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CITY OF TORRINGTON, WYOMING  
FINANCIAL REPORT  
JUNE 30, 2013

**LEO RILEY & Co.**  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Torrington, Wyoming  
Torrington, Wyoming

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Wyoming as of and for the year ended June 30, 2013, and the related notes to the financial statements of the City of Torrington, which collectively, comprise the City's financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State of America; this includes 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.

**Auditors' Responsibility**

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 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 entity'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 entity'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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Wyoming as of June 30, 2013 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the budgetary comparison information on pages 31-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide and assurance.

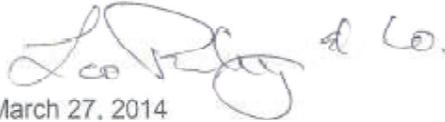
Management has omitted the management's discussion analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the City of Torrington, Wyoming'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 City of Torrington, Wyoming's internal control over financial reporting and compliance.

NOTICE

The accompanying financial statements and our independent auditors' reports are for the purpose of meeting local and state requirements and are for the use of those entities, management, and the City Council, and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.

Leo Riley & Co.

March 27, 2014

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION  
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 2,067,719	\$ 7,846,756	\$ 9,914,475
Non-pooled cash and cash equivalents	325,895	166,386	492,281
Investments	338,465		338,465
Receivables (net of allowance for uncollectibles)			
Taxes	242,932		242,932
Accounts receivable	115,196	1,440,112	1,555,308
Grants receivable	123,855		123,855
Interest receivable	2,876		2,876
Inventory	48,400	537,737	586,137
Total current assets	<u>\$ 3,265,338</u>	<u>\$ 9,990,991</u>	<u>\$ 13,256,329</u>
Non-current assets:			
Bond reserve restricted	\$	\$ 29,500	\$ 29,500
Capital assets			
Land	1,052,169	342,633	1,394,802
Buildings and improvements	15,839,828	40,510,330	56,350,158
Machinery and equipment	3,398,419	3,382,436	6,780,855
Transportation equipment	1,408,018	1,464,731	2,872,749
Furniture and fixtures		8,628	8,628
Streets	2,652,377		2,652,377
Accumulated depreciation	( 9,571,659)	(15,739,129)	(25,310,788)
Construction in progress	333,389	92,166	425,555
Total non-current assets	<u>\$ 15,112,541</u>	<u>\$ 30,091,295</u>	<u>\$ 45,203,836</u>
Total assets	<u>\$ 18,377,879</u>	<u>\$ 40,082,286</u>	<u>\$ 58,460,165</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 408,061	\$ 751,719	\$ 1,159,780
Accrued expenses	316,485	120,477	436,962
Claims payable	88,239		88,239
Customer deposits		133,794	133,794
Current portion of long-term debt	110,604	408,772	519,376
Total current liabilities	<u>\$ 923,389</u>	<u>\$ 1,414,762</u>	<u>\$ 2,338,151</u>
Non-current liabilities:			
Revenue bonds	\$	\$ 55,000	\$ 55,000
Notes and lease obligations payable	109,081	3,135,148	3,244,229
Landfill closure and postclosure costs		1,490,032	1,490,032
Total non-current liabilities	<u>\$ 109,081</u>	<u>\$ 4,680,180</u>	<u>\$ 4,789,261</u>
Total liabilities	<u>\$ 1,032,470</u>	<u>\$ 6,094,942</u>	<u>\$ 7,127,412</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 14,892,856	\$ 26,462,876	\$ 41,355,732
Restricted	36,476	29,500	65,976
Unrestricted	2,416,077	7,494,968	9,911,045
Total net position	<u>\$ 17,345,409</u>	<u>\$ 33,987,344</u>	<u>\$ 51,332,753</u>

(The accompanying notes to the basic financial statements  
are an integral part of this statement)

CITY OF TORRINGTON, WYOMING  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 1,341,259	\$ 1,174,419	\$	\$ 378,974	\$ 212,134	\$	\$ 212,134
Public safety	2,567,050	140,716	281,172		( 2,145,162)		( 2,145,162)
Public works	931,921				( 931,921)		( 931,921)
Health, welfare and recreation	2,340,864	985,624	280,182	93,750	( 981,308)		( 981,308)
Transportation	374,082	204,185		32,375	( 137,522)		( 137,522)
Total governmental activities	<u>\$ 7,555,176</u>	<u>\$ 2,504,944</u>	<u>\$ 561,354</u>	<u>\$ 505,099</u>	<u>\$( 3,983,779)</u>	<u>\$</u>	<u>\$( 3,983,779)</u>
Business-type activities:							
Water	\$ 1,912,575	\$ 1,663,189	\$	\$ 427,989	\$	\$ 178,603	\$ 178,603
Sewer	1,102,344	1,365,441		62,077		325,174	325,174
Electrical	8,808,162	9,645,555				837,393	837,393
Sanitation	1,201,615	1,359,798		52,342		210,525	210,525
Total business-type activities	<u>\$ 13,024,696</u>	<u>\$ 14,033,983</u>	<u>\$</u>	<u>\$ 542,408</u>	<u>\$</u>	<u>\$ 1,551,695</u>	<u>\$ 1,551,695</u>
Total primary government	<u>\$ 20,579,872</u>	<u>\$ 16,538,927</u>	<u>\$ 561,354</u>	<u>\$ 1,047,507</u>	<u>\$( 3,983,779)</u>	<u>\$ 1,551,695</u>	<u>\$( 2,432,084)</u>
General revenues:							
Taxes -							
Sales tax					\$ 856,069	\$	\$ 856,069
Use tax					178,177		178,777
Property tax					266,162		266,162
Motor vehicle					108,082		108,082
Cigarette tax					53,536		53,536
State gas tax					161,426		161,426
Severance tax					242,726		242,726
Other tax					923,802		923,802
Gain on the sale of assets					35,696	12,715	48,411
Impact revenue					803,913		803,913
Insurance recovery						157,380	157,380
Mineral royalty					307,267		307,267
Miscellaneous revenue					149,771		149,771
Unrestricted investment earnings					21,700		21,700
Utility franchises					73,838		73,838
Total general revenues					<u>\$ 4,182,765</u>	<u>\$ 170,095</u>	<u>\$ 4,352,860</u>
Change in net position					<u>\$ 198,986</u>	<u>\$ 1,721,790</u>	<u>\$ 1,920,776</u>
Net position at beginning of year -restated (Note 15)					<u>17,146,423</u>	<u>32,265,554</u>	<u>49,411,977</u>
Net position at end of year					<u>\$ 17,345,409</u>	<u>\$ 33,987,344</u>	<u>\$ 51,332,753</u>

(The accompanying notes to the basic financial statements are an integral part of this statement)

