

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

---

**Beacon Hill Sewer District**  
**Cowlitz County**

Report Date  
**September 12, 2008**

**Report No. 1000015**

Issue Date  
**November 3, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

November 3, 2008

Board of Commissioners  
Beacon Hill Sewer District  
Kelso, Washington

***Report on Accountability***

Please find attached our report on the Beacon Hill Sewer District's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

**Beacon Hill Sewer District  
Cowlitz County  
September 12, 2008**

Audit Summary.....	1
Description of the District .....	2
Audit Areas Examined.....	3

# Audit Summary

## **Beacon Hill Sewer District Cowlitz County September 12, 2008**

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

This report contains the results of our independent accountability audit of the Beacon Hill Sewer District.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2006, through December 31, 2007.

### ***RESULTS***

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

### ***RELATED REPORTS***

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

### ***CLOSING REMARKS***

We thank District officials and personnel for their assistance and cooperation during the audit.

# Description of the District

## **Beacon Hill Sewer District Cowlitz County September 12, 2008**

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

The Beacon Hill Sewer District was formed in 1959 to provide wastewater collection and transmission for the Beacon Hill and Columbia Heights areas of Longview and Kelso. Lexington area customers were added to the system in the early 1970's. The District served 3,070 customers in 2007 and 3,008 customers in 2006.

The District is governed by an independently elected, three-member Board of Commissioners each serving staggered, six-year terms. The Board is the District's policy and decision making authority. The Board appoints a District Manager to manage day-to-day operations of the District. During 2007, the District had seven employees. The District operated on annual revenues of \$1.6 million in 2007 and \$1.4 million in 2006.

As of January 1, 2008, the District assumed responsibility for management of water operations from Cowlitz County Public Utility District No. 1.

### ***AUDIT HISTORY***

We audit the District every two years. This audit marked the 12th consecutive year no findings were reported for the District.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

President  
Secretary

Monte Roden  
Ted Branch  
Dean Takko

### ***APPOINTED OFFICIALS***

District Manager  
Attorney

Kim Adamson  
Alan Engstrom

### ***ADDRESS***

District

1121 Westside Highway  
Kelso, WA 98626  
(360) 636-3860

# Audit Areas Examined

## Beacon Hill Sewer District Cowlitz County September 12, 2008

In keeping with general auditing practices, we do not examine every portion of the Beacon Hill Sewer District's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **ACCOUNTABILITY**

We evaluated the District's accountability and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Utility billing/receipting
- Contracts/agreements
- Open public meetings/records laws
- Comprehensive plan
- Disbursements/expenditures
- Payroll/personnel
- Conflict of interest/ethics laws
- Joint venture

### **FINANCIAL AREAS**

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Revenues
- Expenditures/expenses
- Financial condition
- Long-term debt
- Overall presentation of the financial statements
- Financial statement preparation



## **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.

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 has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. 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 program to coordinate audit efficiency and to ensure high-quality audits.

**State Auditor**  
**Chief of Staff**  
**Chief Policy Advisor**  
**Director of Administration**  
**Director of State and Local Audits**  
**Director of Performance Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free hotline for government efficiency**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Jerry Pugnetti**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Linda Long, CPA, CGFM**  
**Jim Brittain, CPA**  
**Jan Jutte**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Web Site**

**[www.sao.wa.gov](http://www.sao.wa.gov)**