

Washington State Auditor's Office
Financial Statements Audit Report

Town of Rockford
Spokane County

Audit Period
January 1, 2010 through December 31, 2012

Report No. 1010969

Issue Date
December 23, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

December 23, 2013

Mayor and Town Council
Town of Rockford
Rockford, Washington

Report on Financial Statements

Please find attached our report on the Town of Rockford's financial statements.

We are issuing this report in order to provide information on the Town's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Spokane County
January 1, 2010 through December 31, 2012**

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Town of Rockford
Spokane County
January 1, 2010 through December 31, 2012**

Mayor and Town Council
Town of Rockford
Rockford, Washington

We have audited, 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, the financial statements of the Town of Rockford, Spokane County, Washington, as of and for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Town's financial statements, and have issued our report thereon dated December 3, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

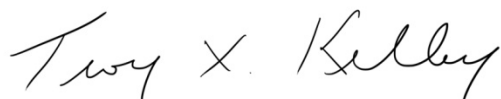
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of the Town'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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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.



TROY KELLEY
STATE AUDITOR

December 3, 2013

Independent Auditor's Report on Financial Statements

Town of Rockford Spokane County January 1, 2010 through December 31, 2012

Mayor and Town Council
Town of Rockford
Rockford, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Town of Rockford, Spokane County, Washington, for the years ended December 31, 2012, 2011 and 2010, and the related notes to the financial statements, which collectively comprise the Town's financial statements, as listed on page 6.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town of Rockford, for the years ended December 31, 2012, 2011 and 2010, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with 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 basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities and Schedule of Long-Term Liabilities are 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Purpose of this Report

The report is intended for the information and use of the management and the Mayor and Town Council of the Town. 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013 on our consideration of the Town'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 internal control over financial reporting or on compliance. That

report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "X" for the middle initial.

TROY KELLEY
STATE AUDITOR

December 3, 2013

Financial Section

**Town of Rockford
Spokane County
January 1, 2010 through December 31, 2012**

FINANCIAL STATEMENTS

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Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

1 Of 2

BARS CODE		Total For All Funds Total Amount	001 - Current Expense Fund #001 Actual Amount	101 - Street Fund #101 Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	20,666.68	0.00	18,260.76
308.80	Unreserved	260,058.86	139,767.20	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	134,336.17	108,877.13	18,770.21
320	Licenses and Permits	2,022.95	2,022.95	0.00
330	Intergovernmental	221,731.23	23,696.83	14,292.99
340	Charges for Goods and Services	244,188.92	56,409.29	0.00
350	Fines and Penalties	12,999.04	2,546.34	0.00
360	Miscellaneous	2,816.97	1,979.60	166.77
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	8,500.00	2,500.00	1,000.00
	Total Revenues and Other Financing Sources	626,595.28	198,032.14	34,229.97
<i>Total Resources</i>		<i>907,320.82</i>	<i>337,799.34</i>	<i>52,490.73</i>
Operating Expenditures				
510	General Government	86,893.09	75,238.92	0.00
520	Public Safety	57,305.27	47,983.71	0.00
530	Physical Environment	350,165.02	64,652.05	0.00
540	Transportation	29,334.37	427.51	26,844.35
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	22,999.81	22,999.81	0.00
	Total Operating Expenditures	546,697.56	211,302.00	26,844.35
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	95,727.08	910.26	0.00
	Total Expenditures	642,424.64	212,212.26	26,844.35
597-599	Other Financing Uses	7,000.00	0.00	2,000.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>649,424.64</i>	<i>212,212.26</i>	<i>28,844.35</i>
Excess (Deficit) of Resources Over Uses		257,896.18	125,587.08	23,646.38
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	(200.00)	(200.00)	0.00
Ending Cash and Investments:				
508.10	Reserved	25,665.03	0.00	23,646.38
508.80	Unreserved	232,431.15	125,787.08	0.00

