

**HIGHLINE WATER DISTRICT
King County, Washington**

RESOLUTION 17-1-18C

**RESOLUTION AUTHORIZING AGREEMENTS FOR
ACCOUNTING SERVICES WITH CLIFTONLARSONALLEN LLP**

WHEREAS, at the District's request, CliftonLarsonAllen LLP submitted agreement proposals for the following services:

Review and Preparation Services (Exhibit A)

Prepare the financial statements of Highline Water District, which comprise the statement of net position as of December 31, 2016, and the related statements of revenues, expenses and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and perform a review engagement with respect to those financial statements; and

Accounting services: • Preparation of a trial balance; • Preparation of adjusting journal entries.

Compilation and Preparation Services (Exhibit B)

Prepare the schedules required by the Washington State Auditor as part of your year-end reporting, which comprise Schedule 1- Schedule of Revenues, Expenditures, Expenses; Schedule 9-Schedule of Liabilities; Schedule 15 - Schedule of State Financial Assistance; Schedule 16- Schedule of Expenditures of Federal Awards; Schedule 21- Risk Management (collectively "the schedules" as of December 31, 2016, and for the year then ended, in the form prescribed by the Washington State Auditor, and perform a compilation engagement with respect to those schedules; and

Accounting services: • Preparation of a trial balance; • Preparation of adjusting journal entries.

WHEREAS, the General Manager and Administration Manager have reviewed the agreements submitted by CliftonLarsonAllen LLP and recommend approval of this resolution.

NOW, THEREFORE, BE IT RESOLVED:


1. The Board of Commissioners authorizes the General Manager or Designee to execute the agreements (attached as Exhibits A & B and incorporated herein by this reference) with CliftonLarsonAllen LLP, for accounting services.
2. The cost for the accounting services shall not exceed \$25,000.00 without written consent by the District.

**HIGHLINE WATER DISTRICT
King County, Washington**

RESOLUTION 17-1-18C

ADOPTED BY THE BOARD OF COMMISSIONERS of Highline Water District, King County, Washington, at an open public meeting held on this **18th** day of **January 2017**.

BOARD OF COMMISSIONERS



Todd Faltz, President



Daniel Johnson, Secretary



Vince Koester, Commissioner



George Landon, Commissioner



Kathleen Quong-Vermeire, Commissioner



CliftonLarsonAllen

CliftonLarsonAllen LLP
3000 Northup Way, Suite 200
Bellevue, WA 98004-1446
425-250-6100 | fax 425-250-6050
CLAconnect.com

January 11, 2017

EXHIBIT A

Ms. Debbie Prior, Administrative Manager
Highline Water District
23828 30th Avenue South
Kent, WA 98032

Dear Debbie:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the review and accounting services CliftonLarsonAllen LLP ("CLA," "we," "us," and "our") will provide for Highline Water District ("you," "your," or "the entity") for the year ended December 31, 2016.

David G. Hoagland, CPA is responsible for the performance of the review engagement.

Review and preparation services

We will prepare the financial statements of Highline Water District, which comprise the statement of net position as of December 31, 2016, and the related statements of revenues, expenses and changes in fund net position and cash flows for the year then ended, and the related notes to the financial statements, and perform a review engagement with respect to those financial statements.

The Governmental Accounting Standards Board (GASB) provides for certain required supplementary information (RSI) to accompany the entity's basic financial statements.

The Management's Discussion and Analysis portion of RSI information will not be subject to the review engagement. The remaining supplemental information will be subject to the review engagement.

Accounting services

We will also provide the following accounting services:

- Preparation of a trial balance.
- Preparation of adjusting journal entries.

Engagement objectives

The objectives of our engagement are to:

- a. Prepare financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) based on information provided by you.
- b. Obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with U.S. GAAP.

- c. For the Management's Discussion and Analysis portion of RSI, apply accounting and financial reporting expertise to assist you in the presentation of the supplementary information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the supplementary information in order for it to be in accordance with U.S. GAAP.
- d. Obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the remaining supplementary information in order for the supplementary information to be in accordance with U.S. GAAP.

