

# **Washington State Auditor's Office**

## **Accountability Audit Report**

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### **Public Utility District No. 3 of Mason County**

Report Date  
**June 20, 2014**

**Report No. 1012123**

Issue Date  
**June 26, 2014**



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

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## Washington State Auditor Troy Kelley

June 26, 2014

Board of Commissioners  
Public Utility District No. 3 of Mason County  
Shelton, 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. 3 of Mason 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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# Audit Summary

## Public Utility District No. 3 of Mason County June 20, 2014

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

This report contains the results of our independent accountability audit of Public Utility District No. 3 of Mason County from January 1, 2013 through December 31, 2013.

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:

- On-call contracts
- Credit card expenditures
- Travel expenditures
- Third party cash receipting

### ***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. 3 of Mason County June 20, 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. 3 of Mason County June 20, 2014**

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

Mason County Public Utility District No. 3 was established by vote in 1934 to provide electrical service. The District owns and operates 11 substations, 1,768 miles of primary lines, 29.80 miles of 115 kV transmission lines and 1,074 miles of underground lines. It serves approximately 32,500 customers in its 567 square-mile service area with 120 employees.

Until 2002, the District had no electrical generation capacity of its own and purchased all of its power from the Bonneville Power Administration. During 2002, a project to provide 5.2 MW of generating capacity was completed and the Olympic View Generating Station began producing electricity.

In addition to electrical service, the District acts as a wholesaler for several retailers that provide telecommunication services over its fiber optic network to consumers in the area. The District has 422 miles of fiber optics and serves 584 connections.

Initiative I-937 requires public utility districts (PUDs) to invest in renewable energy sources, to promote conservation and efficient use of power. The District is involved with a group of Washington PUDs that has joint ventures with Northwest Energy in wind power. The District is also a member of NoaNet with a membership interest of 12.51 percent.

A three-member Board of Commissioners, elected to six-year terms by District voters, governs the District's operations. The Board appoints a General Manager to oversee the District's operations as well as its approximately 120 employees. For fiscal year 2013, the District's annual operating budget was approximately \$59.0 million. The vast majority of the District's revenue comes from the sale of electric power.

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

These officials served during the audit period:

Board of Commissioners:

Thomas Farmer  
Bruce Jorgenson  
Linda Gott

## ***APPOINTED OFFICIALS***

General Manager  
Auditor  
Treasurer  
Legal Counsel

Annette Creekpaum  
Sherry Speaks  
Brian Taylor  
Robert Johnson

## ***DISTRICT CONTACT INFORMATION***

Address:       Public Utility District No. 3 of Mason County  
                  2621 E. Johns Prairie Road  
                  P.O. Box 2148  
                  Shelton, WA 98584

Phone:           360-426-8255 ext.5304

Website:        [www.masonpud3.org](http://www.masonpud3.org)

## ***AUDIT HISTORY***

We perform financial and accountability audits of the District on an annual basis. The past nine audits were free of audit findings. In addition, all financial audits in the past nine years have received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.



## **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 Communications**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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