CITY OF TORRINGTON, WYOMING

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 2,067,719	\$	\$ 2,067,719
Non-pooled cash and cash equivalents	15,030		15,030
Investments	338,465		338,465
Receivables (net of allowance for uncollectibles)			
Taxes	242,932		242,932
Accounts receivable	111,776	3,420	115,196
Grants receivable	123,856		123,856
Interest receivable	2,875		2,876
Inventory	<u>48,400</u>		<u>48,400</u>
Total assets	<u>\$ 2,951,053</u>	<u>\$ 3,420</u>	<u>\$ 2,954,473</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	<u>\$ 589,453</u>	<u>\$ 79</u>	<u>\$ 589,532</u>
Total liabilities	<u>\$ 589,453</u>	<u>\$ 79</u>	<u>\$ 589,532</u>
<b>Fund balances</b>			
Nonspendable	\$ 48,400	\$	\$ 48,400
Committed	20,417	3,341	23,758
Restricted	36,476		36,476
Unassigned	<u>2,256,307</u>		<u>2,256,307</u>
Total fund balances	<u>\$ 2,361,600</u>	<u>\$ 3,341</u>	<u>\$ 2,364,941</u>
Total liabilities and fund balances	<u>\$ 2,951,053</u>	<u>\$ 3,420</u>	<u>\$ 2,954,473</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance per balance sheet	\$ 2,364,941
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,112,541
Internal service funds are used by management to charge the cost of group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	222,627
Long-term liabilities, including bonds payable and compensated absences, are not due and are not reported in the funds.	<u>( 354,700)</u>
Net assets of governmental activities	<u>\$ 17,345,409</u>

(The accompanying notes to the basic financial statements are an integral part of this statement)

CITY OF TORRINGTON, WYOMING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Airport Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenue	\$ 2,624,928	\$ 32,375	\$ 2,657,303
Taxes and special assessments	2,332,893	2,265	2,335,158
Fines and forfeitures	140,716		140,716
Charges for services	2,085,657	204,185	2,289,842
Licenses and permits	36,395		36,395
Other	<u>247,722</u>	<u>10,581</u>	<u>258,303</u>
Total revenues	<u>\$ 7,468,311</u>	<u>\$ 249,406</u>	<u>\$ 7,717,717</u>
<b>EXPENDITURES</b>			
Current			
General government	\$ 1,177,095	\$	\$ 1,177,095
Public safety	2,302,844		2,302,844
Public works	729,684		729,684
Health, welfare and recreation	1,996,983		1,996,983
Transportation		261,646	261,646
Capital outlay	579,405	29,438	608,843
Debt service -			
Principal retirement	104,785		104,785
Interest and fiscal charges	<u>7,183</u>		<u>7,183</u>
Total expenditures	<u>\$ 6,897,979</u>	<u>\$ 291,084</u>	<u>\$ 7,189,063</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 570,332</u>	<u>\$ ( 41,678)</u>	<u>\$ 528,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	\$( 415,463)	\$ 45,463	\$( 370,000)
Proceeds from the sale of assets	<u>66,360</u>		<u>66,360</u>
Total other financing sources and uses	<u>\$( 349,103)</u>	<u>\$ 45,463</u>	<u>\$( 303,640)</u>
Net changes in fund balances	\$ 221,229	\$ 3,785	\$ 225,014
Fund balances - Beginning of year -	<u>2,140,371</u>	<u>( 444)</u>	<u>2,139,927</u>
Fund balances - End of year	<u>\$ 2,361,600</u>	<u>\$ 3,341</u>	<u>\$ 2,364,941</u>

(The accompanying notes to the basic financial statements  
are an integral part of this statement)

CITY OF TORRINGTON, WYOMING

RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$ 225,014
Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 7)	( 422,384)
The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 8)	104,785
Net cost of capital assets sold that does not provide a current financial revenue	( 30,664)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:	( 284)
Internal service funds are used by management to charge the costs of health claims to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.	<u>322,519</u>
Changes in net position of governmental activities.	<u>\$ 198,986</u>

(The accompanying notes to the basic financial statements are an integral part of this statement)

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Total	
<b>ASSETS</b>						
Current assets						
Pooled cash and cash equivalents	\$ 795,508	\$ 2,080,514	\$ 4,390,118	\$ 580,616	\$ 7,846,756	\$
Non-pooled cash and cash equivalents		43,319		123,067	166,386	310,865
Receivables (net of allowance for uncollectibles)						
Accounts receivable	186,530	95,479	721,560	137,922	1,141,491	
Unbilled services	66,431		232,190		298,621	
Inventory, at cost	100,657	1,146	435,934		537,737	
Total current assets	<u>\$ 1,149,126</u>	<u>\$ 2,220,458</u>	<u>\$ 5,779,802</u>	<u>\$ 841,605</u>	<u>\$ 9,990,991</u>	<u>\$ 310,865</u>
Non-current assets						
Bond reserve -restricted	\$	\$ 29,500	\$	\$	\$ 29,500	\$
Capital assets						
Land	42,726	15,737	71,045	213,125	342,633	
Buildings and improvements	18,163,295	9,281,652	12,724,650	340,733	40,510,330	
Machinery and equipment	403,968	590,160	434,569	1,953,739	3,382,436	
Transportation equipment	118,403	106,350	576,463	663,515	1,464,731	
Furniture and fixtures			8,628		8,628	
Construction in progress		53,536	38,630		92,166	
Accumulated depreciation	( 5,005,412)	( 3,388,714)	( 4,874,544)	( 2,470,459)	(15,739,129)	
Total capital assets net of accumulated depreciation	<u>\$ 13,722,980</u>	<u>\$ 6,658,721</u>	<u>\$ 8,979,441</u>	<u>\$ 700,653</u>	<u>\$ 30,061,795</u>	<u>\$</u>
Total non-current assets	<u>\$ 13,722,980</u>	<u>\$ 6,688,221</u>	<u>\$ 8,979,441</u>	<u>\$ 700,653</u>	<u>\$ 30,091,295</u>	<u>\$</u>
Total assets	<u>\$ 14,872,106</u>	<u>\$ 8,908,679</u>	<u>\$ 14,759,243</u>	<u>\$ 1,542,258</u>	<u>\$ 40,082,286</u>	<u>\$ 310,865</u>

(Continued)

(The accompanying notes to the basic financial statements are an integral part of this statement)

