TOWN OF RIVERSIDE
Okanogan County, Washington
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. The Town Of Riverside Should Spend Restricted Funds In Compliance With State Law

The Town of Riverside receives motor vehicle excise tax revenue which can be used only to fund police, fire and public health services. In addition, the town receives a criminal justice allocation which can be used only for criminal justice purposes.

The town budgeted the motor vehicle excise tax revenue for the Fire Fund which would be consistent with the applicable law. However, the town did not deposit the motor vehicle excise tax revenue into the Fire Fund. Instead, a total of $1,987.38 was deposited into the Current Expense Fund on April 30 and July 30, 1993, and on October 29, 1993, $1,050.53 was deposited into the Street Fund. During 1993, $616 was spent on public health services from current expense. There were no police, fire or public health expenses paid from the Street Fund.

In addition, the town received $12,203 in criminal justice funding from 1990 through 1993. The town made no criminal justice expenditures during the period of 1990 through 1992 and spent only $600 for that purpose in 1993. The town has not established a reserve fund to protect the excess funds until needed in the future. The criminal justice funds are being used to fund a contract for law enforcement services with Grant County, starting in 1993, but without a reserve fund, there is no accountability for the funds previously received.

RCW 82.44.155 apportions the motor vehicle excise tax and states in part that the tax:

> shall be used by the city or town for the purposes of police and fire protection and the preservation of the public health in the city or town, and not otherwise.

RCW 82.14.330 apportions the criminal justice funds and states in part that:

> Moneys distributed under this subsection shall be expended exclusively for criminal justice purposes . . . .

The town had a new clerk-treasurer during this period who did not realize the restrictions on the motor vehicle excise tax revenue.

As a result of the transactions described above, as of December 31, 1993, the town has $12,974 in Current Expense (33 percent of fund balance) which is restricted and could be budgeted for unallowed purposes if left in the fund. The town has $1,051 in the Street Fund which is restricted for purposes inconsistent with the fund.

We recommend that the town make the following transfers:

a. $1,371 from the Current Expense Fund to the Fire Fund.

b. $11,603 from the Current Expense Fund to a new fund for criminal justice reserves.

c. $1,051 from the Street Fund to the Fire Fund.

We also recommend that the town carefully monitor revenues received to be sure that moneys are spent in compliance with legal restrictions.

2. The Town Council Should Monitor Budget Appropriations

Our audit disclosed that the Town of Riverside Cemetery Fund spent $1,844 (24 percent) over the 1992 budgeted amount and $1,781 (22 percent) over the 1993 budget. In addition, the Cemetery Fund had a deficit cash balance of $3,327 on December 31, 1992, causing the Cemetery Fund to use cash belonging to other funds to pay these expenses.

RCW 35.33.125 states in part:

> The clerk shall issue no warrant and the Town or town legislative body or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund . . . .

RCW 35.33.121 states in part:

> the expenditure of town funds or the incurring of current liabilities on behalf of the town shall be limited to . . .
>
> > (1) the total amount appropriated for each fund in the budget for the current fiscal year . . . .

RCW 43.09.210 states in part:

> . . . no department, public improvement, undertaking, institution, or public service industry shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

The failure to adequately monitor the town's budget weakens controls over the expenditure of public funds and limits the opportunity for citizen involvement in the budget process. Other funds of the town lost interest revenue until the cash deficit was corrected.

The town transferred moneys from Current Expense in 1993 to correct the deficit balance.

We recommend that the town review all funds for adequate budget capacity and sufficient cash prior to approving any expenditures.