The accompanying notes are an integral part of this Statement

Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2012

2 Of 2

BARS CODE		111 - Criminal Justice Actual Amount	401 - Sewer Fund #401 Actual Amount	403 - Water Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	2,405.92	0.00	0.00
308.80	Unreserved	0.00	100,359.51	19,932.15
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	6,688.83	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	2,181.90	86,742.69	94,816.82
340	Charges for Goods and Services	0.00	83,529.94	104,249.69
350	Fines and Penalties	0.00	3,333.72	7,118.98
360	Miscellaneous	63.56	492.75	114.29
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	5,000.00	0.00
	Total Revenues and Other Financing Sources	8,934.29	179,099.10	206,299.78
<i>Total Resources</i>		<i>11,340.21</i>	<i>279,458.61</i>	<i>226,231.93</i>
Operating Expenditures				
510	General Government	0.00	6,474.17	5,180.00
520	Public Safety	9,321.56	0.00	0.00
530	Physical Environment	0.00	172,138.50	113,374.47
540	Transportation	0.00	96.43	1,966.08
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	9,321.56	178,709.10	120,520.55
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	0.00	0.00	94,816.82
	Total Expenditures	9,321.56	178,709.10	215,337.37
597-599	Other Financing Uses	0.00	5,000.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>9,321.56</i>	<i>183,709.10</i>	<i>215,337.37</i>
Excess (Deficit) of Resources Over Uses		2,018.65	95,749.51	10,894.56
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	0.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	2,018.65	0.00	0.00
508.80	Unreserved	0.00	95,749.51	10,894.56

The accompanying notes are an integral part of this Statement

Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

1 Of 2

BARS CODE		Total For All Funds Total Amount	001 - Current Expense Fund #001 Actual Amount	101 - Street Fund #101 Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	24,198.64	0.00	21,519.30
308.80	Unreserved	319,146.34	195,722.56	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	138,434.50	113,966.25	17,809.50
320	Licenses and Permits	1,748.00	1,748.00	0.00
330	Intergovernmental	585,729.47	11,087.52	13,199.91
340	Charges for Goods and Services	218,911.25	58,015.36	0.00
350	Fines and Penalties	9,084.01	2,855.19	0.00
360	Miscellaneous	5,248.80	3,685.09	320.08
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	1,750.00	0.00	0.00
	Total Revenues and Other Financing Sources	960,906.03	191,357.41	31,329.49
<i>Total Resources</i>		<i>1,304,251.01</i>	<i>387,079.97</i>	<i>52,848.79</i>
Operating Expenditures				
510	General Government	87,552.55	76,768.83	0.00
520	Public Safety	75,652.20	66,424.12	0.00
530	Physical Environment	231,161.90	67,134.79	0.00
540	Transportation	41,790.41	1,936.40	34,588.03
550	Economic Environment	(687.50)	(687.50)	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	25,656.13	25,656.13	0.00
	Total Operating Expenditures	461,125.69	237,232.77	34,588.03
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	562,319.78	10,000.00	0.00
	Total Expenditures	1,023,445.47	247,232.77	34,588.03
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>1,023,445.47</i>	<i>247,232.77</i>	<i>34,588.03</i>
Excess (Deficit) of Resources Over Uses		280,805.54	139,847.20	18,260.76
380	Nonrevenues (Except 384)	(155.00)	(155.00)	0.00
580	Nonexpenditures (Except 584)	(75.00)	(75.00)	0.00
Ending Cash and Investments:				
508.10	Reserved	20,666.68	0.00	18,260.76
508.80	Unreserved	260,058.86	139,767.20	0.00

