

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

City of Ferndale
Whatcom County

Audit Period
January 1, 2007 through December 31, 2007

Report No. 1000203

Issue Date
December 8, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

December 8, 2008

Council
City of Ferndale
Ferndale, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Ferndale's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**City of Ferndale
Whatcom County
January 1, 2007 through December 31, 2007**

Federal Summary.....	1
Schedule of Audit Findings and Responses	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	5
Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	7
Independent Auditor's Report on Financial Statements	9
Financial Section.....	11

Federal Summary

**City of Ferndale
Whatcom County
January 1, 2007 through December 31, 2007**

The results of our audit of the City of Ferndale are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- **Significant Deficiencies:** We identified deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

FEDERAL AWARDS

Internal Control Over Major Programs:

- **Significant Deficiencies:** We identified no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City did not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Audit Findings and Responses

City of Ferndale Whatcom County January 1, 2007 through December 31, 2007

1. The City of Ferndale did not have adequate internal controls over the preparation of its Schedule of Expenditures of Federal Awards.

Background

Entity management, the state Legislature, state and federal agencies and bondholders rely on the information included in financial statements and supplemental schedules to make decisions. It is the responsibility of City management to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified deficiencies in internal controls over financial reporting that could affect the City's ability to produce reliable financial statements.

Government Auditing Standards, prescribed by the Comptroller General of the United States, require the auditor to communicate significant deficiencies, as defined below in the Applicable Laws and Regulations section, as a finding.

In addition to annual financial statements, all entities in Washington that receive federal money are required to prepare a Schedule of Expenditures of Federal Awards (SEFA) as part of their annual financial report. The SEFA is to include all expenditures of federal money made by the City for each fiscal year. The City is required to obtain what is known as a single audit if those expenditures are \$500,000 or more during the fiscal year.

Description of Condition

We identified the following weakness in internal controls that represents a significant deficiency over financial reporting:

City staff did not have adequate knowledge of state law that requires it to keep its accounting records open for 20 days after the close of the fiscal year in order to capture, record and pay expenditures incurred during the fiscal year. The City did not have a process in place to do this and did not correctly identify costs related to the prior year.

Cause of Condition

The City was unaware of the law regarding how to close out its books at the end of the fiscal year and did not know how to record federal expenditures paid in the 20-day period on the SEFA. Additionally, it did not commit sufficient resources to ensure staff responsible for accounting and financial reporting received adequate training in legal and technical requirements of those areas.

Effect of Condition

Due to the identified weakness, a significant amount of federal expenditures were excluded from the SEFA. Additionally, some federal expenditures from 2006 were incorrectly included on the 2007 SEFA. The City originally reported \$493,968 in federal expenditures on its SEFA. We

determined that, during the 20-day period, an additional \$372,490 in federal expenditures were made. In addition, the City reported \$13,838 in federal expenditures from 2006 on its 2007 SEFA.

The corrected total of federal expenditures was \$869,157 and, therefore, a single audit was required. Based on its original information, the City incorrectly believed it did not need a single audit.

Incorrectly reported information on the SEFA, which is used for audit planning and grantor oversight, can affect the amount of audit coverage required, delay an audit beyond the required nine-month reporting deadline and cause unnecessary audit costs.

Recommendation

We recommend the City establish and follow internal controls to ensure that:

- The City's financial records are kept open during the 20-day period following the end of the fiscal year, as required by state law, and expenditures are reported in the correct period.
- Amounts reported as federal expenditures on the SEFA are accurate.
- Staff receive sufficient training and exposure to applicable accounting and financial reporting standards.

City's Response

The City of Ferndale would like to thank the State Auditor's Office for their assistance during our current audit. Now that the City has been apprised of the requirement to keep the non-payroll expenditure records open for an additional 20 days following the end of our fiscal year-end, we will do so. We also encourage the State Auditor's Office to amend the BARS Manual to more clearly define this responsibility and possibly add a definition of "open period" to the glossary of the BARS Manual since other cities may unwittingly not be complying with this requirement.

Auditor's Remarks

The *Budgeting Accounting and Reporting System* (BARS) Manual contains guidelines for accounting for federal grants during the open period, which also defines the open period.

We appreciate the steps the City is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

Government Auditing Standards, January 2007 Revision - Section 5.11, states:

For all financial audits, auditors should report the following deficiencies in internal control:

- a. Significant deficiency: a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is a more

than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

b. Material weakness: A significant deficiency or combination of significant deficiencies, those results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented detected.

RCW 35.33.151 - Cities and Towns and 35A.33.150 for Code Cities, states:

The accounts for budgetary control for each fiscal year shall be kept open for twenty days after the close of such fiscal year for the purpose of paying and recording claims for indebtedness incurred during such fiscal year; any claim presented after the twentieth day following the close of the fiscal year shall be paid from appropriations lawfully provided for the ensuing period, including those made available by provisions of this section, and shall be recorded in the accounts for the ensuing fiscal year.

Budget Accounting and Reporting System (BARS) Manual - Part 3, Accounting, Chapter 1, Accounting Principles and General Procedures, Section B, Internal Control, states:

Internal control is a management process for keeping an entity on course in achieving its business objectives, as adopted by the governing body. This management control system should ensure that resources are guarded against waste, loss and misuse; that reliable data is obtained, maintained, and fairly disclosed in financial statement and other reports; and resource use is consistent with laws, regulations and policies.

Each entity is responsible for establishing and maintaining an effective system of internal control throughout their government.

Budget Accounting and Reporting System (BARS) Manual_ Part 3, Chapter 5, Grant and Project Accounting, Section A, Accounting for Grants, states in part:

7. Accounting for Grants Received During the Open Period

Federal grant revenue related to prior year grants received during the open period may be recognized as prior year revenue if:

1. The revenue was budgeted in the prior year, and
2. An allowable grant expenditure was made during the open period (20 days for cities or 30 days for counties) or earlier.

This exception is applicable only to federal grants.

Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters in Accordance
with *Government Auditing Standards*

**City of Ferndale
Whatcom County
January 1, 2007 through December 31, 2007**

Council
City of Ferndale
Ferndale, Washington

We have audited the financial statements of the City of Ferndale, Whatcom County, Washington, as of and for the year ended December 31, 2007, and have issued our report thereon dated November 3, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies involving the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control over financial reporting. We consider the deficiency described in the accompanying Schedule of Audit Findings and Responses to be a significant deficiency in internal control over financial reporting, and is reported as Finding 1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control. Our consideration of the internal control over financial

reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 3, 2008

Independent Auditor's Report on Compliance with Requirements Applicable to its Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**City of Ferndale
Whatcom County
January 1, 2007 through December 31, 2007**

Council
City of Ferndale
Ferndale, Washington

COMPLIANCE

We have audited the compliance of the City of Ferndale, Whatcom County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The City's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

INTERNAL CONTROL OVER COMPLIANCE

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Council, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 3, 2008

Independent Auditor's Report on Financial Statements

City of Ferndale Whatcom County January 1, 2007 through December 31, 2007

Council
City of Ferndale
Ferndale, Washington

We have audited the accompanying financial statements of the City of Ferndale, Whatcom County, Washington, for the year ended December 31, 2007. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1b to the financial statements, the City prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Ferndale, for the year ended December 31, 2007, on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information has been

subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 3, 2008

Financial Section

**City of Ferndale
Whatcom County
January 1, 2007 through December 31, 2007**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2007
Notes to Financial Statements – 2007

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2007
Schedule of Expenditures of Federal Awards and Notes – 2007

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name		Fund Number and Name	
		001 Current Expense		002 General Fund Contingency Reserve	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$1,196,049	\$1,196,049	\$281,258	\$281,258
Revenues and Other Sources					
310	Taxes	3,845,599	3,958,535	0	0
320	Licenses and Permits	599,031	470,128	0	0
330	Intergovernmental	140,000	140,508	0	0
340	Charges for Goods and Services	1,193,455	1,174,225	0	0
350	Fines and Forfeits	66,500	104,306	0	0
360	Miscellaneous	102,006	77,054	13,637	14,636
370	Capital Contributions	0	0	0	0
390	Other Financing Sources	542,943	550,277	133,786	133,730
Total Revenues and Other Sources		6,489,534	6,475,033	147,423	148,366
Total Resources		7,685,583	7,671,082	428,681	429,624
Operating Expenditures:					
510	General Government	1,429,699	1,273,886		
520	Public Safety	3,473,073	3,453,060		
530	Physical Environment	264,840	305,930		
540	Transportation	0	0		
550	Economic Environment	612,444	648,854		
560	Mental and Physical Health	2,400	2,160		
570	Culture and Recreation	292,025	323,028		
Total Operating Expenditures		6,074,481	6,006,918	0	0
591-593	Debt Service	3,046	3,046	0	
594-595	Capital Outlay	233,263	224,893	0	0
Total Expenditures		6,310,790	6,234,857	0	0
597-599	Other Financing Uses	148,575	148,465		0
Total Expenditures and Other Uses		6,459,365	6,383,322	0	0
Excess (Deficit) of Resources Over Uses		1,226,218	1,287,760	428,681	429,624
380	Nonrevenues (Except 384 and 388.80)	0	752	0	0
580	Nonexpenditures (Except 584 and 588.80)	400,000	400,792	0	0
Ending Net Cash and Investments		\$826,218	\$887,720	\$428,681	\$429,624

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 003 Facilities Capital Reserve		Fund Number and Name 004 LEOFF 1 Retiree Reserve	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$48,100	\$48,100	\$12,959	\$12,959
Revenues and Other Sources					
310	Taxes			40,000	41,572
320	Licenses and Permits			0	0
330	Intergovernmental			0	0
340	Charges for Goods and Services			0	0
350	Fines and Forfeits			0	0
360	Miscellaneous	2,225	4,256	0	2,005
370	Capital Contributions			0	0
390	Other Financing Sources	133,786	133,730	50,000	50,000
Total Revenues and Other Sources		136,011	137,986	90,000	93,577
Total Resources		184,111	186,086	102,959	106,536
Operating Expenditures:					
510	General Government				
520	Public Safety			40,000	37,301
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	40,000	37,301
591-593	Debt Service	0		0	
594-595	Capital Outlay			0	0
Total Expenditures		0	0	40,000	37,301
597-599	Other Financing Uses	0	0		0
Total Expenditures and Other Uses		0	0	40,000	37,301
Excess (Deficit) of Resources Over Uses		184,111	186,086	62,959	69,235
380	Nonrevenues (Except 384 and 388.80)	0	0	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments		\$184,111	\$186,086	\$62,959	\$69,235

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 101 Street		Fund Number and Name 102 Park Mitigation	
		Budget	Actual	Budget	Actual
		Beginning Net Cash and Investments		\$145,674	\$145,674
Revenues and Other Sources					
310	Taxes	395,000	410,519		
320	Licenses and Permits				
330	Intergovernmental	249,500	249,089		
340	Charges for Goods and Services	5,000	5,860	109,996	190,845
350	Fines and Forfeits				
360	Miscellaneous	0	4,368	10,004	8,966
370	Capital Contributions				
390	Other Financing Sources	175,020	175,020	0	0
Total Revenues and Other Sources		824,520	844,856	120,000	199,811
Total Resources		970,194	990,530	302,466	382,277
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation	728,077	723,975		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		728,077	723,975	0	0
591-593	Debt Service				
594-595	Capital Outlay	134,500	103,561		
Total Expenditures		862,577	827,536	0	0
597-599	Other Financing Uses	100,000	100,000	178,760	178,760
Total Expenditures and Other Uses		962,577	927,536	178,760	178,760
Excess (Deficit) of Resources Over Uses		7,617	62,994	123,706	203,517
380	Nonrevenues (Except 384 and 388.80)	0	4,000	0	0
580	Nonexpenditures (Except 584 and 588.80)		16,368	0	0
Ending Net Cash and Investments		\$7,617	\$50,626	\$123,706	\$203,517

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 103 Paths and Trails		Fund Number and Name 104 Traffic Mitigation	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$1,952	\$1,952	\$696,543	\$696,543
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	0	0		
340	Charges for Goods and Services			425,000	444,582
350	Fines and Forfeits				
360	Miscellaneous		101	37,390	38,696
370	Capital Contributions				
390	Other Financing Sources			100,000	100,000
Total Revenues and Other Sources		0	101	562,390	583,278
Total Resources		1,952	2,053	1,258,933	1,279,821
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service				
594-595	Capital Outlay	0	0		
Total Expenditures		0	0	0	0
597-599	Other Financing Uses			779,054	779,054
Total Expenditures and Other Uses		0	0	779,054	779,054
Excess (Deficit) of Resources Over Uses		1,952	2,053	479,879	500,767
380	Nonrevenues (Except 384 and 388.80)		0	430,000	400,000
580	Nonexpenditures (Except 584 and 588.80)		0	520,000	520,000
Ending Net Cash and Investments		\$1,952	\$2,053	\$389,879	\$380,767

