant accounting policies in Note 1 to the financial statements. This disclosure reports the operations under the governance of the elected Board of Directors, as well as the more significant policies used by the District in the preparation of the financial statements.

The disclosure of the District's bonds payable in Note 7 to the financial statements. This disclosure provides the details of the amounts and types of debt outstanding at year-end along with the repayment terms, significant covenants, and future maturities of principal and interest.

The disclosure of pension benefits in Note 9 to the financial statements. These required disclosures include details on the pension benefits the District provides its employees. The recorded liabilities for benefits included in the financial statements are an estimate based on assumptions regarding future personnel costs, discount rates that attempt to match anticipated returns on the District's cash and investments, and many other actuarial assumptions.

The disclosure of other post-employment benefits (OPEB) in Note 10 to the financial statements. This disclosure required by GASB Statement 75 includes details on the post-retirement health care benefits the District provides its employees. The recorded liability for benefits included in the financial statements is an estimate based on assumptions regarding future healthcare trend rates, discount rates that attempt to match anticipated returns on the District's cash and investments, and many other actuarial assumptions.

Significant 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 factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during the audit.

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 auditor's 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 23, 2021.

Management Consultation 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 District'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 Significant 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 District'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 Board of Directors and management of Clean Water Services and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams LLP

Portland, Oregon
December 23, 2021