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Total	
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	\$ 10,549	\$ 70,677	\$ 652,455	\$ 18,038	\$ 751,719	\$
Accrued liabilities	57,726	8,354	47,105	7,292	120,477	
Claims payable						88,239
Customer deposits			133,794		133,794	
Current portion of long-term debt	<u>182,855</u>	<u>35,917</u>	<u>190,000</u>		<u>408,772</u>	
Total current liabilities	<u>\$ 251,130</u>	<u>\$ 114,948</u>	<u>\$ 1,023,354</u>	<u>\$ 25,330</u>	<u>\$ 1,414,762</u>	<u>\$ 88,239</u>
Non-current liabilities						
Revenue bonds	\$	\$ 55,000	\$	\$	\$ 55,000	\$
Notes and lease obligations payable	2,417,078	98,070	620,000		3,135,148	
Landfill closure and postclosure costs				<u>1,490,032</u>	<u>1,490,032</u>	
Total non-current liabilities	<u>\$ 2,417,078</u>	<u>\$ 153,070</u>	<u>\$ 620,000</u>	<u>\$ 1,490,032</u>	<u>\$ 4,680,180</u>	<u>\$</u>
Total liabilities	<u>\$ 2,668,208</u>	<u>\$ 268,018</u>	<u>\$ 1,643,354</u>	<u>\$ 1,515,362</u>	<u>\$ 6,094,942</u>	<u>\$ 88,239</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 11,123,048	\$ 6,469,734	\$ 8,169,442	\$ 700,652	\$ 26,462,876	\$
Restricted		29,500			29,500	
Unrestricted	<u>1,080,850</u>	<u>2,141,427</u>	<u>4,946,447</u>	<u>( 673,756)</u>	<u>7,494,968</u>	<u>222,626</u>
Total net position	<u>\$ 12,203,898</u>	<u>\$ 8,640,661</u>	<u>\$ 13,115,889</u>	<u>\$ 26,896</u>	<u>\$ 33,987,344</u>	<u>\$ 222,626</u>

CITY OF TORRINGTON, WYOMING

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION -  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities Enterprise Funds					Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Total	
<b>OPERATING REVENUE</b>						
Charges for services	\$ 1,634,027	\$ 1,213,438	\$ 9,558,695	\$ 1,322,554	\$ 13,728,714	\$ 1,565,178
Miscellaneous	29,162	152,003	86,860	37,244	305,269	
Total operating revenue	<u>\$ 1,663,189</u>	<u>\$ 1,365,441</u>	<u>\$ 9,645,555</u>	<u>\$ 1,359,798</u>	<u>\$ 14,033,983</u>	<u>\$ 1,565,178</u>
<b>OPERATING EXPENSES</b>						
Salaries and benefits	\$ 539,340	\$ 238,502	\$ 846,158	\$ 436,261	\$ 2,060,261	\$
Public works	676,273	534,318	7,277,497	660,532	9,148,620	
Claims paid						1,613,410
Depreciation	630,583	318,905	503,380	104,822	1,557,690	
Total operating expenses	<u>\$ 1,846,196</u>	<u>\$ 1,091,725</u>	<u>\$ 8,627,035</u>	<u>\$ 1,201,615</u>	<u>\$ 12,766,571</u>	<u>\$ 1,613,410</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$( 183,007)</u>	<u>\$ 273,716</u>	<u>\$ 1,018,520</u>	<u>\$ 158,183</u>	<u>\$ 1,267,412</u>	<u>\$( 48,232)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Grants	427,989	62,077		52,342	542,408	
Gain (loss) on sale of fixed assets	12,715				12,715	
Insurance recovery			157,380		157,380	
Interest income						751
Interest expense	( 66,379)	( 7,522)	( 149,627)		( 223,528)	
Bond costs		( 3,097)	( 31,500)		( 34,597)	
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>\$ 191,318</u>	<u>\$ 325,174</u>	<u>\$ 994,773</u>	<u>\$ 210,525</u>	<u>\$ 1,721,790</u>	<u>\$( 47,481)</u>
<b>TRANSFERS IN (OUT) - CASH</b>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 370,000</u>
<b>TRANSFERS IN (OUT) - CAPITAL ASSETS</b>	<u>( 1,862)</u>	<u>3,443</u>	<u>( 1,581)</u>	<u></u>	<u></u>	<u></u>
<b>CHANGES IN NET POSITION</b>	<u>\$ 189,456</u>	<u>\$ 328,617</u>	<u>\$ 993,192</u>	<u>\$ 210,525</u>	<u>\$ 1,721,790</u>	<u>\$ 322,519</u>
<b>NET POSITION - Beginning of year-Restated</b>	<u>12,014,442</u>	<u>8,312,044</u>	<u>12,122,697</u>	<u>( 183,629)</u>	<u>32,265,554</u>	<u>( 99,892)</u>
<b>NET POSITION - End of year</b>	<u>\$ 12,203,898</u>	<u>\$ 8,640,661</u>	<u>\$ 13,115,889</u>	<u>\$ 26,896</u>	<u>\$ 33,987,344</u>	<u>\$ 222,627</u>

(The accompanying notes to the basic financial statements are an integral part of this statement)

CITY OF TORRINGTON, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 1,651,943	\$ 1,216,135	\$ 9,189,486	\$ 1,322,146	\$ 13,379,710	\$ 1,597,482
Payments to employees and employee benefits	( 535,523)	( 241,784)	( 831,431)	( 435,790)	( 2,044,528)	
Payments for supplies	( 664,718)	( 554,747)	( 7,310,462)	( 623,266)	( 9,153,193)	
Payments for insurance premiums and claims						( 1,773,435)
Other receipts (payments)	20,573	157,587	92,139	40,118	310,417	
Net cash provided by operating activities	<u>\$ 472,275</u>	<u>\$ 577,191</u>	<u>\$ 1,139,732</u>	<u>\$ 303,208</u>	<u>\$ 2,492,406</u>	<u>\$ ( 175,953)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers from other funds	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ 370,000
Net cash flows from non-capital financing activities	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 370,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition, disposal and construction of capital assets	\$( 750,052)	\$( 401,130)	\$( 869,714)	\$( 15,000)	\$( 2,035,896)	\$ _____
Principal payments on capital leases and other long-term debt	( 179,409)	( 30,580)	( 185,000)		( 394,989)	
Interest payments on capital leases and other long-term debt	( 69,267)	( 7,664)	( 149,627)		( 226,558)	
Insurance recovery			157,380		157,380	
Interest Income						750
Proceeds from sale of assets	12,715				12,715	
Contribution in aid of construction	427,989	62,077	566,124	52,342	1,108,532	
Net cash used for capital and related financing activities	<u>\$( 558,024)</u>	<u>\$( 377,297)</u>	<u>\$( 480,837)</u>	<u>\$ 37,342</u>	<u>\$( 1,378,816)</u>	<u>\$ 750</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income received	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Net increase (decrease) in cash and cash equivalents	\$( 85,749)	\$ 199,894	\$ 658,895	\$ 340,550	\$ 1,113,590	\$ 194,797
Cash and cash equivalents - Beginning of year	881,257	1,923,939	3,731,223	363,133	6,899,552	116,068
Cash and cash equivalents - End of year	<u>\$ 795,508</u>	<u>\$ 2,123,833</u>	<u>\$ 4,390,118</u>	<u>\$ 703,683</u>	<u>\$ 8,013,142</u>	<u>\$ 310,865</u>

(The accompanying notes to the basic financial statements are an integral part of this statement)

