

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

---

**City of Ferndale**  
**Whatcom County**

Audit Period  
**January 1, 2010 through December 31, 2010**

**Report No. 1006269**

Issue Date  
**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 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.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

**City of Ferndale  
Whatcom County  
January 1, 2010 through December 31, 2010**

Federal Summary .....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i> .....	3
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	5
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	9

# Federal Summary

City of Ferndale  
Whatcom County  
January 1, 2010 through December 31, 2010

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

**Identification of Major Programs:**

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.205	ARRA - Highway Planning and Construction (Recovery Act)
20.205	Highway Planning and Construction
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (Recovery Act)

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 qualified as a low-risk auditee under OMB Circular A-133.

**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, 2010 through December 31, 2010

Mayor and City 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, 2010, and have issued our report thereon dated August 24, 2011.

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.

*A deficiency in internal control* 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **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*.

This report is intended for the information and use of management, the Mayor and City 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

August 24, 2011

**Independent Auditor's Report on Compliance  
with Requirements That Could Have a Direct  
and Material Effect on Each Major Program and  
on Internal Control over Compliance in  
Accordance with OMB Circular A-133**

City of Ferndale  
Whatcom County  
January 1, 2010 through December 31, 2010

Mayor and City 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.



## **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 in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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 Mayor and City 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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

August 24, 2011

# **Independent Auditor's Report on Financial Statements**

**City of Ferndale  
Whatcom County  
January 1, 2010 through December 31, 2010**

Mayor and City 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, 2010. 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 1 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, 2010, on the basis of accounting described in Note 1.

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

August 24, 2011

# **Financial Section**

**City of Ferndale  
Whatcom County  
January 1, 2010 through December 31, 2010**

## ***FINANCIAL STATEMENTS***

Fund Resources and Uses Arising from Cash Transactions – 2010  
Notes to Financial Statements – 2010

## ***SUPPLEMENTAL INFORMATION***

Schedule of Long-Term Debt – 2010  
Schedule of Expenditures of Federal Awards – 2010  
Notes to the Schedule of Expenditures of Federal Awards – 2010

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

For the 12 Month Period Ended December 31, 2010

BARS CODE		Total For All funds	
			Total Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$1,355,615
308.80	Unreserved		\$6,530,157
388.80	Prior Period Adjustments		\$0
<b>Revenues and Other Sources</b>			
310	Taxes		\$5,991,700
320	Licenses and Permits		\$467,051
330	Intergovernmental		\$2,578,033
340	Charges for Goods and Services		\$6,193,675
350	Fines and Forfeits		\$160,949
360	Miscellaneous		\$1,268,350
370	Capital Contributions		\$0
390	Other Financing Sources		\$8,006,214
<b>Total Revenues and Other Sources</b>			\$24,665,972
<b>Total Resources</b>			\$32,551,744
Operating Expenditures:			
510	General Government		\$2,064,241
520	Public Safety		\$4,201,966
530	Physical Environment		\$2,661,681
540	Transportation		\$1,670,304
550	Economic Environment		\$446,065
560	Mental and Physical Health		\$2,871
570	Culture and Recreation		\$343,496
<b>Total Operating Expenditures</b>			\$11,390,624
591-593	Debt Service		\$1,178,683
594-595	Capital Outlay		\$8,008,636
<b>Total Expenditures</b>			\$20,577,943
597-599	Other Financing Uses		\$3,006,214
<b>Total Expenditures and Other Uses</b>			\$23,584,157
<b>Excess (Deficit) of Resources Over Uses</b>			\$8,967,587
380	Nonrevenues (Except 384 and 388.80)		\$2,035,135
580	Nonexpenditures (Except 584 and 588.80)		\$2,579,912
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$1,164,443
508.80	Unreserved		\$7,258,367

*The Accompanying Notes Are An Integral Part Of This Statement.*

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

For the 12 Month Period Ended December 31, 2010

Page 2 of 22

BARS CODE		<b>General Fund</b>	
		(Incl. Fund Numbers 001,002,003,004,005,Eliminations)	
			<b>Actual Amount</b>
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$398,488
308.80	Unreserved		\$968,255
388.80	Prior Period Adjustments		\$0
<b>Revenues and Other Sources</b>			
310	Taxes		\$5,659,121
320	Licenses and Permits		\$467,051
330	Intergovernmental		\$688,389
340	Charges for Goods and Services		\$774,995
350	Fines and Forfeits		\$160,949
360	Miscellaneous		\$269,246
370	Capital Contributions		\$0
390	Other Financing Sources		\$318,270
<b>Total Revenues and Other Sources</b>			<b>\$8,338,021</b>
<b>Total Resources</b>			<b>\$9,704,764</b>
Operating Expenditures:			
510	General Government		\$1,785,728
520	Public Safety		\$4,144,777
530	Physical Environment		\$277,114
540	Transportation		\$0
550	Economic Environment		\$446,065
560	Mental and Physical Health		\$2,871
570	Culture and Recreation		\$293,529
<b>Total Operating Expenditures</b>			<b>6,950,084</b>
591-593	Debt Service		\$0
594-595	Capital Outlay		\$87,929
<b>Total Expenditures</b>			<b>7,038,013</b>
597-599	Other Financing Uses		\$927,290
<b>Total Expenditures and Other Uses</b>			<b>\$7,965,303</b>
<b>Excess (Deficit) of Resources Over Uses</b>			<b>1,739,461</b>
380	Nonrevenues (Except 384 and 388.80)		\$36,589
580	Nonexpenditures (Except 584 and 588.80)		\$390,658
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$224,894
508.80	Unreserved		\$1,160,498

The Accompanying Notes Are An Integral Part Of This Statement.

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

BARS CODE	Fund Number and Name		Fund Number and Name	
	101 Street		102 Park Mitigation	
	Actual Amount		Actual Amount	
<b>Beginning Cash and Investments:</b>				
308.10	Reserved	\$0		\$0
308.80	Unreserved	\$195,059		\$168,410
388.80	Prior Period Adjustments	\$0		\$0
<b>Revenues and Other Sources</b>				
310	Taxes	0		0
320	Licenses and Permits	0		0
330	Intergovernmental	284,990		0
340	Charges for Goods and Services	9,700		66,721
350	Fines and Forfeits	0		0
360	Miscellaneous	41,413		374
370	Capital Contributions	0		0
390	Other Financing Sources	789,073		146,982
	<b>Total Revenues and Other Sources</b>	<b>1,125,176</b>		<b>214,077</b>
	<b>Total Resources</b>	<b>1,320,235</b>		<b>382,487</b>
<b>Operating Expenditures:</b>				
510	General Government	0		0
520	Public Safety	0		0
530	Physical Environment	0		0
540	Transportation	869,564		0
550	Economic Environment	0		0
560	Mental and Physical Health	0		0
570	Culture and Recreation	0		0
	<b>Total Operating Expenditures</b>	<b>869,564</b>		<b>0</b>
591-593	Debt Service	0		0
594-595	Capital Outlay	382,843		0
	<b>Total Expenditures</b>	<b>1,252,407</b>		<b>0</b>
597-599	Other Financing Uses	0		336,240
	<b>Total Expenditures and Other Uses</b>	<b>1,252,407</b>		<b>336,240</b>
	<b>Excess (Deficit) of Resources Over Uses</b>	<b>67,828</b>		<b>46,247</b>
380	Nonrevenues (Except 384 and 388.80)	4,333		0
580	Nonexpenditures (Except 584 and 588.80)	0		0
<b>Ending Cash and Investments:</b>				
508.10	Reserved	\$0		\$0
508.80	Unreserved	\$72,161		\$46,247
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>				