Our responsibilities

We will conduct our review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

Engagement procedures and limitations

A review engagement includes primarily applying analytical procedures to your financial data and making inquiries of entity management. A review engagement is substantially less in scope than an audit engagement, the objective of which is the expression of an opinion regarding the financial statements as a whole. A review engagement does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents; or other procedures ordinarily performed in an audit engagement. Accordingly, we will not express an opinion regarding the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our review procedures that indicates fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our review procedures regarding noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the entity's financial statements that we may not identify as a result of misrepresentations made to us by you.

Our report

We will issue a written report upon completion of our review of the entity's financial statements. We cannot provide assurance that an unmodified accountants' review report will be issued. Circumstances may arise in which it is necessary for us to report known departures from U.S. GAAP, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. If our report is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our report will include a paragraph stating the RSI accompanying the financial statements is required by U.S. GAAP to be presented to supplement the basic financial statements. Although not a required part of the basic

financial statements, the RSI is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and form placing the basic financial statements in an appropriate operational, economic, or historic context. The Management's Discussion and Analysis portion of RSI is the representation of management. We will not audit or review such information and will not express an opinion, a conclusion, or provide any assurance on such supplementary information. The remaining RSI is also the representation of management. The report will state the supplementary information was subjected to review procedures applied in our review of the basic financial statements. We will not audit the supplementary information and will not express an opinion on such supplementary information

Management responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare financial statements in accordance with U.S. GAAP and to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements in order for the statements to be in accordance with U.S. GAAP. Management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a. The selection of U.S. GAAP as the financial reporting framework to be applied in the preparation of the financial statements.
- b. The preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- c. The inclusion of all informative disclosures that are appropriate for financial statements prepared in accordance with U.S. GAAP.
- d. The preparation and fair presentation of the supplementary information.
- e. 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.
- f. The prevention and detection of fraud.
- g. To ensure that the entity complies with the laws and regulations applicable to its activities.
- h. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- i. To provide us with the following:
 - i. Access to all information relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - ii. Additional information that may be requested for the purpose of the engagement.
 - iii. Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

- iv. At the conclusion of the engagement, a letter that confirms certain representations made during the review.

Responsibilities and limitations related to accounting services

For all accounting services we may provide to you, including the preparation of your financial statements, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the accounting services performed as part of this engagement are as follows:

- We will prepare a trial balance for use during the review. Our preparation of the trial balance is limited to formatting information into a working trial balance based on management's chart of accounts or general ledger. You will be required to review, approve, and accept responsibility for the trial balance.
- We will prepare a draft of your financial statements and related notes. Since the preparation and fair presentation of the financial statements is your responsibility, you will be required to review, approve, and accept responsibility for those financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements.
- We will prepare a draft of the supplementary information. You will be required to review, approve, and accept responsibility for the supplementary information.
- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

Use of financial statements

The financial statements and our review report thereon are for management's use. If you intend to reproduce and publish the financial statements and our report thereon, they must be reproduced in their entirety. Inclusion of the financial statements in a document, such as an annual report or an offering document, should be done only with our prior approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

With regard to the electronic dissemination of financial statements that have been subjected to a review engagement, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

We may issue preliminary draft financial statements to you for your review. Any preliminary draft financial statements should not be relied on or distributed.

