

Washington State Auditor's Office
Accountability Audit Report

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

Report Date
October 29, 2013

Report No. 1010845

Issue Date
December 16, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

December 16, 2013

Board of Commissioners
Public Utility District No. 1 of Whatcom County
Ferndale, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on Public Utility District No. 1 of Whatcom County's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

Table of Contents

Public Utility District No. 1 of Whatcom County October 29, 2013

Audit Summary	1
Related Reports	2
Description of the District	3

Audit Summary

Public Utility District No. 1 of Whatcom County October 29, 2013

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Whatcom County from January 1, 2011 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meeting Act compliance
- Utility billing and receipting
- Payroll
- General disbursements

RESULTS

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

Public Utility District No. 1 of Whatcom County October 29, 2013

FINANCIAL

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

Description of the District

Public Utility District No. 1 of Whatcom County October 29, 2013

ABOUT THE DISTRICT

Public Utility District No.1 of Whatcom County was founded in 1937 to provide electric and water utility services to customers in Whatcom County. An elected, three-member Board of Commissioners governs the District. The Board appoints a General Manager who oversees the District's daily operations as well as its 20 employees. For fiscal years 2011 and 2012, the District received operating revenue of approximately \$14.1 million and \$14.6 million, respectively.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Jeffrey McClure
Paul Kenner
Michael Murphy

APPOINTED OFFICIALS

General Manager
Finance Director

Stephan Jilk
Annette Smith

DISTRICT CONTACT INFORMATION

Address: Public Utility District No. 1 of Whatcom County
1705 Trigg Road
Ferndale, WA 98248

Phone: (360) 384-4288

Website: www.pudwhatcom.org

AUDIT HISTORY

We audit the District every two years. This audit marks the eight consecutive year no findings were reported for the District.



ABOUT THE STATE AUDITOR'S OFFICE

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.

We work 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 employees are located around the state to deliver services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

State Auditor
Chief of Staff
Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
Deputy Director of Communications
Local Government Liaison
Public Records Officer
Main number
Toll-free Citizen Hotline

Troy Kelley
Doug Cochran
Chuck Pfeil, CPA
Kelly Collins, CPA
Jan M. Jutte, CPA, CGFM
Sadie Armijo
Mark Rapozo, CPA
Barb Hinton
Thomas Shapley
Mike Murphy
Mary Leider
(360) 902-0370
(866) 902-3900

Website
Subscription Service

www.sao.wa.gov
www.sao.wa.gov/EN/News/Subscriptions