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October 20, 2022

Board of Commissioners
Suburban East Salem Water District
Salem, Oregon

We have audited the financial statements of Suburban East Salem Water District as of and for the year ended June 30, 2022, and have issued our report thereon dated October 20, 2022. 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. We have communicated such information in our letter to you dated June 1, 2022. Professional standards also require that we communicate to you the following information regarding significant audit findings related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Suburban East Salem Water District are described in Note 1 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 the District during 2021-22 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 significant estimate affecting the District's financial statements is the Net Pension Liability. The Net Pension Liability is an estimate of the District's proportionate share of the Public Employees Retirement System (PERS) Plan's unfunded portion of the total pension liability at a specific point in time. The unfunded portion will change from one year to the next and is based on assumptions about the probability of the occurrence of events far into the future. The amount was actuarially determined with management input. We evaluated the key factors and assumptions used to develop the District's proportionate share of the net pension liability in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. There were no significant sensitive financial statement disclosures for 2021-22.

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. There were no significant uncorrected misstatements in the District's 2021-22 financial statements detected as a result of audit procedures.

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 independent 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 October 20, 2022.

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 District's financial statements or a determination of the type of independent 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 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 Commissioners and management of Suburban East Salem Water District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Kenneth Kuhns & Co

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