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 4 of 22

BARS CODE		Fund Number and Name	
		103 Paths and Trails	104 Traffic Mitigation
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$2,129	\$116,532
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
320	Licenses and Permits	0	0
330	Intergovernmental	0	0
340	Charges for Goods and Services	0	267,727
350	Fines and Forfeits	0	0
360	Miscellaneous	0	359
370	Capital Contributions	0	0
390	Other Financing Sources	0	37,549
<b>Total Revenues and Other Sources</b>		0	305,635
<b>Total Resources</b>		2,129	422,167
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	0
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		0	0
597-599	Other Financing Uses	0	272,073
<b>Total Expenditures and Other Uses</b>		0	272,073
<b>Excess (Deficit) of Resources Over Uses</b>		2,129	150,094
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$2,129	\$150,094
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			



FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 5 of 22

BARS CODE		Fund Number and Name	Fund Number and Name
		106 Criminal Justice	107 Local Criminal Justice
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$49,964	\$12,665
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
320	Licenses and Permits	0	0
330	Intergovernmental	174,846	157,241
340	Charges for Goods and Services	0	0
350	Fines and Forfeits	0	0
360	Miscellaneous	279	32
370	Capital Contributions	0	0
390	Other Financing Sources	0	0
<b>Total Revenues and Other Sources</b>		175,125	157,273
<b>Total Resources</b>		225,089	169,938
Operating Expenditures:			
510	General Government	0	0
520	Public Safety	57,189	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		57,189	0
591-593	Debt Service	29	0
594-595	Capital Outlay	141,817	0
<b>Total Expenditures</b>		199,035	0
597-599	Other Financing Uses	101,841	168,702
<b>Total Expenditures and Other Uses</b>		300,876	168,702
<b>Excess (Deficit) of Resources Over Uses</b>		(75,787)	1,236
380	Nonrevenues (Except 384 and 388.80)	100,000	0
580	Nonexpenditures (Except 584 and 588.80)	20,000	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$4,213	\$1,236
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 6 of 22

BARS CODE		Fund Number and Name	
		110 Boys/Girls Club Insurance Proceeds	
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$160,775	\$0
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	62	0
370	Capital Contributions	0	0
390	Other Financing Sources	0	0
<b>Total Revenues and Other Sources</b>		62	0
<b>Total Resources</b>		160,837	0
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	0
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		0	0
597-599	Other Financing Uses	160,837	0
<b>Total Expenditures and Other Uses</b>		160,837	0
<b>Excess (Deficit) of Resources Over Uses</b>		0	0
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$0	\$0
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 7 of 22

BARS CODE		Fund Number and Name	
		111 Real Estate Excise Tax - 1st 1/4 Percent	112 Real Estate Excise Tax - 2nd 1/4 Percent
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$215,384	\$33,492
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	139,774	138,748
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	547	44
370	Capital Contributions	0	0
390	Other Financing Sources	0	200,000
<b>Total Revenues and Other Sources</b>		140,321	338,792
<b>Total Resources</b>		355,705	372,284
Operating Expenditures:			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	0
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		0	0
597-599	Other Financing Uses	136,786	329,145
<b>Total Expenditures and Other Uses</b>		136,786	329,145
<b>Excess (Deficit) of Resources Over Uses</b>		218,919	43,139
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$218,919	\$43,139
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 8 of 22

BARS CODE		Fund Number and Name	Fund Number and Name
		198 Hotel Motel	213 1998 City Hall LTGO Bond Redemption
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$29,853	\$4,274
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	53,706	0
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	84	209
370	Capital Contributions	0	0
390	Other Financing Sources	0	68,973
<b>Total Revenues and Other Sources</b>		53,790	69,182
<b>Total Resources</b>		83,643	73,456
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	49,310	0
<b>Total Operating Expenditures</b>		49,310	0
591-593	Debt Service	0	66,746
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		49,310	66,746
597-599	Other Financing Uses	16,627	0
<b>Total Expenditures and Other Uses</b>		65,937	66,746
<b>Excess (Deficit) of Resources Over Uses</b>		17,706	6,710
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$17,706	\$6,710
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 9 of 22

BARS CODE		Fund Number and Name	
		214 Street/Parks/Land Debt Service	215 LaBounty LID 2006-1 Bond Redemption
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$1,257	\$81
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	359	216,606
370	Capital Contributions	0	0
390	Other Financing Sources	361,055	18,243
<b>Total Revenues and Other Sources</b>		361,414	234,849
<b>Total Resources</b>		362,671	234,930
Operating Expenditures:			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	361,053	223,805
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		361,053	223,805
597-599	Other Financing Uses	0	0
<b>Total Expenditures and Other Uses</b>		361,053	223,805
<b>Excess (Deficit) of Resources Over Uses</b>		1,618	11,125
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$1,618	\$11,125
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 10 of 22

BARS CODE		Fund Number and Name	Fund Number and Name
		216 LaBounty LID 2006-1 Bond Guarantee	217 LaBounty LTGO Bond Redemption
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$60,592	\$0
308.80	Unreserved	\$0	\$0
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	165	53
370	Capital Contributions	0	0
390	Other Financing Sources	0	30,052
<b>Total Revenues and Other Sources</b>		165	30,105
<b>Total Resources</b>		60,757	30,105
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	30,052
594-595	Capital Outlay	0	0
<b>Total Expenditures</b>		0	30,052
597-599	Other Financing Uses	17,743	0
<b>Total Expenditures and Other Uses</b>		17,743	30,052
<b>Excess (Deficit) of Resources Over Uses</b>		43,014	53
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$43,014	\$0
508.80	Unreserved	\$0	\$53
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

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

For the 12 Month Period Ended December 31, 2010

BARS CODE		Fund Number and Name	
		2010 G.O. Bond Redemption Fund (Incl. Fund Number 218, Eliminations)	
		Actual Amount	
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$0
308.80	Unreserved		\$0
388.80	Prior Period Adjustments		\$0
<b>Revenues and Other Sources</b>			
310	Taxes		0
320	Licenses and Permits		0
330	Intergovernmental		\$40,454
340	Charges for Goods and Services		0
350	Fines and Forfeits		0
360	Miscellaneous		108
370	Capital Contributions		0
390	Other Financing Sources		73,666
<b>Total Revenues and Other Sources</b>			114,228
<b>Total Resources</b>			114,228
Operating Expenditures:			
510	General Government		0
520	Public Safety		0
530	Physical Environment		0
540	Transportation		0
550	Economic Environment		0
560	Mental and Physical Health		0
570	Culture and Recreation		0
<b>Total Operating Expenditures</b>			0
591-593	Debt Service		113,459
594-595	Capital Outlay		0
<b>Total Expenditures</b>			113,459
597-599	Other Financing Uses		0
<b>Total Expenditures and Other Uses</b>			113,459
<b>Excess (Deficit) of Resources Over Uses</b>			769
380	Nonrevenues (Except 384 and 388.80)		0
580	Nonexpenditures (Except 584 and 588.80)		0
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$0
508.80	Unreserved		\$769

