

Washington State Auditor's Office
Accountability Audit Report

City of Ferndale
Whatcom County

Report Date
October 4, 2007

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Issue Date
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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

November 19, 2007

Mayor and City Council
City of Ferndale
Ferndale, Washington

Report on Accountability

Please find attached our report on the City of Ferndale's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the City's financial statements. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Whatcom County
October 4, 2007**

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Audit Summary

**City of Ferndale
Whatcom County
October 4, 2007**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Ferndale.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. We also examined City 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, 2006.

RESULTS

The City complied with state laws and regulations and its own policies and procedures in most areas we examined. Internal controls were adequate to safeguard public assets. We noted certain issues that we communicated to City management. We appreciate the City's commitment to resolving the issues.

RELATED REPORTS

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

CLOSING REMARKS

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

Description of the City

City of Ferndale Whatcom County October 4, 2007

ABOUT THE CITY

The City of Ferndale serves over 10,000 citizens in Whatcom County. The City is administered by a mayor-council form of government and has seven elected Council Members and an independently elected Mayor. The City operated on an expense fund budget of \$5.8 million in fiscal year 2006. The City has approximately 55 employees who provide an array of services including water, sewer, police, Municipal Court and planning.

AUDIT HISTORY

The City is audited on an annual basis. Three findings were issued in the 2003 audit. Those findings have since been resolved.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Jerry Landcastle
Steve Oliver
Mel Hansen
Mike Reilly
Marianne Elgart
Ken Downey
Gary Jensen
Keith Olson

Note: Jim Elliott replaced Marianne Elgart October 2, 2006.

APPOINTED OFFICIALS

City Administrator

Greg Young

ADDRESS

City

2095 Main Street
P.O. Box 936
Ferndale, WA 98248
(360) 384-4302
(360) 384-1163 (fax)
www.ci.ferndale.wa.us

Audit Areas Examined

**City of Ferndale
Whatcom County
October 4, 2007**

In keeping with general auditing practices, we do not examine every portion of the City of Ferndale'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 City were examined during this audit period:

ACCOUNTABILITY

We evaluated the City's accountability in the following areas:

- Contracts/agreements
- Open public meetings
- Procurement (bidding/prevaling wage)
- Budget compliance
- Disbursements/expenditures
- Conflict of interest/ethics laws

FINANCIAL AREAS

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City 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
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Chief Policy Advisor
Director of Administration
Director of Audit
Director of Performance Audit
Director of Special Investigations
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