Engagement administration and other matters

Except as permitted by the "Consent" section of this agreement, CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Limitation of remedies

Our role is strictly limited to the engagement described in this letter, and we offer no assurance as to the results or ultimate outcomes of this engagement or of any decisions that you may make based on our communications with you or our reports. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this agreement, the services provided under this agreement, the work product, or for any plans, actions, or results of this engagement, except to the extent authorized by this agreement. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this agreement, but any recovery on any such claims shall not exceed the fees actually paid under this agreement by you to CLA.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final review report under this agreement to you, regardless of whether any CLA party provides other services for you relating to the review report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Fees

Our fees will be based on the degree of responsibility and contribution of the professionals working on the engagement, plus expenses, including internal and administrative charges. Based on our preliminary estimates, the fee for this engagement and the compilation engagement regarding the schedules required by the Washington State Auditor as part of your year-end reporting, which has been described to you in a separate engagement letter should approximate \$20,000. We also estimate up to \$5,000 in additional consulting fees related to various inquiries and requests. The fee estimate is based on anticipated cooperation from your personnel and their assistance with preparing requested schedules. If the requested items are not available on the dates required or are not accurate, the estimated fee for services will likely be higher. If unexpected circumstances require significant additional time, we will advise you before undertaking work that would require a substantial increase in the fee estimate. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Consent

Consent to use financial information

Annually, we assemble a variety of benchmarking analyses using data obtained through our client engagements. Some of this benchmarking information is published and released publicly. However, the information that we obtain is confidential, as required by the AICPA Code of Professional Conduct. Your acceptance of this engagement letter will serve as your consent to use of Highline Water District's information in these cost comparison, performance indicator, and/or benchmarking reports.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and

supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign, date, and return a copy to us to indicate your acknowledgment and understanding of, and agreement with, the arrangements for our engagement to prepare your financial statements and to perform a review engagement with respect to those same financial statements, and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



David G. Hoagland, CPA
Signing Director
425-828-1546
dave.hoagland@CLAconnect.com

Response:

This letter correctly sets forth the understanding of Highline Water District.

Authorized management signature: _____

Title: _____

Date: _____



CliftonLarsonAllen

CliftonLarsonAllen LLP
3000 Northup Way, Suite 200
Bellevue, WA 98004-1446
425-250-6100 | fax 425-250-6050
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January 11, 2017

EXHIBIT B

Ms. Debbie Prior, Administrative Manager
Highline Water District
23828 30th Avenue South
Kent, WA 98032

Dear Debbie:

We are pleased to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the compilation and other accounting services CliftonLarsonAllen LLP (“CLA,” “we,” “us,” and “our”) will provide for Highline Water District (“you,” “your,” or “the entity”) for the year ended December 31, 2016.

David G. Hoagland, CPA is responsible for the performance of the compilation engagement.

Compilation and preparation services

We will prepare the schedules required by the Washington State Auditor as part of your year end reporting, which comprise Schedule 1 – Schedule of Revenues, Expenditures, Expenses; Schedule 9 – Schedule of Liabilities; Schedule 15 – Schedule of State Financial Assistance; Schedule 16 – Schedule of Expenditures of Federal Awards; Schedule 21 – Risk Management (collectively “the schedules” as of December 31, 2016, and for the year then ended, in the form prescribed by the Washington State Auditor, and perform a compilation engagement with respect to those schedules.

Other accounting services

We will also provide the following other accounting services:

- Preparation of a trial balance.
- Preparation of adjusting journal entries.

Engagement objectives

The objectives of our engagement are to:

- a. Prepare the schedules in accordance with the requirements prescribed by the Washington State Auditors Office based on information provided by you.
- b. Apply accounting and financial reporting expertise to assist you in the presentation of schedules without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the schedules in order for them to be in accordance with the requirements prescribed by the Washington State Auditor.

Our responsibilities

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA) and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

Engagement procedures and limitations

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the schedules.

Our engagement cannot be relied upon to identify or disclose any misstatements in the schedules, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. We have no responsibility to identify and communicate deficiencies in your internal control as part of this engagement. You agree that we shall not be responsible for any misstatements in the entity's schedules that we may not identify as a result of misrepresentations made to us by you.

Our report

As part of our engagement, we will issue a report that will state that we did not audit or review the schedules and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them.

