

# **Washington State Auditor's Office**

## **Accountability Audit Report**

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### **Public Utility District No. 1 of Chelan County**

Report Date  
**May 27, 2014**

**Report No. 1012091**

Issue Date  
**June 23, 2014**



**Washington State Auditor**  
**Troy Kelley**

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Independence • Respect • Integrity



## Washington State Auditor Troy Kelley

June 23, 2014

Board of Commissioners  
Public Utility District No. 1 of Chelan County  
Wenatchee, 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 Chelan 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

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**May 27, 2014**

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# Audit Summary

## Public Utility District No. 1 of Chelan County May 27, 2014

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

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Chelan County from January 1, 2012 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:

- Procurement
- Contracts and agreements
- Investments
- Payroll leave
- Travel expenses
- Accounts receivable and collections
- Senior and disabled low-income discounts
- Disbursements

### ***RESULTS***

In most areas, the District complied with state laws and regulations and its own policies and procedures.

However, we noted certain matters that we communicated to District management. We appreciate the District's commitment to resolving those matters.

## **Related Reports**

### **Public Utility District No. 1 of Chelan County May 27, 2014**

#### ***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 Chelan County May 27, 2014**

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

Established in 1936, Public Utility District No. 1 of Chelan County began providing electric service in 1947. Today, the District owns and operates electric generation, electric and water distribution, wastewater properties and wholesale telecommunications. Two of the District's three hydroelectric projects, Rocky Reach and Rock Island, are part of an 11-dam system on the Columbia River. The third project is located on Lake Chelan. The projects have a combined generating capacity of nearly 2,000 megawatts of power. Collectively, the projects delivered approximately 10 million megawatt hours of electricity in 2012. Electricity generated at the District's three dams serves load in Chelan County and is sold to utilities that serve customers across the west. In 2012, the District generated approximately \$187 million from the sale of energy.

The District's headquarters are located in Wenatchee with satellite offices in Leavenworth and Chelan. The District operates on a \$250 million annual budget. The District has approximately 650 employees and is administered by an elected, five-member Board of Commissioners.

#### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Carnan Bergren  
Dennis Bolz  
Ann Congdon  
Norman Gutzwiler  
Randy Smith

## ***APPOINTED OFFICIALS***

General Manager  
General Manager

Chief Finance/Risk Officer  
General Counsel/Chief Compliance  
Officer  
General Counsel/Chief Compliance  
Officer  
District Services Managing Director  
Accounting/Controller, Director  
Treasury Director-Director  
Internal Audit Manager  
Compliance Program Manager

John Janney (through September 2013)  
Steve Wright (effective September  
2013)

Kelly Boyd

Carol Wardell (through May 2013)

Erik Wahlquist (effective May 2013)

Jeff Smith

Diane Syria

Debra Litchfield

Stacey Jagla

Melinda Barnes

## ***DISTRICT CONTACT INFORMATION***

Address: Public Utility District No. 1 of Chelan County  
P.O. Box 1231  
Wenatchee, WA 98807-1231

Phone: (509) 663-8121

Website: [www.chelanpud.org](http://www.chelanpud.org)

## ***AUDIT HISTORY***

We audit the District annually. The past 10 audits of the District have been free of audit findings.



## **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.

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.

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**Director of Local Audit**  
**Deputy Director of State Audit**  
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**Deputy Director of Local Audit**  
**Deputy Director of Performance Audit**  
**Deputy Director of Quality Assurance**  
**Deputy Director of Communications**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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