

Washington State Auditor's Office
Accountability Audit Report

City of Ferndale
Whatcom County

Report Date
June 30, 2010

Report No. 1004043

Issue Date
August 16, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

August 16, 2010

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

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Whatcom County
June 30, 2010**

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Audit Summary

City of Ferndale
Whatcom County
June 30, 2010

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Ferndale for the period from January 1, 2009, through December 31, 2009.

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 period:

- Hotline referrals:
 - police department/library construction
 - council actions
- Safeguarding of assets
- Payroll
- Manual warrants
- Court receipting/adjustments
- Open Public Meetings Act

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
June 30, 2010**

FINANCIAL

Our opinion on the City's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the City's financial statements.

FEDERAL GRANT PROGRAMS

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

Description of the City

City of Ferndale Whatcom County June 30, 2010

ABOUT THE CITY

The City of Ferndale serves over 11,080 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 60 employees who provide an array of services including water, sewer, police, Municipal Court and planning. For fiscal year 2009, the City operated on a \$7.2 million general fund budget.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Gary Jensen
Steve Malpezzi
Mel Hansen
Connie Faria
Paul Ingram
Lloyd Zimmerman
Ken Downey
Keith Olson

Note: In January 2010, Ken Downey and Keith Olson were replaced by John Mutchler and Brent Goodrich, respectively.

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. The City has not received any accountability findings in the last five audits.



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.

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Director of Audit
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Director for Legal Affairs
Director of Quality Assurance
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Jim Brittain, CPA
Jan Jutte, CPA, CGFM
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Mary Leider
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