*The Accompanying Notes Are An Integral Part Of This Statement.*

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 12 of 22

BARS CODE	Fund Number and Name		Fund Number and Name	
	303 Skateboard Park Construction		304 Centennial Riverwalk Park Construction	
	Actual Amount		Actual Amount	
<b>Beginning Cash and Investments:</b>				
308.10	Reserved	\$0		\$0
308.80	Unreserved	\$7,469		\$13,983
388.80	Prior Period Adjustments	\$0		\$0
<b>Revenues and Other Sources</b>				
310	Taxes	0		0
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	5		8
370	Capital Contributions	0		0
390	Other Financing Sources	0		0
	<b>Total Revenues and Other Sources</b>	5		8
	<b>Total Resources</b>	7,474		13,991
Operating Expenditures:				
510	General Government	0		0
520	Public Safety	0		0
530	Physical Environment	0		0
540	Transportation	0		0
550	Economic Environment	0		0
560	Mental and Physical Health	0		0
570	Culture and Recreation	0		0
	<b>Total Operating Expenditures</b>	0		0
591-593	Debt Service	0		0
594-595	Capital Outlay	0		0
	<b>Total Expenditures</b>	0		0
597-599	Other Financing Uses	7,474		13,991
	<b>Total Expenditures and Other Uses</b>	7,474		13,991
	<b>Excess (Deficit) of Resources Over Uses</b>	0		0
380	Nonrevenues (Except 384 and 388.80)	0		0
580	Nonexpenditures (Except 584 and 588.80)	0		0
<b>Ending Cash and Investments:</b>				
508.10	Reserved	\$0		\$0
508.80	Unreserved	\$0		\$0
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>				



FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 13 of 22

BARS CODE		Fund Number and Name	
		305 Pioneer Park Pavilion Construction	306 Second Ave. Construction
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$1,095	\$1,469,161
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
320	Licenses and Permits	0	0
330	Intergovernmental	0	809,655
340	Charges for Goods and Services	0	0
350	Fines and Forfeits	0	0
360	Miscellaneous	1,337	13,002
370	Capital Contributions	0	0
390	Other Financing Sources	1,110,836	594,015
<b>Total Revenues and Other Sources</b>		1,112,173	1,416,672
<b>Total Resources</b>		1,113,268	2,885,833
Operating Expenditures:			
510	General Government	0	868
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	657	0
<b>Total Operating Expenditures</b>		657	868
591-593	Debt Service	8,170	5,702
594-595	Capital Outlay	863,570	2,697,126
<b>Total Expenditures</b>		872,397	2,703,696
597-599	Other Financing Uses	0	0
<b>Total Expenditures and Other Uses</b>		872,397	2,703,696
<b>Excess (Deficit) of Resources Over Uses</b>		240,871	182,137
380	Nonrevenues (Except 384 and 388.80)	100,000	0
580	Nonexpenditures (Except 584 and 588.80)	100,000	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$240,871	\$182,137
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 14 of 22

BARS CODE		Fund Number and Name	Fund Number and Name
		307 New Library Construction	308 Main St. 3rd to Church Construction
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$11,467	\$78,642
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	351	0
320	Licenses and Permits	0	0
330	Intergovernmental	0	378,778
340	Charges for Goods and Services	0	0
350	Fines and Forfeits	0	0
360	Miscellaneous	99,167	194
370	Capital Contributions	0	0
390	Other Financing Sources	200,000	0
<b>Total Revenues and Other Sources</b>		299,518	378,972
<b>Total Resources</b>		310,985	457,614
Operating Expenditures:			
510	General Government	192,054	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		192,054	0
591-593	Debt Service	2,771	309
594-595	Capital Outlay	0	1,243,877
<b>Total Expenditures</b>		194,825	1,244,186
597-599	Other Financing Uses	0	0
<b>Total Expenditures and Other Uses</b>		194,825	1,244,186
<b>Excess (Deficit) of Resources Over Uses</b>		116,160	(786,572)
380	Nonrevenues (Except 384 and 388.80)	100,000	790,000
580	Nonexpenditures (Except 584 and 588.80)	100,000	412
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$116,160	\$3,016
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 15 of 22

BARS CODE		Fund Number and Name	Fund Number and Name
		325 Conoco-Phillips Park Construction	346 Church Road Construction
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$29,899	\$654,923
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	17	1,810
370	Capital Contributions	0	0
390	Other Financing Sources	0	0
<b>Total Revenues and Other Sources</b>		17	1,810
<b>Total Resources</b>		29,916	656,733
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	0
594-595	Capital Outlay	0	82,366
<b>Total Expenditures</b>		0	82,366
597-599	Other Financing Uses	29,916	0
<b>Total Expenditures and Other Uses</b>		29,916	82,366
<b>Excess (Deficit) of Resources Over Uses</b>		0	574,367
380	Nonrevenues (Except 384 and 388.80)	0	0
580	Nonexpenditures (Except 584 and 588.80)	0	0
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$0	\$574,367
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 16 of 22

BARS CODE		Fund Number and Name	
		370 Thornton Road Construction	375 New Police Station Construction
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$5,181	\$60,795
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	3	5,977
370	Capital Contributions	0	0
390	Other Financing Sources	0	3,800,000
<b>Total Revenues and Other Sources</b>		3	3,805,977
<b>Total Resources</b>		5,184	3,866,772
Operating Expenditures:			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	0	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		0	0
591-593	Debt Service	0	51,591
594-595	Capital Outlay	0	552,877
<b>Total Expenditures</b>		0	604,468
597-599	Other Financing Uses	5,184	0
<b>Total Expenditures and Other Uses</b>		5,184	604,468
<b>Excess (Deficit) of Resources Over Uses</b>		0	3,262,304
380	Nonrevenues (Except 384 and 388.80)	0	100,000
580	Nonexpenditures (Except 584 and 588.80)	0	100,000
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$0	\$3,262,304
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