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 105 Real Estate Excise Tax		Fund Number and Name 106 Criminal Justice	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$9,464	\$9,464	\$39,322	\$39,322
Revenues and Other Sources					
310	Taxes	570,000	505,998		
320	Licenses and Permits				
330	Intergovernmental			53,092	33,805
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	22,800	22,804	1,000	6,849
370	Capital Contributions				
390	Other Financing Sources	0	0	1,535	2,523
Total Revenues and Other Sources		592,800	528,802	55,627	43,177
Total Resources		602,264	538,266	94,949	82,499
Operating Expenditures:					
510	General Government				
520	Public Safety				471
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	471
591-593	Debt Service	0	0		
594-595	Capital Outlay	0	0	58,706	49,302
Total Expenditures		0	0	58,706	49,773
597-599	Other Financing Uses	826,187	826,187		
Total Expenditures and Other Uses		826,187	826,187	58,706	49,773
Excess (Deficit) of Resources Over Uses		(223,923)	(287,921)	36,243	32,726
380	Nonrevenues (Except 384 and 388.80)	400,000	400,000		0
580	Nonexpenditures (Except 584 and 588.80)	6,000	6,000		0
Ending Net Cash and Investments		\$170,077	\$106,079	\$36,243	\$32,726

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 107 Local Criminal Justice		Fund Number and Name 108 City Centennial	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$98,288	\$98,288	\$2,242	\$2,242
Revenues and Other Sources					
310	Taxes	160,000	170,308		
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				650
350	Fines and Forfeits				
360	Miscellaneous	2,000	6,579		350
370	Capital Contributions				
390	Other Financing Sources	0	0	17,500	17,500
Total Revenues and Other Sources		162,000	176,887	17,500	18,500
Total Resources		260,288	275,175	19,742	20,742
Operating Expenditures:					
510	General Government			17,500	15,227
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	17,500	15,227
591-593	Debt Service				
594-595	Capital Outlay	0	0		
Total Expenditures		0	0	17,500	15,227
597-599	Other Financing Uses	76,436	76,436	0	0
Total Expenditures and Other Uses		76,436	76,436	17,500	15,227
Excess (Deficit) of Resources Over Uses		183,852	198,739	2,242	5,515
380	Nonrevenues (Except 384 and 388.80)		0		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$183,852	\$198,739	\$2,242	\$5,515

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 109 LaBounty LID		Fund Number and Name 198 Hotel Motel	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$5,052	\$5,052	\$36,947	\$36,947
Revenues and Other Sources					
310	Taxes			69,000	88,405
320	Licenses and Permits				
330	Intergovernmental	30,000	29,281		
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	250	244	1,923	3,244
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		30,250	29,525	70,923	91,649
Total Resources		35,302	34,577	107,870	128,596
Operating Expenditures:					
510	General Government	36,290	36,290		
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation			52,541	49,359
Total Operating Expenditures		36,290	36,290	52,541	49,359
591-593	Debt Service	1,620	1,549		
594-595	Capital Outlay				
Total Expenditures		37,910	37,839	52,541	49,359
597-599	Other Financing Uses			21,948	21,948
Total Expenditures and Other Uses		37,910	37,839	74,489	71,307
Excess (Deficit) of Resources Over Uses		(2,608)	(3,262)	33,381	57,289
380	Nonrevenues (Except 384 and 388.80)	20,000	20,000		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$17,392	\$16,738	\$33,381	\$57,289

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 212 1998 Refunding (Library)		Fund Number and Name 213 1998 City Hall LTGO Bond	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$27,783	\$27,783	\$1,013	\$1,013
Revenues and Other Sources					
310	Taxes	115,254	114,514		
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	1,283	2,942	300	1,868
370	Capital Contributions				
390	Other Financing Sources			68,600	68,600
Total Revenues and Other Sources		116,537	117,456	68,900	70,468
Total Resources		144,320	145,239	69,913	71,481
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service	115,254	115,254	68,727	68,726
594-595	Capital Outlay	0	0		
Total Expenditures		115,254	115,254	68,727	68,726
597-599	Other Financing Uses	29,066	29,066		
Total Expenditures and Other Uses		144,320	144,320	68,727	68,726
Excess (Deficit) of Resources Over Uses		0	919	1,186	2,755
380	Nonrevenues (Except 384 and 388.80)	0	0		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$0	\$919	\$1,186	\$2,755

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 303 Skateboard Park Construction		Fund Number and Name 304 Centennial Riverwalk Park Construction	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$0	\$0	\$0	\$0
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			526,400	526,400
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	0	835	113,375	105,638
370	Capital Contributions				
390	Other Financing Sources	40,000	40,000	1,353,371	1,353,371
Total Revenues and Other Sources		40,000	40,835	1,993,146	1,985,409
Total Resources		40,000	40,835	1,993,146	1,985,409
Operating Expenditures:					
510	General Government			2,680	2,417
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	2,680	2,417
591-593	Debt Service			2,500	2,522
594-595	Capital Outlay	0	0	1,915,966	1,793,286
Total Expenditures		0	0	1,921,146	1,798,225
597-599	Other Financing Uses	0	0		
Total Expenditures and Other Uses		0	0	1,921,146	1,798,225
Excess (Deficit) of Resources Over Uses		40,000	40,835	72,000	187,184
380	Nonrevenues (Except 384 and 388.80)		0	400,000	400,000
580	Nonexpenditures (Except 584 and 588.80)	0	0	400,000	400,000
Ending Net Cash and Investments		\$40,000	\$40,835	\$72,000	\$187,184

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 305 Boys and Girls Club Construction		Fund Number and Name 306 Second Ave. Ext. Construction	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$0	\$0	\$0	\$0
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	0	0	10,996	10,996
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	6,346	11,876		35
370	Capital Contributions				
390	Other Financing Sources	467,000	467,000	30,000	30,000
Total Revenues and Other Sources		473,346	478,876	40,996	41,031
Total Resources		473,346	478,876	40,996	41,031
Operating Expenditures:					
510	General Government			21,992	21,992
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation	2,873	2,872		
Total Operating Expenditures		2,873	2,872	21,992	21,992
591-593	Debt Service				
594-595	Capital Outlay	0	0	15,000	0
Total Expenditures		2,873	2,872	36,992	21,992
597-599	Other Financing Uses	0	0		
Total Expenditures and Other Uses		2,873	2,872	36,992	21,992
Excess (Deficit) of Resources Over Uses		470,473	476,004	4,004	19,039
380	Nonrevenues (Except 384 and 388.80)		0	0	0
580	Nonexpenditures (Except 584 and 588.80)		0	0	0
Ending Net Cash and Investments		\$470,473	\$476,004	\$4,004	\$19,039

