

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

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**City of Kelso**  
**Cowlitz County**

Report Date  
**December 17, 2012**

**Report No. 1008995**

Issue Date  
**January 22, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

January 22, 2013

Mayor and City Council  
City of Kelso  
Kelso, Washington

***Report on Accountability***

We appreciate the opportunity to work in cooperation with your City 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 the City of Kelso'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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Cowlitz County  
December 17, 2012

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# **Audit Summary**

**City of Kelso  
Cowlitz County  
December 17, 2012**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Kelso from January 1, 2011 through December 31, 2011.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City 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:

- Indirect cost allocation plan
- Payroll and benefits
- Police Department
- Contract compliance and procurement
- Open Public Meetings Act
- Use of restricted resources
- Interfund transfers
- Financial condition

## ***RESULTS***

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

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

## **Related Reports**

**City of Kelso  
Cowlitz County  
December 17, 2012**

### ***FINANCIAL***

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City's financial statements.

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

# **Description of the City**

**City of Kelso  
Cowlitz County  
December 17, 2012**

## ***ABOUT THE CITY***

The City of Kelso serves approximately 11,920 citizens in Cowlitz County. The City provides services including police, streets, sanitation, recreation, library, public improvements, planning and zoning, water supply treatment and distribution, sewage and storm-water collection and treatment, and a regional general aviation airport.

An elected, seven-member Council governs the City. The Council selects a Mayor from among its members to serve a two-year term. In addition, the Council appoints a Manager to oversee the City's day-to-day operations as well as its 70 employees. For fiscal year 2011, the City operated on an annual budget of approximately \$19 million.

## ***ELECTED OFFICIALS***

These officials served during the audit period:

Mayor and City Council:

Dave Fatcher, Mayor  
Kim Lefebvre  
Gary Archer  
Todd McDaniel  
Rick Roberson  
Dan Meyers  
Gary Schimmel

## ***APPOINTED OFFICIALS***

City Manager  
Finance Director  
Director of Public Works  
Director of Community Development  
Chief of Police

Denny Richards  
Brian Butterfield, CPA  
David Sypher  
Mike Kerins  
Andrew Hamilton

## ***CITY CONTACT INFORMATION***

Address: City of Kelso  
P.O. Box 819  
Kelso, WA 98626

Phone: (360) 423-0900

Website: [www.kelso.gov](http://www.kelso.gov)

## ***AUDIT HISTORY***

We audit the City annually. The past five audits reported one area of concern. The 2007 audit contained an internal control finding over payment of federal prevailing wages. This finding has since been resolved. The City has not received an audit finding since 2007.



## **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 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**

**Troy Kelley  
Doug Cochran**

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