BARS CODE	Fund Number and Name	
	380 Malloy Ave. Construction	
Actual Amount		
<b>Beginning Cash and Investments:</b>		
308.10	Reserved	\$0
308.80	Unreserved	\$32,346
388.80	Prior Period Adjustments	\$0
<b>Revenues and Other Sources</b>		
310	Taxes	0
320	Licenses and Permits	0
330	Intergovernmental	0
340	Charges for Goods and Services	0
350	Fines and Forfeits	0
360	Miscellaneous	19
370	Capital Contributions	0
390	Other Financing Sources	0
<b>Total Revenues and Other Sources</b>		19
<b>Total Resources</b>		32,365
Operating Expenditures:		
510	General Government	0
520	Public Safety	0
530	Physical Environment	0
540	Transportation	0
550	Economic Environment	0
560	Mental and Physical Health	0
570	Culture and Recreation	0
<b>Total Operating Expenditures</b>		0
591-593	Debt Service	0
594-595	Capital Outlay	0
<b>Total Expenditures</b>		0
597-599	Other Financing Uses	32,365
<b>Total Expenditures and Other Uses</b>		32,365
<b>Excess (Deficit) of Resources Over Uses</b>		
380	Nonrevenues (Except 384 and 388.80)	0
580	Nonexpenditures (Except 584 and 588.80)	0
<b>Ending Cash and Investments:</b>		
508.10	Reserved	\$0
508.80	Unreserved	\$0
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>		

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

For the 12 Month Period Ended December 31, 2010

Page 18 of 22

BARS CODE		Water Fund	
		<b>Enterprise (Proprietary) Utility Fund</b>	
		(Incl. Fund Numbers 401, Partial 218/408, Eliminations)	
		Actual Amount	
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$0
308.80	Unreserved		\$1,276,147
388.80	Prior Period Adjustments		(\$12,505)
<b>Revenues and Other Sources</b>			
310	Taxes		0
320	Licenses and Permits		0
330	Intergovernmental		0
340	Charges for Goods and Services		2,129,349
350	Fines and Forfeits		0
360	Miscellaneous		6,981
370	Capital Contributions		0
390	Other Financing Sources		0
<b>Total Revenues and Other Sources</b>			2,136,330
<b>Total Resources</b>			3,399,972
Operating Expenditures:			
510	General Government		0
520	Public Safety		0
530	Physical Environment		1,298,460
540	Transportation		0
550	Economic Environment		0
560	Mental and Physical Health		0
570	Culture and Recreation		0
<b>Total Operating Expenditures</b>			1,298,460
591-593	Debt Service		47,811
594-595	Capital Outlay		1,265,561
<b>Total Expenditures</b>			2,611,832
597-599	Other Financing Uses		250,000
<b>Total Expenditures and Other Uses</b>			2,861,832
<b>Excess (Deficit) of Resources Over Uses</b>			538,140
380	Nonrevenues (Except 384 and 388.80)		609,334
580	Nonexpenditures (Except 584 and 588.80)		590,000
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$0
508.80	Unreserved		\$557,474

*The Accompanying Notes Are An Integral Part Of This Statement.*

CITY OF FERNDALE  
FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 19 of 22

BARS CODE		Sewer Fund Enterprise (Proprietary) Utility Fund	
		(Incl. Fund Numbers 402, 403, 404, Partial 218/408, Eliminations)	
			Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$896,535
308.80	Unreserved		\$564,781
388.80	Prior Period Adjustments		\$27,832
<b>Revenues and Other Sources</b>			
310	Taxes		0
320	Licenses and Permits		0
330	Intergovernmental		0
340	Charges for Goods and Services		2,570,471
350	Fines and Forfeits		0
360	Miscellaneous		63,975
370	Capital Contributions		0
390	Other Financing Sources		250,000
<b>Total Revenues and Other Sources</b>			2,884,446
<b>Total Resources</b>			4,373,594
Operating Expenditures:			
510	General Government		0
520	Public Safety		0
530	Physical Environment		1,086,107
540	Transportation		0
550	Economic Environment		0
560	Mental and Physical Health		0
570	Culture and Recreation		0
<b>Total Operating Expenditures</b>			1,086,107
591-593	Debt Service		261,956
594-595	Capital Outlay		496,861
<b>Total Expenditures</b>			1,844,924
597-599	Other Financing Uses		200,000
<b>Total Expenditures and Other Uses</b>			2,044,924
<b>Excess (Deficit) of Resources Over Uses</b>			2,328,670
380	Nonrevenues (Except 384 and 388.80)		17,744
580	Nonexpenditures (Except 584 and 588.80)		1,074,295
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$896,535
508.80	Unreserved		\$375,584

The Accompanying Notes Are An Integral Part Of This Statement.

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

For the 12 Month Period Ended December 31, 2010

BARS CODE		Storm Fund	
		<b>Enterprise (Proprietary) Utility Fund</b>	
		(Incl. Fund Numbers 407, Partial 218/408, Eliminations)	
			Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$0
308.80	Unreserved		\$245,285
388.80	Prior Period Adjustments		(\$15,327)
<b>Revenues and Other Sources</b>			
310	Taxes		0
320	Licenses and Permits		0
330	Intergovernmental		43,680
340	Charges for Goods and Services		374,712
350	Fines and Forfeits		0
360	Miscellaneous		5,938
370	Capital Contributions		0
390	Other Financing Sources		0
<b>Total Revenues and Other Sources</b>			424,330
<b>Total Resources</b>			654,288
Operating Expenditures:			
510	General Government		0
520	Public Safety		0
530	Physical Environment		0
540	Transportation		385,774
550	Economic Environment		0
560	Mental and Physical Health		0
570	Culture and Recreation		0
<b>Total Operating Expenditures</b>			385,774
591-593	Debt Service		5,229
594-595	Capital Outlay		147,341
<b>Total Expenditures</b>			538,344
597-599	Other Financing Uses		0
<b>Total Expenditures and Other Uses</b>			538,344
<b>Excess (Deficit) of Resources Over Uses</b>			115,944
380	Nonrevenues (Except 384 and 388.80)		0
580	Nonexpenditures (Except 584 and 588.80)		22,173
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$0
508.80	Unreserved		\$93,771

*The Accompanying Notes Are An Integral Part Of This Statement.*



FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 21 of 22

BARS CODE		Fund Number and Name	
		510 Computer Repair and Replacement	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved		\$0
308.80	Unreserved		\$45,345
388.80	Prior Period Adjustments		\$0
<b>Revenues and Other Sources</b>			
310	Taxes		0
320	Licenses and Permits		0
330	Intergovernmental		0
340	Charges for Goods and Services		0
350	Fines and Forfeits		0
360	Miscellaneous		119,248
370	Capital Contributions		0
390	Other Financing Sources		7,500
<b>Total Revenues and Other Sources</b>			126,748
<b>Total Resources</b>			172,093
Operating Expenditures:			
510	General Government		85,591
520	Public Safety		0
530	Physical Environment		0
540	Transportation		0
550	Economic Environment		0
560	Mental and Physical Health		0
570	Culture and Recreation		0
<b>Total Operating Expenditures</b>			85,591
591-593	Debt Service		0
594-595	Capital Outlay		29,433
<b>Total Expenditures</b>			115,024
597-599	Other Financing Uses		0
<b>Total Expenditures and Other Uses</b>			115,024
<b>Excess (Deficit) of Resources Over Uses</b>			57,069
380	Nonrevenues (Except 384 and 388.80)		0
580	Nonexpenditures (Except 584 and 588.80)		0
<b>Ending Cash and Investments:</b>			
508.10	Reserved		\$0
508.80	Unreserved		\$57,069
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For the 12 Month Period Ended December 31, 2010