	Business-type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund		
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income	<u>\$ ( 183,007)</u>	<u>\$ 273,716</u>	<u>\$ 542,560</u>	<u>\$ 158,183</u>	<u>\$ 791,452</u>	<u>\$ ( 48,232)</u>
Adjustments to reconcile operating income to net cash provided by activities:						
Depreciation	\$ 630,583	\$ 318,905	\$ 506,489	\$ 104,822	\$ 1,560,799	\$
Provision for bad debts	( 10,275)	( 4,511)	( 36,782)	( 4,163)	( 55,731)	
(Increase) decrease in -						
Receivables	19,600	12,792	112,583	6,630	151,605	
Claims receivable						32,304
Inventory	13,992	196	( 28,316)		( 14,128)	
(Increase) decrease in -						
Accounts payable	( 2,436)	( 22,067)	25,950	653	2,100	
Claims payable						( 160,025)
Deposits			19,221		19,221	
Accrued expenses	3,818	( 1,840)	( 1,973)	( 118)	( 113)	
Closure/postclosure liability				37,201	37,201	
Total adjustments	<u>\$ 655,282</u>	<u>\$ 303,475</u>	<u>\$ 597,172</u>	<u>\$ 145,025</u>	<u>\$ 1,700,954</u>	<u>\$ ( 127,721)</u>
Net cash provided by operating activities	<u>\$ 472,275</u>	<u>\$ 577,191</u>	<u>\$ 1,139,732</u>	<u>\$ 303,208</u>	<u>\$ 2,492,406</u>	<u>\$ ( 175,953)</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF THE CITY OF TORRINGTON AND THE REPORTING ENTITY

Reporting Entity

The City of Torrington operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Torrington. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Torrington.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basic criteria for inclusion in the City's financial statements is control by or dependence on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, there are no potential component units which should be included in the reporting entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In June, 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

These financial statements reflect the required changes as required by GASB-34.

The City has elected not to present the Management Discussion and Analysis.

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenue and expenses.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregated transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and financial statements is on major funds. Each major fund is presented in a separate column.

The major focus of these fund financial statements of the governmental funds is upon determination of financial position and changes in this financial position (sources, uses, and balances of financial resources).

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of any interfund activity has been eliminated from the government-wide financial statements.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Based Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Proprietary Funds

*Enterprise Funds* are used to account for any activity for which a fee is charged to external users for goods and services.

GASB 62 codified FASB pre 11/20/1987 pronouncements.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are charges for sales and purchases of goods and services between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services and benefit fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds

Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental or enterprise funds whose assets, liabilities, revenues, or expenditures are at least 10% of the corresponding totals for all governmental or all enterprise funds and for that same element are at least 5% of the combined totals of the governmental and enterprise funds also be reported as

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Funds (Continued)

major funds. Accordingly, the City reports the following major governmental funds:

General Fund

This is the City's primary operating fund and it accounts for all financial resources of the City except those required to be accounted for in other funds.

Airport Fund

This fund accounts for airport operations funds provided to the Airport.

Non-Major Funds

The City does not have any non-major funds.

Budgetary Data

The City Treasurer submits an annual budget to the City Council prior to May 15 for the fiscal year commencing the following July 1. In July, a public hearing is conducted to obtain public comments. Subsequently, the City Council adopts the annual fiscal year appropriated budget for City funds. These include General Government, Public Safety and Transportation, Public Works, Health, Welfare and Recreation, and Capital Outlay. Once approved the City Council may transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another after publication of notice. Budget amounts have been amended in accordance with Wyoming State Statutes.

The budget for the General Fund is prepared on the cash and expenditures/encumbrance basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations excluding appropriations for capital projects shall lapse at fiscal year end to the extent they are not expended or encumbered.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: employee services, contractual services, materials and supplies, capital improvements, special departmental expense, and depreciation reserve. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval.

Cash and Investments

A portion of the City's funds are held in pooled accounts. Each fund's share of the pooled accounts is maintained. These shares are shown as "Pooled cash and cash equivalents" under assets for balances of cash.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Wyoming State statute authorizes the City to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, bank certificates of deposit, shares or savings certificates of savings and loan associations, Tennessee Valley Authority bonds, and notes and export-import bank notes and guaranteed participations.

Unbilled Services

Utility revenues for services provided between the last billing date and the end of the year are estimated and accrued and recorded as unbilled receivables in the accompanying financial statements for enterprise funds.

Allowance for Doubtful Accounts

The policy of the City has been to retain bad debts on the books until they have been proven to be uncollectible. Customer deposits held by the City normally cover the amounts of unpaid bills. Those amounts still remaining unpaid after applying customer deposits are turned over to a collection agency. The allowance is computed as a percentage of those turned over for collection.

Inventories

Inventory in the General Fund and Enterprise Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the General Fund are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of the current assets.

Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Assets with an estimated historical cost have been computed by taking current estimated replacement costs and discounting this cost by using an estimate for the consumer price index. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25 - 50 years
Improvements	10 - 60 years
Transportation equipment	3 - 12 years
Furniture, fixtures and equipment	3 - 10 years

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with the provisions of GASB No. 34, the City has elected not to apply the retroactive restatement of infrastructure assets in place at June 30, 2003 and will only include such assets acquired after July 1, 2003.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Vacation benefits do not vest with employees and any unused amount lapses at calendar year end. Upon termination employees with ten years of service are paid ten dollars a day to a maximum of 60 days for any unused sick leave.

The estimated portions of the liability for vested vacation attributable to the City's funds is recorded as an expenditure/expense and liability in the respective funds.

Property Taxes

Property taxes are levied, billed, and collected by Goshen County on behalf of the City of Torrington. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The installments are considered delinquent if not paid by November 10 and May 10, respectively. If the taxpayer fails to pay the first installment by November 10, the taxpayer may pay the entire liability by December 31 and avoid an interest charge. If taxes are not paid in accordance with the prescribed delinquent dates, a tax lien attaches to the property on August 1.

Property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

For the year ended June 30, 2013, the City has assessed 8 mills for general operations, which is the maximum allowed by statute.

Cash and Cash Equivalents - Enterprise Fund Type

For purposes of the statement of cash flows, the Enterprise Fund and Internal Service Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Internal Service Fund

Claims Liabilities - The City records an estimated liability for health care incurred by participants in the health benefit plan. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any of this type of item.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net positions are classified in the following categories:

*Net investment in capital assets* - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

*Restricted net position* - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted net position* - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available

New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New GASB Pronouncements (Continued)

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The City has implemented this statement in the year ended June 30, 2013. This change does not result in any adjustment to prior period balances.

NOTE 3. PENSION PLAN

Wyoming Retirement System

The City participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all City full-time employees are eligible to participate. The System provides retirement, disability and

death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, First Floor East, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002.

Plan members are required to contribute a percentage of their annual covered salary and the City is required to contribute a percentage of the annual covered payroll as follows:

	<u>Plan Member Contribution</u>	<u>City Contribution</u>
All employees	7.00%	7.12%
Additional law enforcement	1.60%	1.48%

Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The City pays 100% of the total contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The contributions to the system for the years ended June 30, 2013, 2012, and 2011 were \$522,910, \$487,778, and \$470,991, respectively.

