

Washington State Auditor's Office
Accountability Audit Report

City of Ferndale
Whatcom County

Report Date
August 24, 2011

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September 12, 2011



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 12, 2011

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
August 24, 2011**

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Audit Summary

City of Ferndale
Whatcom County
August 24, 2011

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Ferndale from January 1, 2010 through December 31, 2010.

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:

- Inter-fund loans and transfers
- Municipal Court review
- Credit cards
- Safeguarding of assets

RESULTS

In most areas, the City complied with state laws and regulations and its own policies and procedures.

However, we noted a certain matter that we communicated to City management. We appreciate the City's commitment to resolving that matter.

Related Reports

**City of Ferndale
Whatcom County
August 24, 2011**

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 programs, which are listed in the Federal Summary section of the financial statement and single audit report.

Description of the City

**City of Ferndale
Whatcom County
August 24, 2011**

ABOUT THE CITY

The City of Ferndale serves over 11,415 citizens in Whatcom County. The City provides an array of services including water, sewer, police, Municipal Court and planning.

An elected, seven-member Council and an independently elected Mayor govern the City. The Council appoints an Administrator to oversee the City's daily operations as well as its approximately 60 employees. For fiscal year 2010, the City operated on an annual general fund budget of approximately \$7 million.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor:
City Council:

Gary Jensen
Steve Malpezzi
Mel Hansen
Connie Faria
Paul Ingram
Lloyd Zimmerman
John Mutchler
Brent Goodrich

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

Website: www.cityofferndale.org

AUDIT HISTORY

We audit the City annually. The City has been free of findings for the last five years.



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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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
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