Page 22 of 22

BARS CODE		Fund Number and Name	
		550 Equipment Repair and Replacement	650 Court Agency
		Actual Amount	Actual Amount
<b>Beginning Cash and Investments:</b>			
308.10	Reserved	\$0	\$0
308.80	Unreserved	\$29,272	\$46,236
388.80	Prior Period Adjustments	\$0	\$0
<b>Revenues and Other Sources</b>			
310	Taxes	0	0
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	420,729	0
370	Capital Contributions	0	0
390	Other Financing Sources	0	0
<b>Total Revenues and Other Sources</b>		420,729	0
<b>Total Resources</b>		450,001	46,236
<b>Operating Expenditures:</b>			
510	General Government	0	0
520	Public Safety	0	0
530	Physical Environment	0	0
540	Transportation	414,966	0
550	Economic Environment	0	0
560	Mental and Physical Health	0	0
570	Culture and Recreation	0	0
<b>Total Operating Expenditures</b>		414,966	0
591-593	Debt Service	0	0
594-595	Capital Outlay	17,035	0
<b>Total Expenditures</b>		432,001	0
597-599	Other Financing Uses	0	0
<b>Total Expenditures and Other Uses</b>		432,001	0
<b>Excess (Deficit) of Resources Over Uses</b>		18,000	46,236
380	Nonrevenues (Except 384 and 388.80)	0	177,135
580	Nonexpenditures (Except 584 and 588.80)	0	182,374
<b>Ending Cash and Investments:</b>			
508.10	Reserved	\$0	\$0
508.80	Unreserved	\$18,000	\$40,997
<i>The Accompanying Notes Are An Integral Part Of This Statement.</i>			

CITY OF FERNDALE, WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

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

NOTE-1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ferndale reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another basis of accounting (OCBOA) that 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, water/sewer/storm utilities, 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. The City contracts with Sanitary Service of Bellingham for garbage collection and disposal.

The City of Ferndale uses single-entry, cash basis 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 the primary operating fund of the City of Ferndale. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (Funds in the 100 series)

These funds account for revenues that are legally restricted or designated to finance particular activities of the City of Ferndale.

Debt Service Funds (Funds in the 200 series)

These funds account for the accumulation of resources to pay principal, interest and related costs on general long-term debt.

Capital Projects Funds (Funds in the 300 series)

These funds account for financial resources which are designated for the acquisition or construction of general governmental capital projects.

Permanent Funds

These funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support programs for the benefit of the government or its citizenry.

PROPRIETARY FUND TYPES:

Enterprise Funds (Fund number 401 Water, Fund number 402 Sewer, Fund number 407 Storm & Flood, and Fund number 408 Utility Debt Service)

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 of Ferndale on a costs-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City of Ferndale in a trustee capacity or as an agent on behalf of others.

Agency Funds

These funds are used to account for assets that the City of Ferndale holds for others in an agency capacity.

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).

In accordance with state law the City of Ferndale also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

This state law requires the City to keep the books open through January 20<sup>th</sup> of the succeeding year for non-payroll expenditures (referred to as the “open period”).

As noted above, revenues are generally truly recognized on the cash basis - January 1 through December 31 – except under certain circumstances where Federal grant revenues are received during the open period, were budgeted in the prior year, and an allowable grant expenditure was made during the open period or earlier.

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.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

c. Budgets

Annual appropriated budgets are adopted for all funds. Annual appropriated budgets are adopted at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

		<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>\$</u> <u>Variance</u>
<u>Current Expense/001</u>				
Council				
Salary/Benefits/Payroll Taxes		\$49,011	\$47,267	\$1,744
Non-Labor		870	611	259
	Council	\$49,881	\$47,878	\$2,003
Court				
Salary/Benefits/Payroll Taxes		\$109,998	\$123,559	(\$13,561)
Non-Labor		114,375	130,453	(16,078)
	Court	\$224,373	\$254,012	(\$29,639)
Administration				
Salary/Benefits/Payroll Taxes		\$180,172	\$178,734	\$1,438
Non-Labor		7,800	2,557	5,243
	Administration	\$187,972	\$181,291	\$6,681
Clerk/Treasurer				
Salary/Benefits/Payroll Taxes		\$310,451	\$288,848	\$21,603
Non-Labor		23,300	23,648	(348)
	Clerk/Treasurer	\$333,751	\$312,496	\$21,255
	Legal Services	\$75,000	\$48,268	\$26,732

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>\$</u> <u>Variance</u>
General Government			
Non-Labor - General	\$291,405	\$289,211	\$2,194
Non-Labor - Insurance	263,798	244,840	18,958
Non-Labor - Unemployment Payments	35,869	52,831	(16,962)
Non-Labor - AWC Insurance RMSA Payment	105,000	105,000	0
Non-Labor - EECBG Grant - Pass Through	0	250,000	(250,000)
Capital	10,749	33,318	(22,569)
General Government	\$706,821	\$975,200	(\$268,379)
Law Enforcement			
Salary/Benefits/Payroll Taxes - Except O.T.	\$2,027,701	\$2,038,645	(\$10,944)
Overtime - General	46,186	32,590	13,596
Overtime - Stonegarden Grant	28,198	43,213	(15,015)
Overtime - Traffic Safety	0	8,266	(8,266)
Overtime - Special Events	0	4,332	(4,332)
Salary/FICA/Medicare - Legal Settlement	21,530	21,530	-
Facility:			
Rent	\$23,841	\$22,987	\$854
Other	9,200	8,198	1,002
Total Facility	\$33,041	\$31,185	\$1,856
Computer/Equip. Rent Non-Labor	132,000	132,000	-
Other Non-Labor	269,630	253,708	15,922
Capital	-	0	-
Law Enforcement	\$2,558,286	\$2,565,469	(\$7,183)
Fire Control	\$912,268	\$906,952	\$5,316
Detention			
Salary/Benefits/Payroll Taxes	\$86,523	\$85,982	\$541
Jail Contract Non-Labor	285,000	284,373	627
Jail Credits Non-Labor	(70,272)	(82,098)	11,826
Other Non-Labor	5,885	2,378	3,507
Detention	\$307,136	\$290,635	\$16,501
Building Inspection			
Salary/Benefits/Payroll Taxes	\$224,018	\$216,031	\$7,987
Computer/Equip. Rent Non-Labor	15,600	15,600	0
Other Non-Labor	10,715	9,995	720

