

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Public Utility District No. 1 of Clallam  
County**

Report Date  
**October 14, 2008**

**Report No. 1000263**

Issue Date  
**December 15, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

December 15, 2008

Board of Commissioners  
Public Utility District No. 1 of Clallam County  
Port Angeles, Washington

***Report on Accountability***

Please find attached our report on Public Utility District No. 1 of Clallam County's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements. The results of that audit will be included in a separately issued audit report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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# Audit Summary

## Public Utility District No. 1 of Clallam County October 14, 2008

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Clallam County.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2007, through December 31, 2007.

### ***RESULTS***

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

### ***RELATED REPORTS***

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

### ***CLOSING REMARKS***

We thank District officials and personnel for their assistance and cooperation during the audit.

# Description of the District

## Public Utility District No. 1 of Clallam County October 14, 2008

### ***ABOUT THE DISTRICT***

Public Utility District No.1 of Clallam County provides electric, water and sewer service to residents of Clallam County. The District is administered by a three-member Board of Commissioners and an appointed General Manager. Fiscal responsibility, including budget authority, the power to set fees and issue debt consistent with provisions of state statutes, rests with the Board.

Electric service is provided to approximately 29,500 customers, water service to approximately 4,300 customers and sewer service to 53 customers. The District's primary source of revenue comes from electric services. The District had an operating budget of \$46 million in 2007 and has approximately 125 employees.

### ***AUDIT HISTORY***

We audit the District annually. In the last 21 years, the District has had no findings. Audit concerns are often discussed, addressed and resolved before completion of the audit. We believe this reflects the District's commitment to maintain a strong financial system.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Hugh Haffner  
Ted Simpson  
William Purser

### ***APPOINTED OFFICIALS***

General Manager  
Treasurer/Controller  
Internal Auditor

Douglas Nass  
Joshua Bunch  
Jana Robbins (appointed October 2007)  
Ken Foster (retired December 2007)

### ***ADDRESS***

District

2431 Hwy. 101  
P.O. Box 1090  
Port Angeles, WA 98362  
(360) 452-9771

# Audit Areas Examined

## Public Utility District No. 1 of Clallam County October 14, 2008

In keeping with general auditing practices, we do not examine every portion of Public Utility District No. 1 of Clallam County's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **ACCOUNTABILITY**

We evaluated the District's accountability in the following areas:

- Accounts receivable
- Procurement (bidding/prevaling wage)
- Travel expenses
- Conservation Rate Credit program
- General disbursements
- Payroll
- Compensation of public officials

### **FINANCIAL AREAS**

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures/expenses
- Financial condition
- Capital assets
- Overall presentation of the financial statements
- Financial statement preparation



## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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**Web Site**

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