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 307 New Library Construction		Fund Number and Name 325 Conoco-Phillips Park Construction	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$0	\$0	\$175,695	\$175,695
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	0	12		9,651
370	Capital Contributions				
390	Other Financing Sources	11,919	10,932	80,903	41,903
Total Revenues and Other Sources		11,919	10,944	80,903	51,554
Total Resources		11,919	10,944	256,598	227,249
Operating Expenditures:					
510	General Government	8,564	8,564		
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		8,564	8,564	0	0
591-593	Debt Service	2,065	2,065		
594-595	Capital Outlay	0	0	220,903	39,367
Total Expenditures		10,629	10,629	220,903	39,367
597-599	Other Financing Uses	0	0		
Total Expenditures and Other Uses		10,629	10,629	220,903	39,367
Excess (Deficit) of Resources Over Uses		1,290	315	35,695	187,882
380	Nonrevenues (Except 384 and 388.80)	6,000	6,000	0	0
580	Nonexpenditures (Except 584 and 588.80)		0	0	0
Ending Net Cash and Investments		\$7,290	\$6,315	\$35,695	\$187,882

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 346 Church Road Construction		Fund Number and Name 355 Douglas Road Construction	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$25,760	\$25,760	\$54,185	\$54,185
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			582,112	480,130
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous		2,080	92,300	1,663
370	Capital Contributions				
390	Other Financing Sources	25,000	25,000	105,154	105,154
Total Revenues and Other Sources		25,000	27,080	779,566	586,947
Total Resources		50,760	52,840	833,751	641,132
Operating Expenditures:					
510	General Government	0	0		
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service			2,500	
594-595	Capital Outlay	25,000	4,314	1,313,206	619,852
Total Expenditures		25,000	4,314	1,315,706	619,852
597-599	Other Financing Uses				
Total Expenditures and Other Uses		25,000	4,314	1,315,706	619,852
Excess (Deficit) of Resources Over Uses		25,760	48,526	(481,955)	21,280
380	Nonrevenues (Except 384 and 388.80)		0	500,000	400,000
580	Nonexpenditures (Except 584 and 588.80)		0	0	0
Ending Net Cash and Investments		\$25,760	\$48,526	\$18,045	\$421,280

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 370 Thornton Road Construction		Fund Number and Name 375 Public Safety Building Construction	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$746	\$746	\$150,605	\$150,605
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	25,000	0	0	0
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous		4,838		7,951
370	Capital Contributions				
390	Other Financing Sources	150,000	150,000	0	0
Total Revenues and Other Sources		175,000	154,838	0	7,951
Total Resources		175,746	155,584	150,605	158,556
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service				
594-595	Capital Outlay	175,000	0	145,800	7,353
Total Expenditures		175,000	0	145,800	7,353
597-599	Other Financing Uses				
Total Expenditures and Other Uses		175,000	0	145,800	7,353
Excess (Deficit) of Resources Over Uses		746	155,584	4,805	151,203
380	Nonrevenues (Except 384 and 388.80)	0	0	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0	0	0
Ending Net Cash and Investments		\$746	\$155,584	\$4,805	\$151,203

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 380 Malloy Roundabout Construction		Fund Number and Name 401 Water	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$181,511	\$181,511	\$355,661	\$355,661
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental	1,288,888	1,209,801		
340	Charges for Goods and Services	0	0	1,811,763	1,685,263
350	Fines and Forfeits				
360	Miscellaneous	32,760	33,664	45,000	44,775
370	Capital Contributions				
390	Other Financing Sources	658,600	658,600	60,000	70,800
Total Revenues and Other Sources		1,980,248	1,902,065	1,916,763	1,800,838
Total Resources		2,161,759	2,083,576	2,272,424	2,156,499
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	0	0	1,235,931	1,194,917
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	1,235,931	1,194,917
591-593	Debt Service	0	0	0	0
594-595	Capital Outlay	2,160,942	2,125,805	346,173	287,559
Total Expenditures		2,160,942	2,125,805	1,582,104	1,482,476
597-599	Other Financing Uses	0	0	319,500	319,500
Total Expenditures and Other Uses		2,160,942	2,125,805	1,901,604	1,801,976
Excess (Deficit) of Resources Over Uses		817	(42,229)	370,820	354,523
380	Nonrevenues (Except 384 and 388.80)	100,000	100,000	304,000	305,002
580	Nonexpenditures (Except 584 and 588.80)	0	0		7,440
Ending Net Cash and Investments		\$100,817	\$57,771	\$674,820	\$652,085

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 402 Sewer		Fund Number and Name 403 2005 Sewer Bond Redemption	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$258,264	\$258,264	\$38,776	\$38,776
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			0	0
340	Charges for Goods and Services	2,225,217	2,016,225		
350	Fines and Forfeits				
360	Miscellaneous	8,000	15,406	170,435	179,916
370	Capital Contributions				
390	Other Financing Sources	777,472	769,280	515,000	515,000
Total Revenues and Other Sources		3,010,689	2,800,911	685,435	694,916
Total Resources		3,268,953	3,059,175	724,211	733,692
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment	974,606	940,378		
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		974,606	940,378	0	0
591-593	Debt Service	735,000	734,542	722,804	722,803
594-595	Capital Outlay	142,787	120,650		
Total Expenditures		1,852,393	1,795,570	722,804	722,803
597-599	Other Financing Uses	850,019	844,519	0	0
Total Expenditures and Other Uses		2,702,412	2,640,089	722,804	722,803
Excess (Deficit) of Resources Over Uses		566,541	419,086	1,407	10,889
380	Nonrevenues (Except 384 and 388.80)	4,000	47,895	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	47,802	0	0
Ending Net Cash and Investments		\$570,541	\$419,179	\$1,407	\$10,889