The accompanying notes are an integral part of this Statement

Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2011

2 Of 2

BARS CODE		111 - Criminal Justice Actual Amount	401 - Sewer Fund #401 Actual Amount	403 - Water Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	2,679.34	0.00	0.00
308.80	Unreserved	0.00	105,081.13	18,342.65
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	6,658.75	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	2,187.20	0.00	559,254.84
340	Charges for Goods and Services	0.00	76,707.70	84,188.19
350	Fines and Penalties	0.00	1,938.58	4,290.24
360	Miscellaneous	108.71	966.80	168.12
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	875.00	875.00
	Total Revenues and Other Financing Sources	8,954.66	80,488.08	648,776.39
<i>Total Resources</i>		<i>11,634.00</i>	<i>185,569.21</i>	<i>667,119.04</i>
Operating Expenditures				
510	General Government	0.00	6,620.36	4,163.36
520	Public Safety	9,228.08	0.00	0.00
530	Physical Environment	0.00	75,844.44	88,182.67
540	Transportation	0.00	2,744.90	2,521.08
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	9,228.08	85,209.70	94,867.11
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	0.00	0.00	552,319.78
	Total Expenditures	9,228.08	85,209.70	647,186.89
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>9,228.08</i>	<i>85,209.70</i>	<i>647,186.89</i>
Excess (Deficit) of Resources Over Uses		2,405.92	100,359.51	19,932.15
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	0.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	2,405.92	0.00	0.00
508.80	Unreserved	0.00	100,359.51	19,932.15

The accompanying notes are an integral part of this Statement

Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2010

1 Of 2

BARS CODE		Total For All Funds Total Amount	001 - Current Expense Fund #001 Actual Amount	101 - Street Fund #101 Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	23,417.22	0.00	18,864.67
308.80	Unreserved	369,910.61	212,794.16	0.00
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	146,002.00	121,273.13	17,902.82
320	Licenses and Permits	2,881.19	2,881.19	0.00
330	Intergovernmental	791,208.47	14,213.47	431,510.57
340	Charges for Goods and Services	211,784.22	58,208.82	0.00
350	Fines and Penalties	4,333.27	779.77	0.00
360	Miscellaneous	7,223.51	4,747.22	697.36
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	0.00	0.00
	Total Revenues and Other Financing Sources	1,163,432.66	202,103.60	450,110.75
<i>Total Resources</i>		<i>1,556,760.49</i>	<i>414,897.76</i>	<i>468,975.42</i>
Operating Expenditures				
510	General Government	98,946.39	80,599.55	2,219.57
520	Public Safety	73,084.41	61,727.07	0.00
530	Physical Environment	237,886.29	53,842.67	0.00
540	Transportation	448,574.02	645.58	445,236.55
550	Economic Environment	1,127.50	1,127.50	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	21,229.83	21,229.83	0.00
	Total Operating Expenditures	880,848.44	219,172.20	447,456.12
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	332,564.07	0.00	0.00
	Total Expenditures	1,213,412.51	219,172.20	447,456.12
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>1,213,412.51</i>	<i>219,172.20</i>	<i>447,456.12</i>
Excess (Deficit) of Resources Over Uses		343,347.98	195,725.56	21,519.30
380	Nonrevenues (Except 384)	(203.00)	(203.00)	0.00
580	Nonexpenditures (Except 584)	(200.00)	(200.00)	0.00
Ending Cash and Investments:				
508.10	Reserved	24,198.64	0.00	21,519.30
508.80	Unreserved	319,146.34	195,722.56	0.00