NOTE 4. INVESTMENTS

Wyoming statute authorizes the City to invest in obligations of the U.S. Treasury, U.S. guaranteed real estate mortgages, Farm Home Administration (FHA) insured notes, FHA debentures and savings certificates and certificates of deposit which are federally insured, or secured by a pledge of assets, provided the pledge is authorized by the FDIC. All of the securities are held in the City's name.

TOWN OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4. INVESTMENTS (Continued)

Investments, other than certificates of deposit, held at June 30, 2013 by the City consisted of U.S. guaranteed real estate mortgages and obligations of the U.S. Treasury. Maturities range from 2022 - 2040. All of the bonds are rated AAA.

	Fair Market Value	Cost	Valuation Allowance
General Fund - U.S. government securities	<u>\$ 338,465</u>	<u>\$ 339,028</u>	<u>\$ ( 563)</u>

The City is exposed to risk that these investments will decline or increase in value based upon changes in current market interest rates. The future maturities of these investments are as follows:

	Fair Value		
<u>Maturities</u>	Tennessee Valley Bonds	GNMA Bonds	FHL Bonds
More than 10 years	<u>\$ 128,305</u>	<u>\$ 195,038</u>	<u>\$ 15,122</u>

NOTE 5. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and federal laws and regulations require the City to place a final cover on its solid waste landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. There are two phases in the landfill plan. Phase I has an original estimated life of eleven to sixteen years. Phase II would begin as the cells in Phase I are completely filled and has an estimated life of fifteen years.

The \$1,490,032 reported as landfill closure and postclosure care liability at June 30, 2013, represents the total estimated closure and postclosure costs to date. The closure and postclosure care costs are charged to expense based on annual usage compared to estimated total capacity of the landfill. Estimated closure and postclosure costs for all phases are \$2,457,250. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The estimated landfill closure costs have been updated due to a reevaluation of the expected life of the landfill and its capacity. The estimated remaining life is about 27 years and it is approximately 18% full.

The Wyoming Department of Environmental Quality requires that the City provide assurance as to how the costs would be funded prior to April 9, 1995.

The closure and postclosure costs charged to expense based on estimated usage were \$37,201 for the year ended June 30, 2013.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 ACCOUNTS RECEIVABLE

The accounts receivable recorded consists of user fees and other miscellaneous revenue. Scheduled below is the accounts receivable net of any allowance recorded:

Governmental Activities

	<u>General</u>	<u>Golf</u>	<u>Pool</u>	<u>Ambulance</u>	<u>Cemetery</u>	<u>Total</u>
Accounts receivable	\$ 68,112	\$ 650	\$ 250	\$ 80,061	\$ 3,859	\$ 152,932
Allowance for uncollectible accounts				( 41,156)		( 41,156)
	<u>\$ 68,112</u>	<u>\$ 650</u>	<u>\$ 250</u>	<u>\$ 38,905</u>	<u>\$ 3,859</u>	<u>\$ 111,776</u>

Proprietary Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
Accounts receivable	\$ 194,791	\$ 99,914	\$ 754,439	\$ 142,292	\$ 1,191,436
Allowance for uncollectible accounts	( 8,261)	( 4,435)	( 32,879)	( 4,370)	( 49,945)
Net receivables	<u>\$ 186,530</u>	<u>\$ 95,479</u>	<u>\$ 721,560</u>	<u>\$</u>	<u>\$ 1,141,491</u>
					<u>Total</u>
Accounts receivable					\$ 1,347,788
Allowance for uncollectible accounts					( 91,101)
Net receivables					<u>\$ 1,256,687</u>

NOTE 7. CAPITAL ASSETS

Capital asset activity during 2013 was as follows:

	<u>Restated Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Government activities:				
Land	\$ 1,082,853	\$	\$ 30,684	\$ 1,052,169
Building and improvements	15,782,647	57,181		15,839,828
Machinery and equipment	3,291,024	147,101	39,706	3,398,419
Transportation equipment	1,400,753	169,652	162,387	1,408,018
Streets	2,652,377			2,652,377
Construction in progress	98,482	234,907		333,389
	<u>\$ 24,308,136</u>	<u>\$ 608,841</u>	<u>\$ 226,777</u>	<u>\$ 24,684,200</u>
Accumulated depreciation	<u>\$ 8,742,522</u>	<u>\$ 1,031,227</u>	<u>\$ 202,090</u>	<u>\$ 9,571,659</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS (Continued)

	Restated Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Business-type activities:				
Land	\$ 342,633	\$	\$	\$ 342,633
Building and improvements	39,290,883	1,312,720		40,603,603
Machinery and equipment	2,901,303	493,133	12,000	3,382,436
Transportation equipment	1,399,259	137,377	71,905	1,464,731
Furniture and fixtures	8,628			8,628
Construction in progress		92,166		92,166
	<u>\$ 43,942,706</u>	<u>\$ 2,035,396</u>	<u>\$ 83,905</u>	<u>\$ 45,894,197</u>
Accumulated depreciation	<u>\$ 14,265,844</u>	<u>\$ 1,560,799</u>	<u>\$ 84,405</u>	<u>\$ 15,742,238</u>

Included in fixed assets are capital leases of \$1,742,906 for vehicles and equipment.

Depreciation expense was charged to function as follows:

Governmental activities:	
General government	\$ 162,708
Public safety	257,850
Public works	201,398
Health, welfare and recreation	296,833
Transportation	112,438
Total governmental activities	<u>\$ 1,031,227</u>
Business-type activities:	
Water Fund	\$ 630,583
Sewer Fund	318,905
Electric Fund	506,489
Sanitation Fund	104,822
Total business-type activities	<u>\$ 1,560,799</u>

NOTE 8. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

A summary of general fund long-term debt except for compensated absences is as follows:

	Balance June 30, 2013	Current Portion
<u>General Fund</u>		
Capital lease with Bank of the West for the purchase of equipment: 3.359% interest; matures December 2014; quarterly payments of \$26,117	\$ 152,185	\$ 100,604
Capital lease with Wyoming Association of Municipalities for the purchase of equipment; 0.00% interest; matures January 2020; quarterly payments of \$2,500	67,500	10,000
	<u>\$ 219,685</u>	<u>\$ 110,604</u>

A summary of changes in the governmental activities long-term debt for the year ended June 30, 2013, is presented below:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Lease purchase obligations	<u>\$ 324,470</u>	<u>\$</u>	<u>\$ 104,785</u>	<u>\$ 219,685</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT (Continued)

Total annual debt requirements to retire all long-term debt are as follows:

Year ended June 30,	Principal	Interest	Total
2014	\$ 110,604	\$ 3,864	\$ 114,468
2015	61,581	652	62,233
2016	10,000		10,000
2017	10,000		10,000
2018	10,000		10,000
2019 - 2020	17,500		17,500
	<u>\$ 219,685</u>	<u>\$ 4,516</u>	<u>\$ 224,201</u>