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 404 2005 Sewer Bond Reserve		Fund Number and Name 407 Storm and Flood Control	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$686,685	\$686,685	\$261,257	\$261,257
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental			20,000	14,247
340	Charges for Goods and Services			415,000	409,388
350	Fines and Forfeits				
360	Miscellaneous	33,284	25,092	4,000	18,271
370	Capital Contributions				
390	Other Financing Sources			0	0
Total Revenues and Other Sources		33,284	25,092	439,000	441,906
Total Resources		719,969	711,777	700,257	703,163
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation			220,662	154,772
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures				220,662	154,772
591-593	Debt Service			0	0
594-595	Capital Outlay				
Total Expenditures				220,662	154,772
597-599	Other Financing Uses	34,000	25,808	27,595	27,595
Total Expenditures and Other Uses		34,000	25,808	248,257	182,367
Excess (Deficit) of Resources Over Uses		685,969	685,969	452,000	520,796
380	Nonrevenues (Except 384 and 388.80)		0		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$685,969	\$685,969	\$452,000	\$520,796

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE
 FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 408 Utility Loan Service		Fund Number and Name 409 Utilities Capital Reserve	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$213,753	\$213,753	\$100,126	\$100,126
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	10,000	12,734	3,346	3,346
370	Capital Contributions				
390	Other Financing Sources	390,700	385,201	0	0
Total Revenues and Other Sources		400,700	397,935	3,346	3,346
Total Resources		614,453	611,688	103,472	103,472
Operating Expenditures:					
510	General Government				
520	Public Safety				
530	Physical Environment				
540	Transportation	0	0		
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	0	0
591-593	Debt Service	400,700	400,700	0	0
594-595	Capital Outlay	0	0		
Total Expenditures		400,700	400,700	0	0
597-599	Other Financing Uses	0	0	103,472	103,472
Total Expenditures and Other Uses		400,700	400,700	103,472	103,472
Excess (Deficit) of Resources Over Uses		213,753	210,988	0	0
380	Nonrevenues (Except 384 and 388.80)		0		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$213,753	\$210,988	\$0	\$0

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 410 Solid Waste Tax		Fund Number and Name 510 Computer Repair and Replacement	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$145,726	\$145,726	\$547	\$547
Revenues and Other Sources					
310	Taxes	720,000	788,232	0	0
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services	0	0		
350	Fines and Forfeits				
360	Miscellaneous	4,580	5,691	135,909	136,028
370	Capital Contributions				
390	Other Financing Sources	0	0		
Total Revenues and Other Sources		724,580	793,923	135,909	136,028
Total Resources		870,306	939,649	136,456	136,575
Operating Expenditures:					
510	General Government			115,909	87,885
520	Public Safety				
530	Physical Environment				
540	Transportation				
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		0	0	115,909	87,885
591-593	Debt Service				
594-595	Capital Outlay	0	0	20,000	38,809
Total Expenditures		0	0	135,909	126,694
597-599	Other Financing Uses	698,365	698,365	0	0
Total Expenditures and Other Uses		698,365	698,365	135,909	126,694
Excess (Deficit) of Resources Over Uses		171,941	241,284	547	9,881
380	Nonrevenues (Except 384 and 388.80)	0	0		0
580	Nonexpenditures (Except 584 and 588.80)		0		0
Ending Net Cash and Investments		\$171,941	\$241,284	\$547	\$9,881

The Accompanying Notes Are An Integral Part Of This Statement.

**CITY OF FERNDALE
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS**

Rev. 4/01/08

For the Year Ended December 31, 2007

BARS CODE		Fund Number and Name 550 Equipment Repair and Replacement		Fund Number and Name 650 Court Agency	
		Budget	Actual	Budget	Actual
Beginning Net Cash and Investments		\$256,436	\$256,436	\$0	\$0
Revenues and Other Sources					
310	Taxes				
320	Licenses and Permits				
330	Intergovernmental				
340	Charges for Goods and Services				
350	Fines and Forfeits				
360	Miscellaneous	512,300	516,768	0	0
370	Capital Contributions				
390	Other Financing Sources				
Total Revenues and Other Sources		512,300	516,768	0	0
Total Resources		768,736	773,204	0	0
Operating Expenditures:					
510	General Government	0	0		
520	Public Safety				
530	Physical Environment				
540	Transportation	304,685	306,658	0	0
550	Economic Environment				
560	Mental and Physical Health				
570	Culture and Recreation				
Total Operating Expenditures		304,685	306,658	0	0
591-593	Debt Service				
594-595	Capital Outlay	186,747	141,916	0	0
Total Expenditures		491,432	448,574	0	0
597-599	Other Financing Uses				
Total Expenditures and Other Uses		491,432	448,574	0	0
Excess (Deficit) of Resources Over Uses		277,304	324,630	0	0
380	Nonrevenues (Except 384 and 388.80)	0	0	120,000	100,195
580	Nonexpenditures (Except 584 and 588.80)	0	0	120,000	100,195
Ending Net Cash and Investments		\$277,304	\$324,630	\$0	\$0

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE, WASHINGTON
NOTES TO FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2007

THE FOLLOWING NOTES ARE AN INTEGRAL PART OF THE ACCOMPANYING FINANCIAL STATEMENTS.

NOTE-1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ferndale uses the revenue and expenditure classifications contained in the *Budgeting, Accounting and Reporting System* (BARS) manual. The manual is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Ferndale was incorporated on March 19, 1907 and operates under the laws of the state of Washington applicable to a Category 2 (Cities with population under 25,000) type of government. The City of Ferndale is a general purpose government and provides public safety, street improvements, parks, and general administrative services. The City of Ferndale contracts with Whatcom County Fire Protection District #7 for fire protection and with the Whatcom County Library System (to which it is also annexed) for library services. In addition, the City owns and operates a potable water supply system and sanitary sewer system. The City contracts with Sanitary Service of Bellingham for garbage collection and disposal.

The City of Ferndale uses single-entry, cash basis of accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City of Ferndale are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprise its cash, investments, revenues and expenditures, as appropriate. The City of Ferndale's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City of Ferndale:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund (Fund number 001)

This fund is used to account for all financial resources and transactions of the City of Ferndale not required to be accounted for in another fund.

Special Revenue Funds (Funds in the 100 series)

These funds are used to account for the process of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Debt Service Funds (Funds in the 200 series)

These funds are used to account for accumulation of resources to pay interest and principal on general long-term debt.

Capital Projects Funds (Funds in the 300 series)

These funds are used to account for financial resources to be used for the acquisition of capital facilities other than those financed by special assessment funds.

PROPRIETARY FUND TYPES:

Enterprise Funds (Fund number 401 Water, Fund number 402 Sewer, and Fund number 407 Storm)
These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds (Funds in the 500 series)
The funds account for operations that provide goods or services to other departments or funds of the City or to other governmental units on a costs-reimbursement basis.

FIDUCIARY FUND TYPES:

Agency Funds
These funds are used to account for cash and other assets received and held by the City of Ferndale acting in the capacity of trustee or custodian.