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>\$</u> <u>Variance</u>
Capital	0	0	-
Building Inspection	\$250,333	\$241,626	\$8,707
Emergency	\$102,148	\$99,945	\$2,203
Clean Air	\$3,800	\$3,780	\$20
Engineering			
Salary/Benefits/Payroll Taxes	\$197,273	\$150,625	\$46,648
Non Devel. Review Non-Labor	21,700	21,306	394
Devel. Review Non-Labor	70,000	22,453	47,547
Engineering	\$288,973	\$194,384	\$94,589
General Bldg. Maint.			
Salary/Benefits/Payroll Taxes	\$38,477	\$38,343	\$134
Non-Labor	45,000	40,608	4,392
General Bldg. Maint.	\$83,477	\$78,951	\$4,526
Parks			
Salary/Benefits/Payroll Taxes	\$236,560	\$188,316	\$48,244
Equip.Rent Non-Labor	43,200	43,200	0
Other Non-Labor	69,450	62,012	7,438
Capital	51,100	54,611	(3,511)
Parks	\$400,310	\$348,139	\$52,171
Mental/Physical Health	\$2,800	\$2,871	(\$71)
Community Development Dept. 019			
Salary/Benefits/Payroll Taxes	\$299,197	\$317,735	(\$18,538)
Computer Rent Non-Labor	28,800	28,800	0
Other Non-Labor	87,050	61,168	25,882
Capital	0	0	-
Community Development Dept. 019	\$415,047	\$407,703	\$7,344
Community Development 2020 Dept. 020			
Salary/Benefits/Payroll Taxes	\$98,434	\$37,949	\$60,485
Other Non-Labor	42,001	413	41,588
Community Development 2020 Dept. 020	\$140,435	\$38,362	\$102,073
Transfers/Interfund Loans/Energy Code	\$445,600	\$446,259	(\$659)
Total Expenses	\$7,488,411	\$7,444,221	\$44,189
<u>Gen. Fund Contingency Reserve/002</u>	\$184,543	\$59,543	\$125,000
<u>Facilities Capital Reserve/003</u>	\$300,000	\$215,000	\$85,000
<u>LEOFF 1 Reserve/004</u>	\$45,537	\$40,150	\$5,387

	Budgeted Expenditures	Actual Expenditures	\$ Variance
<u>Solid Waste Utility Tax/005</u>	\$1,142,970	\$1,054,970	\$88,000
<u>Street/101</u>			
Administration			
Salary/Benefits/Payroll Taxes	\$57,671	\$56,818	\$853
Central Services, Computer/Equip.Rent			
Non-Labor	183,302	183,302	-
Other Non-Labor	98,142	92,845	5,297
Administration	\$339,115	\$332,965	\$6,150
Sidewalks			
Salary/Benefits/Payroll Taxes	\$6,127	\$28,375	(\$22,248)
Non-Labor	500	3,398	(2,898)
Sidewalks	\$6,627	\$31,773	(\$25,146)
Roadway			
Salary/Benefits/Payroll Taxes	\$203,596	\$189,078	\$14,518
Other Non-Labor	64,000	26,480	37,520
Roadway	\$267,596	\$215,558	\$52,038
Street Lights	\$140,000	\$175,955	(\$35,955)
Traffic Control			
Salary/Benefits/Payroll Taxes	\$33,188	\$48,886	(\$15,698)
Non-Labor	20,000	26,564	(6,564)
Capital	3,570	3,570	-
Traffic Control	\$56,758	\$79,020	(\$22,262)
Snow & Ice			
Salary/Benefits/Payroll Taxes	\$85,616	\$12,105	\$73,511
Non-Labor	7,200	1,586	5,614
Snow & Ice	\$92,816	\$13,691	\$79,125
Street Cleaning			
Salary/Benefits/Payroll Taxes	\$14,399	\$21,041	(\$6,642)
Non-Labor	500	0	500
Street Cleaning	\$14,899	\$21,041	(\$6,142)
Capital Projects	\$387,674	\$379,273	\$8,401
Total Expenses	\$1,305,485	\$1,252,407	\$53,078
<u>Park Mitigation/102</u>	\$336,240	\$336,240	\$0
<u>Paths and Trails/103</u>	\$0	\$0	\$0
<u>Traffic Mitigation/104</u>	\$272,073	\$272,073	\$0



	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>\$ Variance</u>
<u>Criminal Justice/106</u>	\$383,469	\$320,876	\$62,593
<u>Local Criminal Justice/107</u>	\$168,702	\$168,702	\$0
<u>Boys/Girls Club Ins. Proceeds/110</u>	\$160,836	\$160,836	\$0
<u>Real Estate Excise Tax 1/111</u>	\$136,786	\$136,786	\$0
<u>Real Estate Excise Tax 2/112</u>	\$329,145	\$329,145	\$0
<u>Hotel Motel Tax/198</u>	\$68,416	\$65,937	\$2,479
<u>1998 LTGO Bonds (City Hall)/213</u>	\$66,746	\$66,746	\$0
<u>Street/Parks/Land Debt Service/214</u>	\$361,054	\$361,054	\$0
<u>LaBounty LID 2006-1 Bond D/S 215</u>	\$223,806	\$223,805	\$1
<u>LaBounty LID 2006-1 Bond Guar./216</u>	\$17,743	\$17,743	\$0
<u>LaBounty GO Bond Debt Service/217</u>	\$30,052	\$30,052	\$0
<u>2010 GO Bond Debt Service/218</u>	\$116,184	\$115,723	\$461
<u>Skateboard Park Construction/303</u>	\$7,474	\$7,474	\$0
<u>Centennial Riverwalk Park Constr./304</u>	\$14,000	\$13,991	\$9
<u>Pioneer Park Pavilion Constr/305</u>	\$1,212,626	\$972,397	\$240,229
<u>Second Ave. Constr./306</u>	\$2,711,858	\$2,703,696	\$8,162
<u>New Library Constr./307</u>	\$323,819	\$294,825	\$28,994
<u>Main St. - 3rd to Church Constr./308</u>	\$2,160,924	\$1,244,598	\$916,326
<u>Conoco-Phillips Park Constr./325</u>	\$29,925	\$29,617	\$8
<u>Church Road Construction/346</u>	\$565,593	\$82,366	\$483,227
<u>Thornton Road Construction/370</u>	\$5,200	\$5,184	\$16
<u>Public Safety Bldg Constr/375</u>	\$732,199	\$704,468	\$27,731
<u>Malloy Avenue Construction/380</u>	\$32,375	\$32,365	\$10

