



Communications with
Those Charged with Governance

Clean Water Services

June 30, 2024

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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, 2024, and have issued our report thereon dated November 27, 2024. 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 September 27, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

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.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Other Information Included in the Annual Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory and Statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. We have read the information, and nothing came to our attention that caused us to believe that such information is materially inconsistent with 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 and planning discussions.

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 Clean Water Services are described in Note 1 to the financial statements. During the year ended June 30, 2024, the District adopted the provisions of GASB Statement No. 99, *Omnibus* and No. 100, *Accounting Changes and Error Corrections*. There were no changes in the application of existing policies during fiscal year 2024. We noted no transactions entered into by the District 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.

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 8 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 11 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 OPEB in Note 12 to the financial statements. This disclosure required by GASB Statement No. 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 Unusual Transactions

We encountered no significant unusual transactions during our audit of the District's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the District's financial statements.

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. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

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.

Corrected misstatements: None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements as a whole, however, management chose to post the following misstatement found during our audit procedures.

- To adjust the total expense and capitalization portion of donated infrastructure - \$1.9 million.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 27, 2024.

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 are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

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
November 27, 2024