There may be circumstances in which the report may differ from its expected form and content. If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Management responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is to prepare schedules in accordance with the requirements prescribed by the Washington State Auditor and assist management in the presentation of the schedules in accordance with the requirements prescribed by the Washington State Auditor. Management has the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARs:

- a. The selection of the financial reporting framework to be applied in the preparation of the schedules
- b. The preparation and fair presentation of the schedules in accordance with the requirements prescribed by the Washington State Auditor.
- c. The inclusion of all informative disclosures required to be included in the form prescribed by the Washington State Auditor.
- d. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of schedules that are free from material misstatement, whether due to fraud or error.
- e. The prevention and detection of fraud.

- f. To ensure that the entity complies with the laws and regulations applicable to its activities.
- g. The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
- h. To provide us with the following:
 - i. Access to all information relevant to the preparation and fair presentation of schedules, such as records, documentation, and other matters.
 - ii. Additional information that may be requested for the purpose of the engagement.
 - iii. Unrestricted access to persons within the entity with whom we determine it necessary to communicate.

Responsibilities and limitations related to accounting services

For all accounting services we may provide to you, including the preparation of schedules, management agrees to assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to understand and oversee the services; evaluate the adequacy and results of the services; and accept responsibility for the results of the services.

The responsibilities and limitations related to the accounting services performed as part of this engagement are as follows:

- We will prepare a trial balance for use during the compilation. Our preparation of the trial balance is limited to formatting information into a working trial balance based on management's chart of accounts or general ledger. You will be required to review, approve, and accept responsibility for the trial balance.
- We will prepare a draft of your schedules. Since the preparation and fair presentation of the schedules is your responsibility, you will be required to review, approve, and accept responsibility for those schedules prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those schedules.
- We will prepare the depreciation schedules for the entity for the year ended December 31, 2016. Management is responsible for determining the method and rate of depreciation and the salvage value of the assets.
- We will propose adjusting journal entries as needed. You will be required to review and approve those entries and to understand the nature of the changes and their impact on the financial statements.

Use of schedules

The schedules and our compilation report thereon are for management's use. If you intend to reproduce and publish the schedules and our report thereon, they must be reproduced in their entirety. Inclusion of the schedules in a document, such as an annual report or an offering document, should be done only with our prior

approval of the document. You are responsible to provide us the opportunity to review such documents before issuance.

We may issue preliminary draft schedules to you for your review. Any preliminary draft schedules should not be relied on or distributed.

Engagement administration and other matters

Pursuant to authority given by law or regulation, we may be requested to make certain workpapers available to the Washington State Auditor for their regulatory oversight purposes. We will notify you of any such request. Access to the requested workpapers will be provided to the regulators under the supervision of CLA personnel and at a location designated by our firm. Furthermore, upon request, we may provide copies of selected workpapers to such regulators. The regulators may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

CLA will not disclose any confidential, proprietary, or privileged information of the entity to any persons without the authorization of entity management or unless required by law. This confidentiality provision does not prohibit us from disclosing your information to one or more of our affiliated companies in order to provide services that you have requested from us or from any such affiliated company. Any such affiliated company shall be subject to the same restrictions on the use and disclosure of your information as apply to us.

Our engagement and responsibility end on delivery of our signed report. Any additional services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Limitation of remedies

Our role is strictly limited to the engagement described in this letter, and we offer no assurance as to the results or ultimate outcomes of this engagement or of any decisions that you may make based on our communications with you or our reports. You agree that it is appropriate to limit the liability of CLA, its partners, principals, directors, officers, employees, and agents (each a "CLA party") and that this limitation of remedies provision is governed by the laws of the state of Minnesota, without giving effect to choice of law principles.

You further agree that you will not hold CLA or any other CLA party liable for any claim, cost, or damage, whether based on warranty, tort, contract, or other law, arising from or related to this agreement, the services provided under this agreement, the work product, or for any plans, actions, or results of this engagement, except to the extent authorized by this agreement. In no event shall any CLA party be liable to you for any indirect, special, incidental, consequential, punitive, or exemplary damages, or for loss of profits or loss of goodwill, costs, or attorney fees.