General Long-Term Debt
The City of Ferndale accounts for its long-term debt in a bond register and the results are reported in a long-term debt schedule.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law (see RCW 35.33.151).

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

C. Budgets and Budgetary Accounting

1. Scope of Budget

Annual appropriated budgets are adopted for all funds. Budgetary accounts are integrated in fund ledgers for all budgeted funds and the financial statements include budgetary comparisons for all funds.

Annual appropriated budgets are adopted at the fund level and budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare the budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class. Annual appropriations lapse for all funds on the last day of the calendar year.

2. Procedures for Adopting the Original Budget

The City of Ferndale's budget procedures are mandated by Chapter 35A.33.RCW. The steps in the budget process are as follows:

a. Prior to November 1, the Clerk/treasurer submits a proposed budget to the City Council. This budget is based on priorities established by the council and estimates provided by city departments during the preceding months, and balanced with revenue estimates made by the Clerk/treasurer.

b. The Council conducts public hearings on the proposed budget in November and December.

c. The Council makes its adjustments to the proposed budget and adopts by ordinance a final balanced budget no later than December 31.

d. Within 30 days of adoption, the final budget is available to the public.

3. Amending the Budget

The Chief Administrative Officer is authorized to direct the Clerk/treasurer to transfer budgeted amounts between object classes and/or departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours of work beyond those established for the position, exclusive of normal overtime, or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the city to increase or decrease the appropriations for a particular fund, it may do so by ordinance approved by a simple majority following a public hearing.

The budget amounts shown in the financial statements are the final authorized amounts revised during the year.

D. Cash and Equivalents

It is the City of Ferndale's policy to invest all temporary cash surpluses in excess of anticipated needs. At December 31, 2007, the Treasurer was holding total investments of \$4,144,400. This amount is included in the total for net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on investments is allocated to the funds contributing the excess cash.

For purposes of cash flows, the City of Ferndale considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The City of Ferndale's deposits at year end were entirely covered by federal depositary insurance and the State Public Deposit Protection Commission.

E. Investments

The City of Ferndale's investments are either insured, registered or held by the City of Ferndale or its agent in the City's name.

Investments by type at December 31, 2007, including market value, are as follows:

Local Government Investment Pool (WA State): \$2,387,412 (Market Value is the same)

FR MAC Bonds CUSIP 3128X1TQ0: \$756,297 (Market Value is \$773,701)

FNMA Bonds CUSIP 3136F5DR9: \$500,691 (Market Value is \$502,475)

FNMA Bonds CUSIP 31398AHQ8: \$500,000 (Market Value is \$502,500)

F. Inter-fund Loans

Interfund loans are used to provide temporary working capital for various projects within the City. The borrowing fund pays the lending fund market interest rate – which is the Washington State Treasurer’s Local Government Investment Pool rate (LGIP). Interfund loans outstanding as of 12/31/07:

Lending Fund	Borrowing Fund	Date of Original Issue	Date of Maturity	Begin. O/S Debt	Amount Issued Current Year	Amount Redem. Cur. Year	End. O/S Debt	Repay. Schedule
Traffic Mitigation 104	LaBounty LID 109	10/17/2006	12/31/2008	\$30,000	\$20,000	\$0	\$50,000	By 12/31/08
Real Estate Excise Tax 105	Library 212	12/13/2006	12/31/2009	\$40,000	\$0	\$0	\$40,000	By 12/31/09
Real Estate Excise Tax 105	Library 307	12/31/2007	12/31/2010	\$0	\$6,000	\$0	\$6,000	By 12/31/10
Traffic Mitigation 104	Main St./ Douglas Constr. 355	12/31/2007	12/31/2008	\$0	\$400,000	\$0	\$400,000	By 12/31/08
Traffic Mitigation 104	Malloy Roundab. Constr. 380	12/31/2007	12/31/2008	\$0	\$100,000	\$0	\$100,000	By 12/31/08

G. Fixed Assets

General Fixed Assets

General Fixed assets are long-lived assets of the City of Ferndale as a whole and are recorded as expenditures when purchased. No general fixed assets account group is established, which is a departure from generally accepted accounting principles.

H. Compensated Absences

No more than 80 hours of Vacation leave for FLSA non-exempt and union represented employees may be carried forward into the year following its being granted. Unused vacation leave is paid out in full upon termination.

Sick leave may be accumulated up to a maximum of 135 days. No payment is made for unused sick leave upon termination. Employees retiring into the state retirement system will receive 25% of the value of unused sick leave upon retirement.

NOTE-2-STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City of Ferndale did not comply with RCW 35.33.151 and record 2007 expenditures received by January 20, 2008 for the 2007 financial statements. Nor did the City of Ferndale comply with RCW 35.33.151 and record 2006 expenditures received by January 20, 2007 for the 2006 financial statements.

This caused the 2007 financial statement actual expenditures to be understated for 14 funds, and overstated for 6 funds. This was not a material error and was not corrected. As a result of this the City is not in compliance with RCW 35A.33.120 and the following funds are over budget:

LaBounty Road LID Constr. Fund No. 109	\$13,418
Sewer Fund No. 402	\$10,237

NOTE-3-PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed after the end of each month.

PROPERTY TAX CALENDAR

JANUARY 1	TAXES ARE LEVIED AND BECOME A LIEN AGAINST PROPERTIES.
FEBRUARY 14	TAX BILLS ARE MAILED.
APRIL 30	FIRST OF TWO EQUAL INSTALLMENT PAYMENTS IS DUE
OCTOBER 31	SECOND INSTALLMENT IS DUE.

Property tax revenues are recognized when received by the City of Ferndale. Delinquent taxes are considered fully collectible because a lien affixes to the property when taxes are levied. 2007 and prior property taxes receivable at December 31, 2007 was \$74,002.

The City of Ferndale may levy up to \$3.10 per \$1000 of assessed valuation for general governmental services, subject to two limitations:

- a. Washington law in RCW 84.55.010 limits the growth of regular property taxes to 1 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 1 percent due to revaluation, the levy rate will be decreased.
- b. The Washington Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.

The City of Ferndale's regular levy for 2007 was \$1.73916 per \$1,000 on an assessed valuation of \$970,041,818 for a total regular levy of \$1,687,058.

The City of Ferndale also in 2007 levied \$.11978 per \$1,000 on an assessed valuation of \$962,225,518 to produce the sum of \$115,255 for the purpose of paying debt service on the 1998 U.T.G.O. Library Refunding Bonds.