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS

	Balance June 30, 2013	Current
<u>Water Fund</u>		
State of Wyoming, Wyoming State Loan and Investment Board; for financing two reverse osmosis units; 2.5% interest rate; annual payments of \$49,644; term 20 years; matures August 1, 2020	\$ 357,747	\$ 40,564
State of Wyoming, Wyoming State Loan and Investment Board; for financing two reverse osmosis units; 2.5% interest rate; annual payments \$28,066; matures December 1, 2021	223,330	22,413
State of Wyoming, Wyoming State Loan and Investment Board; for financing raw water project; 2.5% interest rate; annual payments of \$6,144; matures May 1, 2024	58,447	4,683
State of Wyoming, Wyoming State Loan and Investment Board; for financing of water system improvements; 2.5% interest rate; annual payments of \$1,341; matures September 2027	16,569	921
State of Wyoming, Wyoming State Loan and Investment Board; for financing of water system treatment improvements; 2.5% interest rate; annual payment of \$804; matures September 2027	9,930	552
State of Wyoming, Wyoming State Loan and Investment Board; for financing of water system improvements and corrosion control study; 2.5% interest rate; annual payments of \$112,266 after the first year; matures February 1, 2027	1,310,939	79,081
State of Wyoming, Wyoming State Loan and Investment Board; for financing of water system improvements; 2.5% interest rate; annual payments of \$36,267; matures September 2027	448,186	24,922

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS (Continued)

	Balance June 30, 2013	Current
State of Wyoming, Wyoming State Loan and Investment Board; for financing of water system improvements; 2.5% interest rate; annual payments of \$14,144; matures September 2027	174,785 <u>\$ 2,599,933</u>	9,719 <u>\$ 182,855</u>
<u>Electric Fund</u>		
Capital lease with the Joint Powers Board for the refinancing of lines and equipment. Increments of interest 2.22%; matures December 2016	\$ 810,000	\$ 190,000
<u>Sewer Fund</u>		
Series 1998B Revenue Refunding Series Bonds; Wyoming Bank and Trust; issued in \$5,000 increments; interest ranging from 4% to 5.1%; matures December 1, 2014	\$ 80,000	\$ 25,000
State of Wyoming, Wyoming State Loan and Investment Board; for financing sewer lift station and improvements; annual payments \$13,767; 2.5% interest rate; matures May 1, 2022	108,987 <u>\$ 188,987</u>	10,917 <u>\$ 35,917</u>
Total	<u>\$ 3,598,920</u>	<u>\$ 408,772</u>
Comprised of:		
Current portion of long-term debt	\$ 408,772	
Revenue bonds	55,000	
Notes and lease obligation payable	3,135,148	
	<u>\$ 3,598,920</u>	

Changes

A summary of changes in the long-term debt of the proprietary funds for the year ending June 30, 2013 follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<u>Water Fund -</u>				
State Loan and Investment Board	\$ 397,481	\$	\$ 39,734	\$ 357,747
State Loan and Investment Board	245,411		22,081	223,330
State Loan and Investment Board	10,472		542	9,930
State Loan and Investment Board	1,388,585		77,646	1,310,939
State Loan and Investment Board	17,473		904	16,569
State Loan and Investment Board	62,961		4,514	58,447
State Loan and Investment Board	472,638		24,452	448,186
State Loan and Investment Board	184,321		9,536	174,785
<u>Sewer Fund -</u>				
Series 1998B Refunding	100,000		20,000	80,000
State Loan and Investment Board	119,567		10,580	108,987

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS (Continued)

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2013
Electric Fund - Series 1998A Revenue Refunding Joint Powers Board	995,000		185,000	810,000
	<u>\$ 3,993,909</u>	<u>\$</u>	<u>\$ 394,989</u>	<u>\$ 3,598,920</u>

Summary

Total annual debt requirements of the enterprise funds are as follows:

Year ended June 30,	Principal	Interest	Total
2014	\$ 408,772	\$ 87,889	\$ 496,661
2015	453,700	76,599	530,299
2016	408,719	65,661	474,380
2017	423,744	55,909	479,653
2018	214,166	48,186	262,352
2019 - 2023	1,015,650	158,037	1,173,687
2024 - 2027	674,169	46,309	720,478
	<u>\$ 3,598,920</u>	<u>\$ 538,590</u>	<u>\$ 4,137,510</u>

NOTE 10. FUND BALANCE

Fund Balance

Governmental Fund Equity is classified as fund balances, in accordance with Governmental Accounting Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classified governmental fund balances as follows:

- Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself enacted by resolution of the City Council. Committed fund balances cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new City Council resolution amends the commitment.
- Assigned fund balance - amounts the City Council intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City utilizes restricted fund balances first followed by committed resources, and then assigned resources.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. FUND BALANCE (Continued)

The fund balances for the governmental funds have been classified as nonspendable for inventory as follows:

Major funds	
General fund	<u>\$ 48,400</u>

The fund balances for the governmental funds have been classified as committed as follows:

Major funds	
Airport fund	<u>\$ 3,341</u>
General funds	
Ambulance	18,828
Cemetery	1,589
	<u>\$ 20,417</u>

Restricted Governmental activities net position consist of:

Ambulance	<u>\$ 36,476</u>
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Restricted net position in the enterprise funds consist of:

Sewer - Bond reserve	<u>\$ 29,500</u>
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NOTE 11. HEALTH INSURANCE TRUST FUND

The City has instituted a limited self-insured health care plan for its employees. This plan is accounted for in the internal service fund.

Revenue of the trust fund represents amounts collected from other funds of the City for insurance costs. Expenditures of the fund represent payments for claims, stop-loss coverage from a private insurance company and payments to an independent insurance company for processing and administration of claims.

A reconciliation of claims payable and paid at June 30, 2013 is as follows:

Claims incurred but not reported June 30, 2012	\$ 248,263
Claims incurred	1,613,410
Claims paid	<u>(1,773,434)</u>
Claims incurred but not reported June 30, 2013	<u>\$ 88,239</u>

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by purchasing insurance from a commercial enterprise. There has been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The City is also exposed to other contingencies through its implementation of a self-insured health benefit plan for the City's employees. The City has purchased stop-loss coverage to minimize their liability.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13. CONSOLIDATED WYOMING MUNICIPALITIES ELECTRIC POWER SYSTEM JOINT POWER BOARD

The Consolidated Wyoming Municipalities Electric Power System Joint Power Board issued \$3,285,000 of Electric Facilities Improvement Lease Revenue Bond Series 2009. The bonds are to provide Torrington improvements to its electrical utility system including construction of a portion of the new Western Area Power Administration's substation and transmission and distribution lines in order to provide service to the medium-security prison. The City of Torrington is a member of the Consolidated Wyoming Municipalities Electric Power System Joint Power Board.