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>\$</u> <u>Variance</u>
<u>Water/401</u>			
Administration			
Salary/Benefits/Payroll Taxes	\$124,445	\$141,514	(\$17,069)
Cent. Svcs, B&O Tax, Computer/Equip Non-Labor	263,264	270,768	(7,504)
Other Non-Labor	42,466	29,743	12,723
Administration	<u>\$430,175</u>	<u>\$442,025</u>	<u>(\$11,850)</u>
Maintenance			
Salary/Benefits/Payroll Taxes	\$182,387	\$192,982	(\$10,595)
Non-Labor	40,834	29,740	11,094
Maintenance	<u>\$223,221</u>	<u>\$222,722</u>	<u>\$499</u>
Operations			
Salary/Benefits/Payroll Taxes	\$130,487	\$134,217	(\$3,730)
Water Purchases from PUD Non-Labor	268,800	283,653	(14,853)
Chemical Purchases from PUD Non- Labor	80,000	69,804	10,196
PSE Electricity Non-Labor	85,000	83,908	1,092
Other Non-Labor	56,039	65,437	(9,398)
Operations	<u>\$620,326</u>	<u>\$637,019</u>	<u>(\$16,693)</u>
Capital	\$1,636,928	\$1,265,560	\$371,368
Transfers/Loans/Misc	\$887,812	\$887,812	\$0
Total Expenses	<u>\$3,798,462</u>	<u>\$3,455,138</u>	<u>\$343,324</u>
<u>Sewer/402</u>			
Administration			
Salary/Benefits/Payroll Taxes	\$85,780	\$102,389	(\$16,609)
Cent. Svcs, B&O Tax, Computer/Equip Non-Labor	225,444	233,480	(8,036)
Other Non-Labor	16,794	15,897	897
Administration	<u>\$328,018</u>	<u>\$351,766</u>	<u>(\$23,748)</u>
Maintenance			
Salary/Benefits/Payroll Taxes	\$162,699	\$124,495	\$38,204
Non-Labor	51,676	44,699	6,977
Maintenance	<u>\$214,375</u>	<u>\$169,194</u>	<u>\$45,181</u>
Operations			
Salary/Benefits/Payroll Taxes	\$130,487	\$133,600	(\$3,113)
PSE Electricity Non-Labor	135,000	174,593	(39,593)
Sludge Removal Non-Labor	140,000	156,937	(16,937)

	<u>Budgeted</u> <u>Expenditures</u>	<u>Actual</u> <u>Expenditures</u>	<u>\$</u> <u>Variance</u>
Other Non-Labor	153,425	100,018	53,407
Operations	\$558,912	\$565,148	(\$6,236)
Capital	\$587,989	\$496,861	\$91,128
Transfers/Debt Service/Loans	\$1,513,803	\$1,513,803	\$0
Latecomers	\$0	\$19,149	(\$19,149)
Total Expenses	\$3,203,097	\$3,115,921	\$87,176
<u>95/96/05 Bond Redemption/403</u>	\$742,888	\$742,791	\$97
<u>95/96/05 Bond Reserve/404</u>	\$10,000	\$7,525	\$2,475
<u>Storm &amp; Flood Control/407</u>			
Salary/Benefits/Payroll Taxes	\$216,645	\$190,970	\$25,675
Cent. Svcs, B&O Tax, Computer/Equip			
Non-Labor	90,442	92,815	(2,373)
Non-Labor - Other	71,200	101,989	(30,789)
Capital	291,823	147,341	144,482
Transfers/Debt Service/Loans	27,403	27,402	1
Total Expenses	\$697,513	\$560,517	\$136,996
<u>Utility Loan Service/408</u>	\$433,425	\$433,420	\$5
<u>Computer Repair/Replace/510</u>	\$127,269	\$115,024	\$12,245
<u>Equipment Maint./Replace/550</u>			
Salary/Benefits/Payroll Taxes	\$99,318	\$97,577	\$1,741
Central Services Non-Labor	29,611	29,611	0
Insurance Non-Labor	60,000	60,000	0
Op Supplies / Parts Non-Labor	73,000	75,182	(2,182)
Gas/Oil Non-Labor	100,000	107,798	(7,798)
Contract R&M Non-Labor	21,900	20,238	1,662
Other Non-Labor	32,839	24,560	8,279
Capital	17,100	17,035	65
Total Expenses:	\$433,768	\$432,001	\$1,767
<u>Court Agency/650</u>	\$200,000	\$177,135	\$22,865
Total All Funds	\$30,580,613	\$27,802,462	\$2,777,851

Budgeted amounts are authorized to be transferred between departments within any fund/object classes within departments; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City Council.

d. Cash

It is the City of Ferndale's policy to invest all temporary cash surpluses. The amount is included in the net cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on cash in the City of Ferndale's checking and investment accounts is prorated to the various funds.

e. Deposits

The City of Ferndale's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

f. Investments See Note 3.

g. Derivatives and Similar Transactions

The City of Ferndale does not currently have any such transactions.

h. Capital Assets

Capital Assets are long-lived assets of the City of Ferndale and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave may be accumulated generally up to 10 days at year-end and full vacation balances without limit are payable upon separation or retirement.

Sick leave may be accumulated up to a maximum of 1,080 hours. Generally, upon separation or retirement employees do not receive payment for unused sick leave. However, employees retiring into the state retirement system will receive 25% of the value of unused sick leave upon retirement.

j. Long-Term Debt See Note 6.

k. Other Financing Sources or Uses

Transfers Out are common entries especially in the Park Mitigation, Traffic Mitigation, Real Estate Excise Tax and Solid Waste Tax funds.

l. Risk Management See Note 8.

NOTE-2-COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

There have been no expenditures exceeding legal appropriations in any of the funds of the City of Ferndale.

### NOTE-3-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 (all are the City's own investments) at December 31, 2010, including market value, are as follows:

Local Government Investment Pool (WA State): \$6,683,658 (Market Value is the same)

FNMA Bonds CUSIP 31398A3L4: \$501,328 (Market Value is \$498,250)

FHLMC Bonds CUSIP 3128X9TY6: \$501,240 (Market Value is \$500,247)

FHLB Bonds CUSIP 3133XTV45: \$497,413 (Market Value is \$502,086)

Total \$8,183,639 (Market Value is \$8,184,241)

### NOTE-4-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 revenues are recognized when cash is received by the City of Ferndale. Delinquent taxes are considered fully collectable because a lien affixes to the property after taxes are levied.

The City of Ferndale's regular levy for the year 2010 was \$1.86523 per \$1,000 on an assessed valuation of \$1,094,033,940 for a total regular levy of \$2,040,625.

### NOTE-5-INTERFUND LOANS AND ADVANCES

The following table displays Interfund Loan activity during 2010:

<u>Borrowing Fund</u>	<u>Lending Fund</u>	<u>Balance 1/1/2010</u>	<u>New Loans</u>	<u>Repayments</u>	<u>Balance 12/31/2010</u>
Pioneer Pavilion Constr. 305	Water 401	\$0	\$100,000	\$100,000	\$0
New Library Constr. 307	Water 401	\$0	\$100,000	\$100,000	\$0
Main St. 3rd to Church Constr. 308	Water 401	\$0	\$250,000	\$0	\$250,000
Main St. 3rd to Church Constr. 308	Sewer 402	\$0	\$250,000	\$0	\$250,000
Main St. 3rd to Church Constr. 308	Current Expense 001	\$0	\$250,000	\$0	\$250,000
Main St. 3rd to Church Constr. 308	Facilities Cap. Reserve 003	\$0	\$40,000	\$0	\$40,000
Public Safety Bldg. Constr. 375	Water 401	\$0	\$100,000	\$100,000	\$0
Criminal Justice 106	Current Expense 001	\$0	\$100,000	\$20,000	\$80,000
	TOTALS	\$0	\$1,190,000	\$320,000	\$870,000

NOTE-6-LONG TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the City of Ferndale and summarizes the City of Ferndale's debt transactions for 2010. Debt service requirements, including interest are as follows:

Year(s)	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2010	\$391,078	\$1,063,048	\$372,702	\$1,826,828
2011	788,110	1,065,506	350,518	2,204,134
2012	779,747	1,076,540	346,022	2,202,309
2013	779,633	1,095,675	341,527	2,216,835
2014	707,581	1,115,747	149,531	1,972,859
2015-2019	3,089,007	3,060,841	700,856	6,850,704
2020-2024	2,867,463	0	622,455	3,489,918
2025-2029	2,489,605	0	210,792	2,700,397
2030-2034	361,362	0	0	361,362
Total Debt Service	\$12,253,586	\$8,477,357	\$3,094,403	\$23,825,346

NOTE-7-PENSION PLANS

Substantially all City of Ferndale full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City of Ferndale's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems  
 Communications Unit  
 PO Box 48380  
 Olympia, WA 98504-8380

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.