The exclusive remedy available to you shall be the right to pursue claims for actual damages that are directly caused by acts or omissions that are breaches by a CLA party of our duties owed under this agreement, but any recovery on any such claims shall not exceed the fees actually paid under this agreement by you to CLA.

Time limitation

The nature of our services makes it difficult, with the passage of time, to gather and present evidence that fully and fairly establishes the facts underlying any dispute that may arise between you and any CLA party. The

parties (you and CLA) agree that, notwithstanding any statute or law of limitations that might otherwise apply to a dispute, including one arising out of this agreement or the services performed under this agreement, for breach of contract or fiduciary duty, tort, fraud, misrepresentation or any other cause of action or remedy, any action or legal proceeding by you against any CLA party must be commenced within twenty-four (24) months ("Limitation Period") after the date when we deliver our final compilation report under this agreement to you, regardless of whether any CLA party provides other services for you relating to the compilation report, or you shall be forever barred from commencing a lawsuit or obtaining any legal or equitable relief or recovery.

The Limitation Period applies and begins to run even if you have not suffered any damage or loss, or have not become aware of the existence or possible existence of a dispute.

Fees

Our fees will be based on the degree of responsibility and contribution of the professionals working on the engagement, plus expenses, including internal and administrative charges and are included in our estimated fees as provided in the engagement letter regarding the review of your financial statements. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 90 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Other fees

You also agree to compensate us for any time and expenses, including time and expenses of legal counsel, we may incur in responding to discovery requests or participating as a witness or otherwise in any legal, regulatory, or other proceedings that we are asked to respond to on your behalf.

Finance charges and collection expenses

You agree that if any statement is not paid within 30 days from its billing date, the unpaid balance shall accrue interest at the monthly rate of one and one-quarter percent (1.25%), which is an annual percentage rate of 15%. In the event that any collection action is required to collect unpaid balances due us, reasonable attorney fees and expenses shall be recoverable.

Subcontractors

CLA may, at times, use subcontractors to perform services under this agreement, and they may have access to your information and records. Any such subcontractors will be subject to the same restrictions on the use of such information and records as apply to CLA under this agreement.

Agreement

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. This letter constitutes the entire agreement regarding these services and supersedes all prior agreements (whether oral or written), understandings, negotiations, and discussions between you and CLA. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign, date, and return a copy to us to indicate your

acknowledgment and understanding of, and agreement with, the arrangements for our engagement to prepare your financial statements and to perform a compilation engagement with respect to those same financial statements, and the parties' respective responsibilities.

Sincerely,

CliftonLarsonAllen LLP



David G. Hoagland, CPA
Signing Director
425-828-1546
dave.hoagland@CLAconnect.com

Response:

This letter correctly sets forth the understanding of Highline Water District.

Authorized management signature: _____

Title: _____

Date: _____

Agenda Item No.: 5.2
Agenda Date: 01/18/17
Reviewed By: DP / m.e.

Subject: Authorize Accounting Services Agreements w/ CliftonLarsonAllen LLP

| CATEGORY | |
|-------------------------------|-------------------------------------|
| <i>Executive</i> | <input type="checkbox"/> |
| <i>Administrative</i> | <input type="checkbox"/> |
| <i>Engineering/Operations</i> | <input checked="" type="checkbox"/> |

| FINANCIAL | | | | | | |
|--------------------------|-----|-------------------------------------|----|--------------------------|-----|--------------------------|
| <i>Expenditures?</i> | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | N/A | <input type="checkbox"/> |
| <i>Budgeted?</i> | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> | N/A | <input type="checkbox"/> |
| <i>Estimated Amount:</i> | | \$ 25,000.00 | | | | |
| | | Excludes sales tax | | | | |

ATTACHMENTS:

1. Resolution 17-1-18C w/Exhibits A & B

COMMENTS:

At the District's request, CliftonLarsonAllen LLP submitted agreement proposals (Exhibits A & B) for accounting services.

The General Manager and Administration Manager have reviewed the agreements submitted by CliftonLarsonAllen LLP and recommend approval of this resolution.