

**Washington State Auditor's Office**  
**Accountability Audit Report**

---

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

Report Date  
**October 23, 2012**

**Report No. 1008560**

Issue Date  
**November 5, 2012**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

November 5, 2012

Mayor and City Council  
City of Ferndale  
Ferndale, Washington

***Report on Accountability***

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

Please find attached our report on the City of Ferndale's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

City of Ferndale  
Whatcom County  
October 23, 2012

Audit Summary .....	1
Related Reports .....	2
Description of the City .....	3

# **Audit Summary**

**City of Ferndale  
Whatcom County  
October 23, 2012**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Ferndale from January 1, 2011 through December 31, 2011.

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:

- Open Public Meeting Act compliance
- Utility payments and adjustments
- Cost allocation plan
- Expenditures
- Payroll
- Conflict of interest
- Library project
- Municipal Court adjustments

## ***RESULTS***

In the areas we examined, the City's internal controls were adequate to safeguard public assets. The City also complied with state laws and regulations and its own policies and procedures in the areas we examined.

## **Related Reports**

**City of Ferndale  
Whatcom County  
October 23, 2012**

### ***FINANCIAL***

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

### ***FEDERAL GRANT PROGRAMS***

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

# Description of the City

City of Ferndale  
Whatcom County  
October 23, 2012

## **ABOUT THE CITY**

The City of Ferndale serves over 11,080 citizens in Whatcom County. The City is administered by a mayor-council form of government with an elected, seven-member Council and an independently elected Mayor. The City has approximately 60 employees who provide an array of services including water, sewer, police, Municipal Court and planning. For fiscal year 2011, the City operated on a \$7.3 million general fund budget.

## **ELECTED OFFICIALS**

These officials served during the audit period:

Mayor  
City Council:

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

Note: Connie Faria and Steve Malpezzi were replaced by Cathy Watson and Keith Olson in 2012.

## **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.ci.ferndale.wa.us](http://www.ci.ferndale.wa.us)

## ***AUDIT HISTORY***

We audit the City annually. We have not reported any accountability findings in the last seven 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 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 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 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 Performance 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**  
**Larisa Benson**  
**James E. Brittain, CPA, CFE**  
**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/>