During the year ending June 30, 2013, the City made a \$124,900 payment to Wells Fargo Bank, N.A. to cover the cost of the principal and interest of the Lease Revenue Bonds. Since the bonds are issued to the Joint Powers Board and they are liable, the payment is shown as a rent payment in the Electrical Fund.

NOTE 14. SUMMARY OF INTERFUND TRANSFERS

A summary of fund transfers for the year follows:

	Transfers In		Transfers Out
General Fund	\$	\$	370,000
Health Benefit Fund	370,000		
	<u>\$ 370,000</u>		<u>\$ 370,000</u>

This transfer is cash reserves to the Health Benefit Fund.

	Transfers In		Transfers Out
General Fund	\$	\$	45,463
Airport Fund	45,463		
	<u>\$ 45,463</u>		<u>\$ 45,463</u>

This transfer is to cover deficit balances incurred by funds.

	Transfers In		Transfers Out
Water Fund	\$	\$	1,862
Electric Fund			1,581
Sewer Fund	3,443		
	<u>\$ 3,443</u>		<u>\$ 3,443</u>

This transfer is to transfer the Capital Assets.

NOTE 15. BEGINNING BALANCES RESTATED

In the General and Electric Fund capital assets were expensed rather than capitalized.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 15. BEGINNING BALANCES RESTATED (Continued)

The government-wide and proprietary fund financial statements were restated as follows:

	Governmental Activities	Business Type Activities
Net assets balance as of June 30, 2012, as previously reported	\$ 17,057,968	\$ 32,215,885
Capital assets	88,455	49,669
Net assets as of July 1, 2012, as restated	<u>\$ 17,146,423</u>	<u>\$ 32,265,554</u>

NOTE 16. ACCOUNTING CHANGE

GASB Statement No. 54 requires that restricted or committed revenues should comprise a substantial portion of the inflows of the fund. Transfers, whether restricted, committed or assigned are not a revenue source and cannot, therefore, be the foundation of a special revenue fund. Therefore, under GASB Statement No. 54, the prior year's Golf Fund, Pool Fund, Ambulance Fund and Cemetery Fund are considered and accounted for in the General Fund.

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments				
Sales taxes	\$ 911,190	\$ 911,190	\$ 856,069	\$ ( 55,121)
Optional sales tax	759,581	759,581	923,927	164,346
Property taxes	254,690	254,690	266,162	11,472
Use taxes		85,000	178,777	93,777
Vehicle registration	100,000	100,000	108,082	8,082
Total taxes and special assessments	<u>\$ 2,025,461</u>	<u>\$ 2,110,461</u>	<u>\$ 2,333,017</u>	<u>\$ 222,556</u>
Licenses and permits				
Clerk licenses and permits	\$ 28,000	\$ 28,000	\$ 32,267	\$ 4,267
Building permits	30,000	30,000	4,128	( 25,872)
Total licenses and permits	<u>\$ 58,000</u>	<u>\$ 58,000</u>	<u>\$ 36,395</u>	<u>\$ ( 21,605)</u>
Fines and forfeitures				
Police fines - municipal court	\$ 135,000	\$ 135,000	\$ 140,716	\$ 5,716
Intergovernmental revenue				
Mineral royalties	\$ 307,014	\$ 307,014	\$ 307,267	\$ 253
Severance tax	242,124	242,124	242,726	602
Cigarette tax	55,876	55,876	53,536	( 2,340)
State gas tax	152,445	152,445	159,161	6,716
Grants	2,121,989	2,121,989	791,771	( 1,330,218)
City dispatcher, reimbursement and 911	151,206	151,206	150,511	( 695)
Rural fire protection reimbursement	38,850	38,850	38,508	( 342)
Supplemental local government funding	738,913	803,913	803,913	
Weed and pest assessment	10,000	10,000	9,167	( 833)
Total intergovernmental revenue	<u>\$ 3,818,417</u>	<u>\$ 3,883,417</u>	<u>\$ 2,556,560</u>	<u>\$ ( 1,326,857)</u>
Charges for services				
Police copies/report and wage reimbursement	\$ 4,000	\$ 4,000	\$ 6,073	\$ 2,073
Burglar alarms	500	500		( 500)
Golf course	216,300	232,800	239,826	7,026
Pool	32,000	32,000	31,537	( 463)
Ambulance	500,000	500,000	473,572	( 26,428)
Cemetery	50,000	50,000	58,121	8,121
Other	632,365	632,365	363,055	( 269,310)
Total charges for services	<u>\$ 1,435,165</u>	<u>\$ 1,451,665</u>	<u>\$ 1,172,184</u>	<u>\$ ( 279,481)</u>
Miscellaneous revenue				
Investment interest	\$ 65,000	\$ 65,000	\$ 20,949	\$ ( 44,051)
Industrial park	5,000	5,000	11,257	6,257
Other income	105,500	105,500	119,634	14,134
Total miscellaneous revenue	<u>\$ 175,500</u>	<u>\$ 175,500</u>	<u>\$ 151,840</u>	<u>\$ ( 23,660)</u>
Utilities revenue				
Administrative fees	\$ 1,013,848	\$ 1,013,848	\$ 1,068,578	\$ 54,730
Cable television franchise	30,000	30,000	31,059	1,059
Natural gas franchise	40,000	40,000	40,379	379
Telephone franchise	6,900	6,900	2,400	( 4,500)
Total utilities revenue	<u>\$ 1,090,748</u>	<u>\$ 1,090,748</u>	<u>\$ 1,142,416</u>	<u>\$ 51,668</u>
Total revenue	<u>\$ 8,738,291</u>	<u>\$ 8,904,791</u>	<u>\$ 7,533,128</u>	<u>\$ ( 1,371,663)</u>

(Continued)

(The accompanying notes to the required supplementary information are an integral part of this schedule)