The accompanying notes are an integral part of this Statement

Town Of Rockford

MCAG #: 0720

STATEMENT C-4

FUND RESOURCES AND USES ARISING FROM CASH TRANSACTIONS

For Year Ending: December 31, 2010

2 Of 2

BARS CODE		111 - Criminal Justice Actual Amount	401 - Sewer Fund #401 Actual Amount	403 - Water Actual Amount
Beginning Cash and Investments:				
308.10	Reserved	4,552.55	0.00	0.00
308.80	Unreserved	0.00	115,165.01	41,951.44
	Prior Period Adjustments (388.80 or 588.80)	0.00	0.00	0.00
Revenues and Other Sources:				
310	Taxes	6,826.05	0.00	0.00
320	Licenses and Permits	0.00	0.00	0.00
330	Intergovernmental	2,228.08	0.00	343,256.35
340	Charges for Goods and Services	0.00	76,841.40	76,734.00
350	Fines and Penalties	0.00	1,263.57	2,289.93
360	Miscellaneous	430.00	836.02	512.91
370	Capital Contributions	0.00	0.00	0.00
390	Other Financing Sources	0.00	0.00	0.00
	Total Revenues and Other Financing Sources	9,484.13	78,940.99	422,793.19
<i>Total Resources</i>		<i>14,036.68</i>	<i>194,106.00</i>	<i>464,744.63</i>
Operating Expenditures				
510	General Government	0.00	8,241.52	7,885.75
520	Public Safety	11,357.34	0.00	0.00
530	Physical Environment	0.00	78,813.79	105,229.83
540	Transportation	0.00	1,969.56	722.33
550	Economic Environment	0.00	0.00	0.00
560	Mental and Physical Health	0.00	0.00	0.00
570	Culture and Recreational	0.00	0.00	0.00
	Total Operating Expenditures	11,357.34	89,024.87	113,837.91
591-593	Debt Service	0.00	0.00	0.00
594-595	Capital Outlay	0.00	0.00	332,564.07
	Total Expenditures	11,357.34	89,024.87	446,401.98
597-599	Other Financing Uses	0.00	0.00	0.00
	<i>Total Expenditures and Other Financing Uses</i>	<i>11,357.34</i>	<i>89,024.87</i>	<i>446,401.98</i>
Excess (Deficit) of Resources Over Uses		2,679.34	105,081.13	18,342.65
380	Nonrevenues (Except 384)	0.00	0.00	0.00
580	Nonexpenditures (Except 584)	0.00	0.00	0.00
Ending Cash and Investments:				
508.10	Reserved	2,679.34	0.00	0.00
508.80	Unreserved	0.00	105,081.13	18,342.65

The accompanying notes are an integral part of this Statement

ROCKFORD
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2012 THROUGH DECEMBER 31, 2012

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Town of Rockford reports financial activity using the revenues 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 comprehensive 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 Town of Rockford was incorporated in 1890 and operates under the laws of the State of Washington applicable to a fourth class town with a mayor-council form of government. The Town of Rockford is a general purpose government and provides water, sewer, park and street services. The Town of Rockford uses single entry; cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the Town of Rockford 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 comprises its cash, investments, revenues and expenditures, as appropriate. The Town of Rockford's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the Town of Rockford.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

This fund is the primary operating fund of the Town of Rockford. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

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

Debt Service Funds (200 – 299)

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

a. Capital Project Funds (300 – 399)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

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.

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

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

The Town of Rockford adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for all funds lapse at fiscal year end.

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

Note: budgets and actual numbers presented below do not include certain non-expenditures (586 or 589) accounts or ending fund balance (508) accounts.

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund			
General Fund	221,354	212,010	9,344
Street Fund	32,745	28,844	3,901
Equipment Reserve	0	2.00	2.00
Criminal Justice	10,000	9,311	688
Total General Fund	264,099	250,167	13,932
Water Fund			
Water Fund	214,836	215,337	(501)
Water Reserve			
Total Water Fund	214,836	215,337	(501)
Sewer Fund			
Sewer Fund	73,467	68,639	4,827
Lagoon Fund	126,143	115,069	11,074
Sewer Reserve			
Wastewater Fund			
Total Sewer Fund	199,610	183,708	15,902

Budgeted amounts are authorized to be transferred between funds, however, any revisions that alter the total expenditures of a fund, that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town's legislative body.

d. Cash

It is the Town of Rockford'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 these investments is prorated to the various funds.

e. Deposits

The Town of Rockford's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Derivatives And Similar Transactions

There were no derivatives or similar transactions during the report year.

h. Capital Assets

Capital assets are long-lived assets of the Town of Rockford and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave must be used each year by the end of the calendar year and is payable upon separation or retirement.

