

Washington State Auditor's Office
Accountability Audit Report

City of Ferndale
Whatcom County

Report Date
October 26, 2009

Report No. 1002507

Issue Date
November 23, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

November 23, 2009

Mayor and City Council
City of Ferndale
Ferndale, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your City to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

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. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**City of Ferndale
Whatcom County
October 26, 2009**

Audit Summary 1
Related Reports 2
Description of the District 3

Audit Summary

City of Ferndale
Whatcom County
October 26, 2009

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Ferndale for January 1, 2008, through December 31, 2008.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit:

- Open Public Meetings Act
- Restricted funds – Real Estate Excise Tax
- Bid compliance
- Safeguarding of assets
- Conflict of interest
- Disbursements
- Municipal Court cash receipting
- Software conversion
- Petty cash (City Hall and Police Department)

RESULTS

In most areas, the City complied with state laws and regulations and its own policies and procedures. However, we noted certain matters that we communicated to City management. We appreciate the City's commitment to resolving those matters.

Related Reports

**City of Ferndale
Whatcom County
October 26, 2009**

FINANCIAL

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

Description of the City

**City of Ferndale
Whatcom County
October 26, 2009**

ABOUT THE CITY

The City of Ferndale serves over 10,800 citizens in Whatcom County. The City is administered by a mayor-council form of government with an elected, seven-member Council and an independently elected Mayor. The City has approximately 67 employees who provide an array of services including water, sewer, police, Municipal Court and planning. For fiscal year 2008, the City operated on a \$7.2 million budget.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor:	Gary Jensen
City Council:	
Position 1	Steve Malpezzi
Position 2	Mel Hansen
Position 3	Connie Faria
Position 4	Paul Ingram
Position 5	Ken Downey
Position 6	Lloyd Zimmerman
Position 7	Keith Olson

APPOINTED OFFICIALS

City Administrator	Greg Young
--------------------	------------

CITY CONTACT INFORMATION

Address:	City of Ferndale 2095 Main Street P.O. Box 936 Ferndale, WA 98248
Phone:	(360) 384-4302
Web site:	www.cityofferndale.org

AUDIT HISTORY

The City is audited on an annual basis. Three accountability findings were issued in the 2003 audit. The first finding noted the City had exceeded approved budget in four funds and did not maintain balances sufficient to cover expenditures in five funds. The second finding noted the City did not establish sufficient controls over utility revenue. The third finding noted the City did not comply with Bond Reserve requirements. These findings have been resolved. There have been no further accountability findings since 2003.



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 employees are located around the state to deliver our services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

State Auditor
Chief of Staff
Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

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

Web Site
Subscription Service

www.sao.wa.gov
<https://www.sao.wa.gov/EN/News/Subscriptions/>