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.

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.

NOTE-8-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. As of December 31, 2010, 85 municipalities/entities participate in the RMSA 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 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 \$250,000 for liability and \$50,000 for property, and thereafter purchases excess liability insurance through ACE Insurance Company up to \$1 million, and CV Starr, from \$1 million to \$10 million. The excess property coverage is purchased through Allianz with limits up to \$250 million, using the Pool's broker, Arthur J. Gallagher Risk Management Services. AWC RMSA is a cooperative program; the members of the AWC RMSA are jointly liable.

Members contract to remain in the RMSA Pool a minimum of three years and must give a one-year notice before terminating participation. 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 Interlocal Governmental Agreement was revised in 2009 and approved by membership in 2010. In accordance with WAC 82.60.02023, the Pool elected its first Board of Directors, comprised of elected officials that are members of AWC RMSA, elected at large.

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 obtained from the AWC RMSA Annual Report on file with the City of Ferndale.

#### NOTE-9-CASH BALANCES AS AT DEC. 31, 2010

The Year-End 2010 cash balances include Petty Cash/Change Funds, Credit Card Checking Account General Ledger cash balance, Court Checking Account General Ledger cash balance, and Court Change Fund as follows:

General Fund: \$850 Petty Cash/Change Funds

Water Fund: \$4,548 Credit Card Checking Account Funds

Court Agency Fund: \$40,997 Court Checking Account Funds

The above amounts are not included in Schedule 11.

#### NOTE-10-OPEB – LEOFF1 Retiree Other-Than-Pension Post-Employment Benefits

The City of Ferndale has a commitment to pay for post employment benefits for three (3) retired Police Officer employees who belong to LEOFF1. These benefits include unlimited medical, limited dental, and unlimited nursing care (including in-home assistance, assisted living, and full certified nursing facility care). The three retired employees received benefits during the year and \$40,150 was paid out for those benefits during the year. The LEOFF1 Police Retiree Fund No. 004 had a cash balance at 12/31/10 of \$194,031.

NOTE-11-Non-Cash Asset Acquisition

During 2010, the City acquired a real estate lot as partial payment of permits and fees for a single family residence permit of \$11,263.80.



CITY OF FERNDALE

\_\_\_ G.O. Debt  
X Revenue Debt  
\_\_\_ Assessment Debt

SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2010

ID. No.	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 1/1/2010	Amount Issued in Current Year	BARS Code for Receipt	Receiving Fund Number	Amount Redeemed in Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/2010
263.81	4/8/1998	7/1/2018	\$1,487,750	\$0			\$165,305	582.35.78.01	408	\$1,322,445
								591.____.____		
								599.____.____		
263.81	1/1/2000	8/1/2019	\$1,125,839	\$0			\$91,840	582.35.78.02	408	\$1,033,999
								591.____.____		
								599.____.____		
252.15	6/16/2005	11/1/2016	\$4,695,000	\$0			\$545,000	582.89.72.01	403	\$4,150,000
								591.____.____		
								599.____.____		
<b>TOTAL</b>			<b>\$7,308,589</b>	<b>\$0</b>			<b>\$802,145</b>			<b>\$6,506,444</b>

CITY OF FERNDALE

\_\_\_ G.O. Debt  
\_\_\_ Revenue Debt  
X Assessment Debt

SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2010

ID. No.	Date of Original Issue	Date of Maturity	Beginning Outstanding Debt 1/1/2010	Amount Issued in Current Year	BARS Code for Receipt	Receiving Fund Number	Amount Redeemed In Current Year	BARS Code for Redemption	Redeeming Fund Number	Ending Outstanding Debt 12/31/2010
253.11 LABOUNTY ROAD LID BONDS	6/30/2009	12/11/2025	\$605,373				\$183,381	582. . . . . 591.00.73.01 599. . . . .	215	\$421,992

MCAG NO. 0786		CITY OF FERNDALE				Schedule 16	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS							
For The Year Ended December 31, 2010							
Federal Agency Name/ Pass-through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	From Pass- Through Awards	From Direct Awards	Total	Foot- Note Ref.
Department of Justice	Bulletproof Vest Partnership Program	16.607	N/A		\$190	\$190	
US DOT FMCSA/ WA State DOL	Commercial Driver's License Program Improvement Grant	20.232		\$787		\$787	
Department of Justice / Whatcom Co. Sheriff's Office	Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	\$95,100		\$95,100	
US DOT/ WA State DOT	ARRA Highway Planning & Construction	20.205	ARRA-8037(001)	\$397,444		\$397,444	3
US DOT/ WA State DOT	Highway Planning & Construction STIP	20.205	LA07216	\$378,789		\$378,789	
US DOE/ WA State Dept. of Commerce	ARRA EECBG Energy Efficiency and Conservation Block Grant Program	81.128	F11-52112-008	\$270,936		\$270,936	3
Dept. of Homeland Security / Whatcom Co. Sheriff's Office	Homeland Security Program	97.067	200907016	\$43,896		\$43,896	
Dept. of Homeland Security / Whatcom Co. Sheriff's Office	Homeland Security Program	97.067	201007004	\$129,532		\$129,532	
Dept. of Homeland Security / Whatcom Co. Sheriff's Office	State Homeland Security Program	97.073	201006029	\$15,731		\$15,731	
Dept. of Homeland Security & FEMA/ WA State Military Department	IECGP Interoperable Emergency Communications	97.001	E11-069	\$34,893		\$34,893	
Dept. of Homeland Security/ WA State Military Department	Disaster Assistance Projects - Storm Assistance	97.088	N/A	\$200		\$200	
<b>Total Federal Awards Expended</b>				<b>\$1,367,308</b>	<b>\$190</b>	<b>\$1,367,498</b>	

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

**CITY OF FERNDALE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended December 31, 2010**

**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 amount 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.

**NOTE 3**

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009.  
EXPENDITURES FOR THIS PROGRAM WERE FUNDED BY ARRA.





## **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**

**Website**  
**Subscription Service**

[www.sao.wa.gov](http://www.sao.wa.gov)  
<https://www.sao.wa.gov/EN/News/Subscriptions/>