Sick leave may accumulate up to indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave

j. Long-Term Debt See Note 6.

k. Other Financing Sources Or Uses

The Town of Rockford's "Other Financing Sources or Uses" consist of: Transfers-in and out between funds.

l. Risk Management

The Town of Rockford 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, 2012, 91 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 Lexington with limits up to \$250 million, using the Pool's broker, Arthur J. Gallagher Risk Management Services. AWC RMSA is a cooperative program; there is a joint liability among the participating members.

Members contract to remain in the RMSA Pool a minimum of one year 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 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.

In accordance with WAC 200.100.02023, the AWC RMSA is governed by a board of directors which is comprised of elected officials of participating members.

m. Reserved Balances

Street Fund 101: \$23,646.38 is for maintenance and repair of the Town's streets.

Criminal Justice Fund 111: \$2,018.65 is for the Town's Law Enforcement contract.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

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

One fund, the Water Fund, has expenditures exceeding legal appropriations. Although the budget expenditures were not updated all funds had sufficient fund balances.

NOTE 3 – INVESTMENTS

The Town of Rockford's investments are either insured, registered or held by the Town of Rockford or its agent in the Town of Rockford's name.

Investments by type at December 31, 2012 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
CD – Banner Bank	27,939.58
CD – Banner Bank	45,863.37
CD – BOF	52,875.23
CD – Banner	41,076.70
CD – BOF	29,566.92
CD- Banner	<u>29,491.49</u>
	\$ 226,813.29

NOTE 4 – PROPERTY TAX

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 Town of Rockford. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Town of Rockford's regular levy for the year 2012 was 2.75 per \$1,000 on an assessed valuation of \$ 25,270,913 for a total regular levy of \$ 63,415.91

The Town of Rockford's EMS levy for the year 2012 was \$.50 per \$ 1,000 on an assessed valuation of \$ 25,270,913 for a total EMS levy of \$11,498.83.

NOTE 5 – INTERFUND LOANS AND ADVANCES

There were no interfund loans in the reporting year.

NOTE 6 – LONG TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the Town of Rockford and summarizes the Town of Rockford's debt transactions for current fiscal year 2012. The debt service requirements, including interest, are as follows:

Year	Revenue from Loans	Other Debt	Total Debt
2013	6,113.86	8,702.86	14,816.72
2014	6,113.86	8,702.86	14,816.72
2015	6,113.86	8,702.86	14,816.72
2016	6,113.86	8,702.86	14,816.72
2017	6,113.86	8,702.86	14,816.72
2018-2022	12,227.55	43,514.30	55,741.85
2023		8,702.72	8,702.72
Totals	42,796.85	95,731.32	138,528.17

NOTE 7 – PENSION PLANS

All of the Town of Rockford's full time and qualifying part-time employees can participate in the Section 457 defined contribution plan administered by Waddell & Reed Financial Services. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits. The Town of Rockford contributes two percent of the eligible employee's gross wages. Employees of the Town may choose to contribute their own additional amount.

NOTE 8 – OTHER DISCLOSURES

There are no other disclosures for this year.

ROCKFORD

NOTES TO FINANCIAL STATEMENTS

JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Town of Rockford reports financial activity using the revenues 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 comprehensive 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 Town of Rockford was incorporated in 1890 and operates under the laws of the State of Washington applicable to a fourth class town with a mayor-council form of government. The Town of Rockford is a general purpose government and provides water, sewer, park and street services. The Town of Rockford uses single entry; cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

a. Fund Accounting

The accounts of the Town of Rockford 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 comprises its cash, investments, revenues and expenditures, as appropriate. The Town of Rockford's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are fund types used by the Town of Rockford.

GOVERNMENTAL FUND TYPES

General (Current Expense) Fund (001)

This fund is the primary operating fund of the Town of Rockford. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

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

Debt Service Funds (200 – 299)

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

a. Capital Project Funds (300 – 399)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

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.

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

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

The Town of Rockford adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for all funds lapse at fiscal year end.