NOTE-4-PENSION PLANS

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Department of Retirement Systems, under cost-sharing multiple-employer public employee retirement systems. Other than rates, there were no significant benefit changes in 2007.

A. Public Employees' Retirement System (PERS)

The state legislature established PERS in 1947 under Chapter 41.40 RCW. PERS is a cost-sharing multiple-employer system. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50 percent of PERS members are state employees.

PERS contains 3 plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those joining thereafter are enrolled in Plan 2 or 3. Participants in Plan 3 had from September of 2002 until May of 2003 to opt for Plan 3. Retirement benefits are financed from employee and employer contributions and investment earnings. Plans 1 and 2 are defined benefit plans. Plan 3 is a combined defined benefit and defined contribution plan.

Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the final average salary per year of service, capped at 60 percent.

Plan 2 and 3 members may retire at the age of 65 with a minimum of 5 years of service, or at 55 with a minimum of 20 years of service, with an allowance of 2 percent per year of service of the final average salary. Plan 2 and 3 retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3 percent annually.

Each biennium the legislature establishes Plan 1 employer contribution rates and Plan 2 and 3 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. The employer and employee contribution rates for Plan 2 and 3 are developed by the Office of State Actuary to fully fund the system. All employers are required to contribute at the level established by the legislature. The methods used to determine the contribution requirements were established under state statute.

The City of Ferndale's contribution for all PERS Plans of covered payroll, for the year ending December 31, 2007 of \$122,286 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

<u>PLAN</u>	<u>EFFECTIVE DATE</u>	<u>EMPLOYER PERCENT</u>	<u>EMPLOYEE PERCENT</u>
PERS 1	1/1/07	5.46%	6.00%
	7/1/07	6.12%	6.00%
	9/1/07	6.13%	6.00%
PERS 2/3	1/1/07	5.46%	3.50%
PERS 2/3	7/1/07	6.12%	4.15%
	9/1/07	6.13%	4.15%

B. Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

LEOFF was established in 1970 by the legislature under Chapter 41.26 RCW. LEOFF is a cost-sharing multiple-employer retirement system. Membership includes all full-time, fully compensated, local law enforcement officers and fire fighters. Retirement benefits are financed by employee and employer contributions, investment earnings and legislative appropriation. LEOFF is comprised solely of non-state employees.

The LEOFF system contains 2 plans. Participants who joined the system by September 30, 1977, are Plan I members. Those who joined thereafter are enrolled in Plan II. Retirement benefits are vested after completion of 5 years of eligible service.

Plan I participants are eligible to retire with a minimum of 5 years of service at age 50. The benefit per year of service is as follows:

<u>Term of Service</u>	<u>Percent Of Final Average</u>
20+	2.0%
10-20	1.5
5-10	1.0

The final average salary is based on salary received during the last 2 years of service. Substantial disability and death benefits are provided by the plan. Retirement benefits are indexed to the Seattle area consumer price index.

Plan II participants are eligible to retire at the age of 50 with a minimum of 20 years of service or at 58 with a minimum of 5 years of service. Retirement benefits prior to age 58 are actuarially reduced. The benefit is 2 percent of average salary per year of service. The average salary is based on the highest 5 year period. Death and disability benefits are also provided. These benefit provisions are established under the authority of legislative statute. LEOFF had no material changes in benefit provisions for 1998 and 1999.

Employer and employee contribution rates for Plan II are developed by the Office of State Actuary to fully fund the system. Plan II employers and employees are required to pay at the level established by the legislature. The methods used to determine the contribution requirements were established under the authority of legislative statute.

The City of Ferndale's contribution for all LEOFF Plans of covered payroll, for the year ending December 31, 2007 of \$59,658 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

<u>PLAN</u>	<u>EFFECTIVE DATE</u>	<u>EMPLOYER PERCENT</u>	<u>EMPLOYEE PERCENT</u>
LEOFF 1	(The City has no active LEOFF 1 Employees at 12/31/07)		
LEOFF 2	1/1/07	4.90%	7.85%
	7/1/07	5.35%	8.60%
	9/1/07	5.35%	8.64%

Historical trend information showing each system's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's comprehensive annual financial report. Please refer to said report for detailed trend information.

C. Public Safety Employees' Retirement System (PSERS)

The state legislature established PSERS Plan 2 in 2004, and is a cost-sharing multiple-employer system. Membership in the system includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety, but are not eligible for membership in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

Members of the Public Employees' Retirement System (PERS) Plan 2 or 3, working in PSERS positions on or before July 1, 2006, may elect to prospectively begin PSERS membership.

<u>PLAN</u>	<u>EFFECTIVE DATE</u>	<u>EMPLOYER PERCENT</u>	<u>EMPLOYEE PERCENT</u>
PSERS 2	1/1/07	8.53%	6.57%
	7/1/07	8.54%	6.57%
	9/1/07	8.55%	6.57%

The City of Ferndale's contribution for the PSERS 2 plan of covered payroll, for the year ending December 31, 2007 of \$3,028 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

NOTE-5-CONTINGENCIES AND LITIGATION

The City of Ferndale participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures as disallowed under the terms of the grants. Management believes such disallowances, if any, will be immaterial.

NOTE-6-ACCUMULATED UNPAID EMPLOYEE LEAVE BENEFITS

The City does not record accumulated unused vacation leave in its governmental funds. For all governmental funds, unused vacation leave as of December 31, 2007 was 3,938 hours with a dollar value of \$102,429. Total vacation expenditures during 2007 for all governmental funds was \$198,942.

NOTE-7-LONG TERM DEBT

The accompanying Schedules of Long-Term Debt (09) provide a listing of the outstanding debt of the City of Ferndale and summarize the City's debt transactions for 2007. Debt service requirements, including interest are as follows:

<u>Year(s)</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds/Notes</u>	<u>Total Debt Service</u>
2007	\$261,598	\$1,048,019	\$1,309,617
2008	\$214,320	\$1,039,741	\$1,254,061
2009	\$208,398	\$1,041,113	\$1,249,511
2010	\$202,507	\$1,063,048	\$1,265,555
2011	\$190,316	\$1,065,506	\$1,255,822
2012-2016	\$679,669	\$5,592,099	\$6,271,768
2017-2021	\$398,729	\$756,705	\$1,155,434
2022-2026	\$368,096	\$0	\$368,096
2027-2031	\$70,248	\$0	\$70,248
Total Debt Service	\$2,593,881	\$11,606,231	\$14,200,112

NOTE-8-REFUNDED DEBT

The following bond issues were refunded as of June 16, 2005:

1995 Revenue Sewer Bonds \$ 905,000, Interest Rates - 6.20-6.30%
1996 Revenue Sewer Bonds \$5,710,000, Interest Rates - 5.00-6.00%
Total \$6,820,000.

