

REPORT OF EXAMINATION

COUNCIL OF GOVERNMENTS - WHATCOM COUNTY, WASHINGTON

Third Examination

January 1, 1974 to December 31, 1975

STATE OF WASHINGTON
OFFICE OF STATE AUDITOR



DIVISION OF MUNICIPAL CORPORATIONS

FILED BY

ROBERT V. GRAHAM

STATE AUDITOR

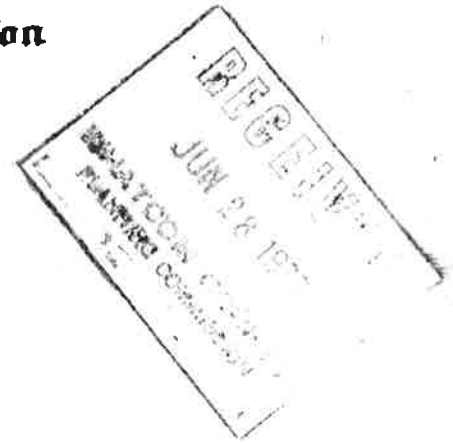
ROBERT V. GRAHAM
STATE AUDITOR



RICHARD L. HUSK
ASSISTANT STATE AUDITOR

The State of Washington

OFFICE OF
STATE AUDITOR
Olympia



Notice of Filing and Transmittal
June 18, 1976

Notice is hereby given that the attached document is the official post audit examination report of the Council of Governments, Whatcom County, Washington for the period January 1, 1974 to December 31, 1975.

The report was prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260.

A handwritten signature in cursive script that reads "Robert V. Graham".

ROBERT V. GRAHAM
STATE AUDITOR

Copies transmitted to:

Honorable R. W. Williams, Mayor
City of Bellingham
Chairman, Whatcom County Planning
Commission
County Prosecuting Attorney
Honorable Slade Gorton, Attorney General
Office of State Auditor

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SCOPE

This report represents the results of a fiscal-legal examination into the financial affairs of the Council of Governments, Whatcom County, Washington for the years ended December 31, 1974 and December 31, 1975. The examination was made in accordance with generally accepted governmental auditing standards and accordingly included such tests and other auditing procedures as we considered necessary in the circumstances.

AUDIT FINDINGS

1. Improper Contribution of Public Funds

During our review of paid claim vouchers we noted that the Whatcom County Council of Governments paid, on warrant No. 1153 dated April 14, 1975, \$1,000.00 to the Bellingham Chamber of Commerce, a private non-profit organization, for "Governmental Share of Minor Expenses for Whatcom County Bicentennial Committee". The payment was approved in the minutes of March 20, 1975 by resolution No. 3-75. There was no contract for service with the Bellingham Chamber of Commerce.

It appears that this payment was a contribution to a private non-profit organization and is in violation of Article VIII, Section 7 of the Washington State Constitution, which states:

"No county, city, town or other municipal corporation shall hereafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm, or become directly or indirectly the owner of any stock in or bonds of any association, company or corporation."

We recommend that the Whatcom County Council of Governments either be reimbursed by the Bellingham Chamber of Commerce or the board members of the Council in the amount of \$1,000.00.

2. Payment made without Statutory Authority

On February 20, 1975 the following motion was passed by the Whatcom County Council of Governments:

"The C.O.G. (Council of Governments) use \$5,272.71 of the reserve fund to help pay the Detox Center deficit "

As a result of this action, warrant No. 1152 was issued on April 14, 1975 to the Whatcom County Alcoholism Fund for payment of the Detoxification deficit in the amount of \$5,272.71.

RCW 36.64.080 which authorizes the establishment of Councils of Government as bodies to study regional and governmental problems and defines their purpose states:

"The boards of county commissioners of any county and any counties contiguous thereto and the governing body of any cities and/or towns within said counties may establish and organize a regional agency hereinafter referred to as a conference, for the purpose of studying regional and governmental problems of mutual interest and concern, including but not limited to, facility studies on highways, transit, airports, ports or harbor development, water supply and distribution, codes and ordinances, governmental finances, flood control, air and water pollution, recommendations of sites for schools and educational institutions, hospitals and health facilities, parks and recreation, public buildings, land use and drainage; and to formulate recommendations for review and action by the member counties and/or cities legislative body." (emphasis ours)

We find no statutory authority for the payment to the Whatcom County Alcoholism Fund by the Council of Governments in order to make up a detoxification program deficit.

We recommend that the Whatcom County Council of Governments either be reimbursed by the Whatcom County Alcoholism Fund or the board members of the Council in the amount of \$5,272.71.

GENERAL COMMENTS

Revenues of the Council were \$82,563.67 in 1974 and \$46,562.00 in 1975. The decrease of revenues in 1975 was mainly due to the lower amount of Federal and State grants received in 1975. Expenditures were \$73,919.57 and \$53,849.03 for the years 1974 and 1975, respectively. Expenditures were within appropriations for the two years.

We noted that at December 31, 1975 there was an assessment outstanding of \$527.00 from the Town of Ferndale, a council member.