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

Note: budgets and actual numbers presented below do not include certain non-expenditures (586 or 589) accounts or ending fund balance (508) accounts.

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund			
General Fund	246,110	237,158	8,952
Street Fund	34,555	34,588	(-33)
Equipment Reserve	10,000	10,000	0
Criminal Justice	9,500	9,228	272
Total General Fund	300,165	290,974	9,191
Water Fund			
Water Fund	646,789	647,187	(- 398)
Water Reserve	5,000	5,000	0
Total Water Fund	651,789	652,187	(-398)
Sewer Fund			
Sewer Fund	70,897	72,226	(1,329)
Lagoon Fund	16,314	12,984	3,330
Sewer Reserve	-	-	-
Wastewater Fund		-	
Total Sewer Fund	87,211	85,210	2,001

Budgeted amounts are authorized to be transferred between funds, however, any revisions that alter the total expenditures of a fund, that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town's legislative body.

d. Cash

It is the Town of Rockford'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 these investments is prorated to the various funds.

e. Deposits

The Town of Rockford's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Derivatives And Similar Transactions

There were no derivatives or similar transactions during the report year.

h. Capital Assets

Capital assets are long-lived assets of the Town of Rockford and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave must be used each year by the end of the calendar year and is payable upon separation or retirement.

Sick leave may accumulate up to indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave

j. Long-Term Debt See Note 6.

k. Other Financing Sources Or Uses

The Town of Rockford's "Other Financing Sources or Uses" consist of: Transfers-in and out between funds.

l. Risk Management

The Town of Rockford 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, 86 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 Lexington 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 Town of Rockford.

m. Reserved Fund Balance

Street Fund 101: \$18,260.76 is for maintenance and repair of the Town's streets.

Criminal Justice Fund 111: \$2,405.92 is for the Town's Law Enforcement contract.

NOTE 2 – COMPLIANCE AND ACCOUNTABILITY

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

Three funds have expenditures exceeding legal appropriations in any of the funds of the Town of Rockford. These would be the Street, Water and Sewer Funds. Although the budget expenditures were not updated all funds had sufficient fund balances.

NOTE 3 – INVESTMENTS

The Town of Rockford's investments are either insured, registered or held by the Town of Rockford or its agent in the Town of Rockford's name.

Investments by type at December 31, 2011 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
Cert. of Deposit – Banner Bank	\$ 47,559.11
Cert. of Deposit – BOF	58,199.24
Cert. of Deposit – Banner	45,521.22
Cert. of Deposit – BOF	52,690.08
Cert of Deposit - Banner	<u>60,794.94</u>
	\$ 264,764.59

NOTE 4 – PROPERTY TAX

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 Town of Rockford. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Town of Rockford's regular levy for the year 2011 was 2.3727 per \$1,000 on an assessed valuation of \$ 25,737,323 for a total regular levy of \$ 61,067.67

The Town of Rockford's EMS levy for the year 2011 was \$.3885 per \$ 1,000 on an assessed valuation of \$ 25,737,323 for a total EMS levy of \$10,000.

NOTE 5 – INTERFUND LOANS AND ADVANCES

There were no interfund loans in the reporting year.

NOTE 6 – LONG TERM DEBT

The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the Town of Rockford and summarizes the Town of Rockford's debt transactions for current fiscal year 2011. The debt service requirements, including interest, are as follows:

Year	Revenue from Loans	Other Debt	Total Debt
2012	6,113.86	14,702.86	20,816.72
2013	6,113.86	8,702.86	14,816.72
2014	6,113.86	8,702.86	14,816.72
2015	6,113.86	8,702.86	14,816.72
2016	6,113.86	8,702.86	14,816.72
2017-2021	18,341.41	43,514.30	61,855.71
2022-2023		17,405.58	17,405.58
Totals	48,910.71	110,434.18	159,344.89

NOTE 7 – PENSION PLANS

All of the Town of Rockford's full time and qualifying part-time employees participate in the Section 457 defined contribution plan administered by Waddell & Reed Financial Services. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits. The Town of Rockford contributes two percent of the eligible employee's gross wages. Employees of the Town may choose to contribute their own additional amount.