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES:</b>				
General government				
Salaries and benefits	\$ 525,726	\$ 538,726	\$ 539,951	\$ ( 1,225)
Mayor and council	349,852	349,852	291,778	58,074
Judicial	122,350	122,350	101,360	20,990
Clerk	28,300	28,300	28,839	( 539)
Treasurer	31,400	31,400	27,470	3,930
Maintenance	12,379	12,379	12,287	92
Lincoln Community Complex	193,189	193,189	157,653	35,536
Special community projects	410,945	475,945	397,940	78,005
Total general government	<u>\$ 1,674,141</u>	<u>\$ 1,752,141</u>	<u>\$ 1,557,278</u>	<u>\$ 194,863</u>
Public safety and transportation				
Salaries and benefits	\$ 1,853,469	\$ 1,925,469	\$ 1,900,157	\$ 25,312
Police department	409,674	409,674	291,048	118,626
Fire department	147,060	147,060	119,580	27,480
Building inspector	101,550	101,550	40,614	60,936
Capital outlay	660,000	660,000	1,957	658,043
Total public safety and transportation	<u>\$ 3,171,753</u>	<u>\$ 3,243,753</u>	<u>\$ 2,353,356</u>	<u>\$ 890,397</u>
Public works				
Salary and benefits	\$ 440,920	\$ 440,920	\$ 443,842	\$ ( 2,922)
Streets	494,577	494,577	266,014	228,563
Shop	42,955	42,955	30,128	12,827
Storm drain maintenance	88,833	88,833	6,802	82,031
Industrial park	28,300	28,300	19,003	9,297
Capital outlay	373,596	373,596	251,740	121,856
Total public works	<u>\$ 1,469,181</u>	<u>\$ 1,469,181</u>	<u>\$ 1,017,529</u>	<u>\$ 451,652</u>
Health, welfare and recreation				
Salaries and benefits	\$ 146,787	\$ 146,787	\$ 142,378	\$ 4,409
Parks	170,876	170,876	110,779	60,097
Museum	52,400	52,400	48,005	4,395
Golf course	524,320	540,821	548,355	( 7,534)
Pool	190,631	190,631	152,594	38,037
Ambulance	518,581	537,080	537,653	( 573)
Cemetery	226,332	226,332	202,310	24,022
Capital outlay	833,430	833,430	161,214	672,216
Total health, welfare and recreation	<u>\$ 2,663,357</u>	<u>\$ 2,698,357</u>	<u>\$ 1,903,288</u>	<u>\$ 795,069</u>
Total expenditures	<u>\$ 8,978,432</u>	<u>\$ 9,163,432</u>	<u>\$ 6,831,451</u>	<u>\$ 2,331,981</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ ( 240,141)	\$ ( 258,641)	\$ 701,677	\$ 960,318
OTHER FINANCING SOURCES				
Transfers in from other funds	( 128,514)	( 1,099,210)	( 415,463)	683,747
NET CHANGES IN FUND BALANCE	<u>\$ ( 368,655)</u>	<u>\$ ( 1,357,851)</u>	\$ 286,214	<u>\$ 1,644,065</u>
FUND BALANCE (Non-GAAP) - Beginning			1,974,171	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ 2,260,385</u>	

(The accompanying notes to the required supplementary information  
are an integral part of this schedule)

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - AIRPORT FUND  
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gas tax	\$ 3,200	\$ 3,200	\$ 2,265	\$( 935)
Grants	230,300	230,300	32,375	( 197,925)
Fee service	228,460	228,460	204,185	( 24,275)
Miscellaneous income	1,500	1,500	10,581	9,081
Total revenues	<u>\$ 463,460</u>	<u>\$ 463,460</u>	<u>\$ 249,406</u>	<u>\$( 214,054)</u>
EXPENDITURES:				
Transportation	\$ 287,549	\$ 287,549	\$ 261,646	\$ 25,903
Capital outlay	235,000	235,000	29,438	205,562
Total expenditures	<u>\$ 522,549</u>	<u>\$ 522,549</u>	<u>\$ 291,084</u>	<u>\$ 231,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$( 59,089)</u>	<u>\$( 59,089)</u>	<u>\$( 41,678)</u>	<u>\$ 17,411</u>
OTHER FINANCING SOURCES				
Transfers to other funds	<u>49,030</u>	<u>49,030</u>	<u>45,463</u>	<u>( 3,567)</u>
NET CHANGES IN FUND BALANCE	<u>\$( 10,059)</u>	<u>\$( 10,059)</u>	<u>\$ 3,785</u>	<u>\$ 13,844</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>14,559</u>	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ 18,344</u>	

(The accompanying notes to the required supplementary information  
are an integral part of this schedule)

CITY OF TORRINGTON, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -  
BUDGETARY DATA

NOTE 1. RECONCILIATION OF BUDGET TO ACTUAL DATA (NON-GAAP BUDGETARY BASIS)

The budget to actual comparison statements are prepared on a basis consistent with the City's budgeting system.

Under this basis (modified cash basis), which differs from generally accepted accounting principles, revenues are recognized when collected and expenditures are recorded as the liabilities are paid, except for certain accounts payable which are paid in the first week of July of the subsequent year and recorded in the current budget year as allowed by Wyoming Statutes. A reconciliation of the budget data to the actual by fund is presented as follows:

	<u>Accrual Basis</u>	<u>Basis of Accounting Difference</u>	<u>Modified Cash Basis</u>
<u>General Fund</u>			
Revenues (total revenue \$ proceeds from sale of assets \$ )	<u>\$ 7,468,311</u>	<u>\$ 64,817</u>	<u>\$ 7,533,128</u>
Expenditures	<u>\$ 6,897,979</u>	<u>\$( 66,528)</u>	<u>\$ 6,831,451</u>
<u>Airport Fund</u>			
Revenues	<u>\$ 249,406</u>	<u>\$</u>	<u>\$ 249,406</u>
Expenditures	<u>\$ 291,084</u>	<u>\$</u>	<u>\$ 291,084</u>

NOTE 2. BUDGET TO ACTUAL COMPARISON

Wyoming State Statutes requires that no officer or employee of a municipality may make any expenditure in excess of the total appropriation for that department. The City of Torrington did have insignificant overages per budget category. However, the City had no budget violations per department for the year ended June 30, 2013.

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

City Council  
City of Torrington, Wyoming  
Torrington, Wyoming

We have audited in accordance with the 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Torrington, Wyoming as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Torrington, Wyoming's basic financial statements and have issued our report thereon dated March 27, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Torrington, Wyoming'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Torrington, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Torrington, Wyoming'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 entity'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 the internal control was for the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses 13-1 that we consider to be a significant deficiency.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Torrington, Wyoming's financial statements are free from material misstatement, we performed tests of its 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*.

### **Auditee's Response to Finding**

City of Torrington, Wyoming's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Torrington, Wyoming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 27, 2014

CITY OF TORRINGTON, WYOMING  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

SIGNIFICANT DEFICIENCIES

13-1 Separation of Duties

**Criteria:** An effective internal control structure of an organization will include procedures and actions to:

1. Protect its assets against theft and waste.
2. Ensure compliance with the organization's policies, procedures and statutory requirements.
3. Evaluate the performance of personnel to promote efficient operations.
4. Ensure accurate and reliable operating and accounting data.

Separation of duties requires that someone other than the employee responsible for safeguarding the asset must maintain the accounting records for that asset. When an organization separates duties of the employees, it minimizes the probability of an error or irregularity occurring and not being timely detected.

**Condition:** Due to the small size of some departments of the City of Torrington, Wyoming, the possibility of adequate separation of duties over certain transaction cycles is limited.

**Recommendation:** While we recognize that it is impractical for the City to achieve complete separation of duties over all transaction cycles within the City, it is important that the Board be aware of the chance of errors and irregularities not being timely detected is elevated.

**Auditee Response:** The City has separated duties to the extent possible and has implemented compensating controls to monitor the accounting activities.

CITY OF TORRINGTON, WYOMING

STATUS OF PRIOR YEAR FINDINGS

12-1 Separation of Duties

Ongoing comment and condition reflected as Finding 12-1 in current year.