

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

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

Report Date  
**August 17, 2010**

**Report No. 1004138**

Issue Date  
**September 7, 2010**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



## Washington State Auditor Brian Sonntag

September 7, 2010

Board of Commissioners  
Public Utility District No. 1 of Okanogan County  
Okanogan, 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 Okanogan 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,

A handwritten signature in black ink, appearing to read "Brian Sonntag".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

## **Table of Contents**

### **Public Utility District No. 1 of Okanogan County August 17, 2010**

Audit Summary .....	1
Related Reports .....	2
Description of the District .....	3

# **Audit Summary**

## **Public Utility District No. 1 of Okanogan County August 17, 2010**

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

This report contains the results of our independent accountability audit of Public Utility District No. 1 of Okanogan County for the period January 1, 2009, through December 31, 2009.

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:

- Billings/receivables
- Cash receipting
- Procurement (bidding/pervailing wage)
- Disbursements/expenditures
- Contracts/agreements
- Telecommunications operations

### ***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 Okanogan County August 17, 2010**

#### ***FINANCIAL***

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available from the District. The firm reported significant deficiencies in internal controls over financial reporting that were also considered material weaknesses in controls related to:

- Proper reporting of unbilled revenue.
- Proper classification, valuation, and allocation of property plant and equipment assets.
- Valuation of impaired investments on the District's accounting records.
- Accounting for work orders for capital projects.
- Proper accounting for and reporting of grant revenues.

## **Description of the District**

### **Public Utility District No. 1 of Okanogan County August 17, 2010**

#### **ABOUT THE DISTRICT**

Public Utility District No. 1 of Okanogan County was established in 1936 by a public vote and began operation in 1945 to provide energy services to Okanogan County. The District provides energy to more than 20,600 residential, commercial, industrial, and irrigation accounts. The District owns and operates an electrical distribution system incorporating both electrical and telecommunication facilities and equipment. With the headquarters in Okanogan, the District also has satellite offices in Oroville, Tonasket, Omak, Brewster and Twisp.

An elected, three-member Board of Commissioners governs the District. The Board appoints management to oversee the District's daily operations as well as its 92 full-time and five part-time employees. For fiscal year 2009, the District operated on an annual budget of approximately \$43.4 million.

#### **ELECTED OFFICIALS**

These officials served during the audit period:

Board of Commissioners:	Ernest J. Bolz Patricia Butler David A. Womack
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#### **APPOINTED OFFICIALS**

General Manager	John Grubich
Auditor	Don Coppock
Treasurer	Janet Crossland

#### **DISTRICT CONTACT INFORMATION**

Address:	Public Utility District No. 1 of Okanogan County P.O. Box 912 Okanogan, WA 98840
Phone:	(509) 422-3310
Website:	<a href="http://www.okanoganpud.org">www.okanoganpud.org</a>

## **AUDIT HISTORY**

We audit the District annually. In the last six audits, we have found no conditions significant enough to report as 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.

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 employees are located around the state to deliver our 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 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 quality assurance program.

**State Auditor**

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**Deputy Chief of Staff**

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**Director of Audit**

**Director of Special Investigations**

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**Main number**

**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**

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**Doug Cochran**

**Jerry Pugnetti**

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