NOTE 8 – OTHER DISCLOSURES

There are no other disclosures for this year.

ROCKFORD
NOTES TO FINANCIAL STATEMENTS
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The Town of Rockford reports financial activity using the revenues 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 comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

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General (Current Expense) Fund (001)

This fund is the primary operating fund of the Town of Rockford. It accounts for financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds (100-199)

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

Debt Service Funds (200 – 299)

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

a. Capital Project Funds (300 – 399)

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

PROPRIETARY FUND TYPES:

Enterprise Funds (400-499)

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

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.

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

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

The Town of Rockford adopts annual appropriated budgets for all funds. These budgets are appropriated at the fund level. The budgets constitute the legal authority for expenditures at that level. Annual appropriations for all funds lapse at fiscal year end.

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

Note: budgets and actual numbers presented below do not include certain non-expenditures (586 or 589) accounts or ending fund balance (508) accounts.

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund			
General Fund	236,112	219,172	16,940
Street Fund	450,457	447,456	3,001
Equipment Reserve	-	-	-
Criminal Justice	11,400	11,357	43
Total General Fund	697,969	677,985	19,984
Water Fund			
Water Fund	445,337	446,402	(1,065)
Water Reserve	-	-	-
Total Water Fund	445,337	446,402	(1,065)
Sewer Fund			
Sewer Fund	71,910	70,221	1,689
Lagoon Fund	20,460	18,803	1,657
Sewer Reserve	-	-	-
Wastewater Fund	20,000	-	20,000
Total Sewer Fund	112,370	89,024	23,346

Budgeted amounts are authorized to be transferred between funds, however, any revisions that alter the total expenditures of a fund, that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Town's legislative body.

d. Cash

It is the Town of Rockford'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 these investments is prorated to the various funds.

e. Deposits

The Town of Rockford's deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation (FDIC), and/or the Washington Public Deposit Protection Commission (WPDPC).

f. Investments See Note 3

g. Derivatives And Similar Transactions

There were no derivatives or similar transactions during the report year.

h. Capital Assets

Capital assets are long-lived assets of the Town of Rockford and are recorded as expenditures when purchased.

i. Compensated Absences

Vacation leave must be used each year by the end of the calendar year and is payable upon separation or retirement.

Sick leave may accumulate up to indefinitely. Upon separation or retirement employees do not receive payment for unused sick leave

j. Long-Term Debt See Note 6.

k. Other Financing Sources Or Uses

The Town of Rockford's "Other Financing Sources or Uses" consist of : Transfers-in and out between funds.

l. Risk Management

The Town of Rockford 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 Town of Rockford.

m. Reserved Fund Balance

Street Fund 101: \$21,519.30 is for maintenance and repair of the Town's streets.

Criminal Justice Fund 111: \$2,679.34 is for the Town's Law Enforcement contract.

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 Town of Rockford, except for the water fund which exceeded appropriations by \$1,065. Funds were transferred from water reserve to cover the excess appropriation, however the budget for expenditure was not updated. The Water fund and reserve have sufficient fund balances.

NOTE 3 – INVESTMENTS

The Town of Rockford's investments are either insured, registered or held by the Town of Rockford or its agent in the Town of Rockford's name.

Investments by type at December 31, 2010 are as follows:

<u>Type of Investment</u>	<u>Balance</u>
Cert. of Deposit – Banner Bank	\$ 46,883.98
Cert. of Deposit – BOF	56,284.14
Cert. of Deposit - Banner	44,875.02
Cert. of Deposit – BOF	52,296.75
Cert of Deposit - Banner	60,179.26
	\$ 260,519.15

NOTE 4 – PROPERTY TAX

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 Town of Rockford. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The Town of Rockford's regular levy for the year 2010 was 2.291 per \$1,000 on an assessed valuation of \$ 26,235,989 for a total regular levy of \$59,873

The Town of Rockford's EMS levy for the year 2010 was \$.388 per \$ 1,000 on an assessed valuation of \$ 26,235,989 for a total EMS levy of \$10,159.