We recommend that the Council collect past due assessments from its members.

At a special board meeting on March 11, 1976 it was determined that the existing staff of the Whatcom County Council of Governments would be terminated as of April 11, 1976. At that same meeting, a committee recommendation was adopted, stating:

"The C.O.G. (Council of Governments) will request that the office functions be administered by the County Planning Staff."

On April 12, 1976 the office functions were transferred from the previous staff to the County Planning Staff.

SUMMARY OF RECOMMENDATIONS

	<u>Page</u>
1. Seek reimbursement for \$1,000.00 paid to Bellingham Chamber of Commerce	1
2. Seek reimbursement for \$5,272.71 paid to Whatcom County Alcoholism Fund	2
3. Collect past due member assessments	3

CONCLUSION

It is our opinion that the results of the examination indicate general compliance with regulations except as noted herein. It is our further opinion that the accompanying financial statements present fairly the financial condition of the Council of Governments, Whatcom County, Washington at December 31, 1974 and December 31, 1975 and the results of operations for the years then ended.

REVENUES COMPARED WITH BUDGET ESTIMATES
For the Fiscal Year Ended December 31, 1974

Exhibit A-1

<u>Budgeted Funds</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Actual Over (Under) Estimate</u>
<u>General</u>			
Net Cash - Beginning of Year	\$ 40,681.00	\$ 40,633.36	\$ (47.64)
Revenues - Current Year	147,827.00	82,563.67	(65,263.33)
 Total Budgeted Funds	 <u>\$188,508.00</u>	 <u>\$123,197.03</u>	 <u>\$ (65,310.97)</u>

REVENUES COMPARED WITH BUDGET ESTIMATES
For the Fiscal Year Ended December 31, 1975

Exhibit A-2

<u>Budgeted Funds</u>	<u>Estimated Revenue</u>	<u>Actual Revenue</u>	<u>Actual Over (Under) Estimate</u>
<u>General</u>			
Net Cash - Beginning of Year	\$45,750.00	\$49,277.46	\$ 3,527.46
Revenues - Current Year	51,432.00	46,562.00	(4,870.00)
 Total Budgeted Funds	 <u>\$97,182.00</u>	 <u>\$95,839.46</u>	 <u>\$ (1,342.54)</u>

EXPENDITURES COMPARED WITH APPROPRIATIONS
For the Fiscal Year Ended December 31, 1974

Exhibit B-1

<u>Budgeted Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures Under (Over) Appropriations</u>
General	<u>\$188,508.00</u>	<u>\$73,919.57</u>	<u>\$114,588.43</u>

EXPENDITURES COMPARED WITH APPROPRIATIONS
For the Fiscal Year Ended December 31, 1975

Exhibit B-2

<u>Budgeted Funds</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures Under (Over) Appropriations</u>
General	<u>\$97,182.00</u>	<u>\$53,849.03</u>	<u>\$43,332.97</u>

BALANCE SHEET
General Fund

Exhibit C

<u>ASSETS</u>	<u>12-31-1975</u>	<u>12-31-1974</u>	<u>12-31-1973</u>
Cash	\$21,346.94	\$51,817.48	\$45,177.36
Investments	23,496.89	-	-
Assessments Receivable	527.00	-	-
Less: Uncollected Assessments	(527.00)	-	-
Total Assets	\$44,843.83	\$51,817.48	\$45,177.36
<u>LIABILITIES AND FUND BALANCE</u>			
Warrants Payable	\$ 2,853.40	\$ 2,540.02	\$ 4,544.00
Fund Balance	41,990.43	49,277.46	40,633.36
Total Liabilities and Fund Balance	\$44,843.83	\$51,817.48	\$45,177.36

DIRECTORY OF OFFICIALS

Appointive

Board Members

Whatcom County Commissioner	C. J. Johnson	Member
Whatcom County Commissioner	Terry A. Unger	Vice Chairman
Whatcom County Commissioner	William L. McIntyre	Member
Councilman of Ferndale	Everett Sanders	Member
Mayor of Bellingham	R. W. Williams	Member
Mayor of Everson	Clint McBeath	Chairman
Mayor of Blaine	John Nolan	Member
Mayor of Sumas	Harry Iverson	Member
Mayor of Nooksack	Harry Stuurmans	Secretary-Treasurer
Mayor of Lynden	Jim Van Andel	Member
Councilman of Bellingham	David Porter	Member
	Stuart Litzinger	
Councilman of Bellingham	Dennis Braddock	Member
Councilwoman of Bellingham	Mary Knibbs	Member
Soil Conservation District	Robert Bengen	Member
	Lawrence Tjoelker	
Port of Bellingham	Tom Glenn	Member
Whatcom Opportunity Council	Robert Thomas	Member
	Suzan Deming	
School Districts	Carol Radke	Member
Lummi Business Council	Henry Hillaire	Member
Nooksack Tribal Council	Tom Williams	Member
Director	Thomas Randall	
	(Terminated 4-9-76)	

Mailing Address

Whatcom County Courthouse
Bellingham, Washington 98225