This advance refunding was undertaken to reduce total debt service payments over eleven and one-half years (June 16, 2005-2016) by \$686,138, and resulted in an economic net present value gain of \$515,374. The average coupon interest rate of the old refunded bonds was 5.70%, as compared to the new bonds interest rate of 3.75%.

Debt service on these 1995-1996 Refunded Revenue bonds is met by cash and investments held by the refunding trustee. As of December 31, 2005, the trustee was holding cash and investments of \$5,688,146 which are expected to fund debt service fully. These refunded bonds constitute a contingent liability of the City of Ferndale but are excluded from the financial statements.

The 2005 Refunded Revenue Sewer Bonds outstanding as of December 31, 2007 was \$5,685,000. The accompanying Schedules of Long-Term Debt (09) provide a listing of the outstanding debt of the City of Ferndale and summarize the City's debt transactions for 2007.

NOTE-9-RISK MANAGEMENT

The City of Ferndale is a member of the Association of Washington Cities Risk Management Service Agency (AWC RMSA). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC RMSA was formed on January 1, 1989 when 32 municipalities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Currently, 84 municipalities/entities participate in the pool.

The AWC RMSA allows members to establish a program of joint insurance and provides risk management services to all members. All coverages are on an occurrence basis. The AWC RMSA provides all risk property, comprehensive crime, general liability, automobile liability, police liability, public officials liability, employee fidelity and faithful performance, and boiler and machinery insurance coverage. Boiler and machinery is included with the property reinsurance carrier, as of June 1, 2005, and employee fidelity coverage is a stand-alone policy that the AWC RMSA arranges for its members. The AWC RMSA also allows members to group purchase airport liability coverage.

Members pay an annual assessment to the AWC RMSA. The AWC RMSA is responsible for payment of all covered causes of loss against the jurisdiction above the stated retention. AWC RMSA, itself, pays out of its own funds all claims up to \$400,000 for liability and \$25,000 for property, and thereafter purchases excess liability insurance through NLC Mutual Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$5 million, with an additional \$5 million available for an additional cost. The excess property coverage is purchased through Affiliated FM, using the Pool's broker, Willis of Seattle, Inc. Since the AWC RMSA is a cooperative program, the members of the AWC RMSA are jointly liable.

Members contract to remain in the pool a minimum of one year and must give one-year notice before terminating participation. The Interlocal Governmental Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were signatory to the Interlocal Governmental Agreement. The Pool is governed by a board of directors serving ex-officio as the AWC Board of Directors.

The AWC RMSA establishes a loss fund for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The specific financials of the AWC RMSA can be seen in the Annual Report on file with the City of Ferndale.

G.O. Debt
 Refunded Debt
 Debt of Special Purpose Districts

CITY OF FERNDALE
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2007

	(1)	(2)	(3)	(4)
ID. No.	Beginning Outstanding Debt 01/01/2007 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	Ending Outstanding Debt 12/31/2007 (1)+(2)-(3)
263.82 PWTF LOAN-STREET	\$16,550	\$0	\$8,276	\$8,274
251.15 '98 LTGO BONDS-CITY HALL	\$395,000	\$0	\$50,000	\$345,000
252.90 '98 REFUNDING GO BONDS	\$110,000	\$0	\$110,000	\$0
263.82 PWTF LOAN-STORM	\$134,210	\$0	\$7,895	\$126,315
263.91 WA STATE LOAN-PHONE SYSTEM	\$8,646	\$0	\$2,791	\$5,855
263.91 KeyBank LTGO BOND-STREET LIGHTS	\$280,113	\$0	\$27,805	\$252,308
263.82 DOE LOAN-STORM	\$56,688	\$0	\$14,066	\$42,622

G.O. Debt
 Refunded Debt
 Debt of Special Purpose Districts

CITY OF FERNDALE
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2007

	(1)	(2)	(3)	(4)
ID. No.	Beginning Outstanding Debt 01/01/2007 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	Ending Outstanding Debt 12/31/2007 (1)+(2)-(3)
200704017-1 Whatcom Co. Public Utilities Improvement Fund Loan	\$0	\$1,206,458	\$0	\$1,206,458
TOTAL	\$1,001,207	\$1,206,458	\$220,833	\$1,986,832

CITY OF FERNDALE

G.O. Debt
 Revenue Debt
 Assessment Debt
 Refunded Debt
 Debt of Special Purpose Districts

SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2007

	(1)	(2)	(3)	(4)
ID. No.	Beginning Outstanding Debt 01/01/2007 (Ending Outstanding Debt Balance from Prior Year)	Amount Issued in Current Year	Amount Redeemed in Current Year	Ending Outstanding Debt 12/31/2007 (1)+(2)-(3)
263.82 PWTF LOAN SEWER	4/8/98 \$1,983,665	7/1/18 0	582,_____ 591,70,00.00 599,_____ \$165,305	408 \$1,818,360
263.82 SRF LOAN SEWER	1/1/00 \$1,378,548	8/1/19 0	582,_____ 591,70,00.01 599,_____ \$80,598	408 \$1,297,950
TOTAL	\$3,362,213	\$0	\$245,903	\$3,116,310

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2007

Federal Agency Name/ Pass-through Agency Name	Federal Program Name	CDFA Number	Other I.D. Number	Expenditures			Foot- Note Ref.
				From Pass- Through Awards	From Direct Awards	Total	
Department of Justice/ -	Bulletproof Vest Partnership Program	16.607			\$1,184	\$1,184	
US DOT / WA State DOT	Highway Planning & Construction	20.205	STPR-8030(003)	\$852,620		\$852,620	
Dept of Homeland Security / Whatcom County, WA	Homeland Security Grant Program	97.067		\$175		\$175	
Dept of Homeland Security / Whatcom Co WA Sheriff's Office	Law Enforcement Terrorism Prev. Progr.	97.074		\$15,178		\$15,178	
Total Federal Awards Expended				\$867,973	\$1,184	\$869,157	

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

NOTE 1-BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is prepared on the same basis of accounting as the financial statements. The city uses the cash basis of accounting.

NOTE 2-PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program. Entire program costs, including the city's share may be more than shown.



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 Puggetti
Doug Cochran
Chuck Pfeil, CPA
Linda Long, CPA, CGFM
Jim Brittain, CPA
Jan Jutte
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