The Town of Rockford's Fire levy for the year of 2010 was \$.392 per \$ 1,000 on an assessed valuation of \$ 26,235,989 for a total of Fire levy of \$10,000.

NOTE 5 – INTERFUND LOANS AND ADVANCES

There were no interfund loans in the reporting year.

NOTE 6 – LONG TERM DEBT

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

Year	Revenue from Loans	Other Debt	Total Debt
2011	6,113.86	14,702.86	20,816.72
2012	6,113.86	14,702.86	20,816.72
2013	6,113.86	8,702.86	14,816.72
2014	6,113.86	8,702.86	14,816.72
2015	6,113.86	8,702.86	14,816.72
2016-2020	24,455.27	43,514.58	67,969.85
2021-2023		26,108.16	26,108.16
Totals	55,024.57	125,137.04	180,161.61

NOTE 7 – PENSION PLANS

All of the Town of Rockford's full time and qualifying part-time employees participate in the Section 457 defined contribution plan administered by Waddell & Reed Financial Services. Contributions to the system by both employee and employer are based upon gross wages covered by plan benefits. The Town of Rockford contributes two percent of the eligible employee's gross wages. Employees of the Town may choose to contribute their own additional amount.

NOTE 8 – OTHER DISCLOSURES

There are no other disclosures for this year.

Schedule of Liabilities

For the year ended December 31, 2012

Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2012	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance December 31, 2012
General Obligations								
	251.11	WWF DOE SRF A	11/15/2019	48,911	0	6,114	58235	42,797
	263.81	WWF DOE SRF B	11/30/2023	104,434	0	8,703	58231	95,731
		Total General Obligations:		153,345	0	14,817		138,528
		Total Liabilities:		153,345	0	14,817		138,528

Schedule of Liabilities							
For the year ended December 31, 2011							
Debt Type	ID. No.	Description	Maturity/Payment Due Date	Beginning Balance January 1, 2011	Additions	Reductions	BARS Code for Redemption of Debt Only
General Obligations							
	263.81	WWF DOE SRF A	11/15/2019	55,025	0	6,114	535
	263.81	WWF DOE SRF B	11/30/2023	113,137	0	8,703	535
	263.81	PWTF	6/30/2012	12,000	0	6,000	534
Total General Obligations:				180,162	0	20,817	159,345
Total Liabilities:				180,162	0	20,817	159,345

Town of Rockford

GO Debt
Revenue Debt
Assessment Debt

SCHEDULE OF LONG TERM LIABILITIES
For the Year Ending December 31, 2010

ID No.	Date of Original Issue	Date of Maturity	Beg Outstanding Debt 01/01/09	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
WWF DOE										
SRF A	11/1/1999	11/1/2019	\$ 61,138.43				\$ 6,113.86	591.90.00.01	401	\$ 55,024.57
263.82										
WWF DOE										
SRF B	3/21/2003	11/1/2023	\$ 121,839.90				\$ 8,702.86	591.90.00.01	401	\$ 113,137.04
263.82										
PWTF PW-06-962-	6/14/2006	7/1/2012	\$ 18,000.00				\$ 6,000.00	534.90.79	403	\$ 12,000.00
263.82										
Totals			\$ 200,978.33				\$ 20,816.72			\$ 180,161.61

Note: Items 1 and 2 are Department of Ecology loan no. L9900026 parts A and part B for Wastewater Improvement Construction
Item 3 is for Public Works Trust Fund for public water updates.



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.

We 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.

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Director of Performance and State Audit
Director of Local Audit
Deputy Director of State Audit
Deputy Director of Local Audit
Deputy Director of Local Audit
Deputy Director of Quality Assurance
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