

CITY OF TORRINGTON, WYOMING  
FINANCIAL REPORT  
JUNE 30, 2014

**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, 2014, and the related notes to the financial statements which collectively, comprise the City of Torrington'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 States 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 opinions 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, 2014 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 Information*

Schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

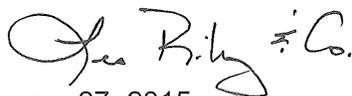
### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, 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, state and federal 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.

A handwritten signature in cursive script that reads "Leo Riley & Co." with a small registered trademark symbol (®) to the right of the company name.

February 27, 2015

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 2,665,022	\$ 8,300,524	\$ 10,965,546
Non-pooled cash and cash equivalents	461,955	166,750	628,705
Investments	494,335		494,335
Receivables (net of allowance for uncollectibles)			
Taxes	176,524		176,524
Accounts receivable	157,883	1,430,120	1,588,003
Grants receivable	33,623	4,819	38,442
Interest receivable	4,219		4,219
Inventory	42,358	474,099	516,457
Total current assets	<u>\$ 4,035,919</u>	<u>\$ 10,376,312</u>	<u>\$ 14,412,231</u>
Non-current assets:			
Bond reserve restricted	\$	\$ 29,500	\$ 29,500
Capital assets			
Land	1,048,932	342,633	1,391,565
Buildings and improvements	16,135,805	41,437,905	57,573,710
Machinery and equipment	3,621,386	3,383,771	7,005,157
Transportation equipment	1,606,360	1,476,721	3,083,081
Furniture and fixtures		8,628	8,628
Streets	2,917,673		2,917,673
Accumulated depreciation	(10,476,466)	(17,239,622)	(27,716,088)
Construction in progress	821,043	196,671	1,017,714
Total non-current assets	<u>\$ 15,674,733</u>	<u>\$ 29,636,207</u>	<u>\$ 45,310,940</u>
Total assets	<u>\$ 19,710,652</u>	<u>\$ 40,012,519</u>	<u>\$ 59,723,171</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 440,697	\$ 636,196	\$ 1,076,893
Accrued expenses	169,715	64,032	233,747
Compensated absences	142,298	57,609	199,907
Claims payable	64,137		64,137
Customer deposits		134,467	134,467
Current portion of long-term debt	94,607	476,281	570,888
Total current liabilities	<u>\$ 911,454</u>	<u>\$ 1,368,585</u>	<u>\$ 2,280,039</u>
Non-current liabilities:			
Notes and lease obligations payable	\$ 158,597	\$ 2,812,447	\$ 2,971,044
Landfill closure and postclosure costs		1,517,277	1,517,277
Total non-current liabilities	<u>\$ 158,597</u>	<u>\$ 4,329,724</u>	<u>\$ 4,488,321</u>
Total liabilities	<u>\$ 1,070,051</u>	<u>\$ 5,698,309</u>	<u>\$ 6,768,360</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 15,421,528	\$ 26,317,976	\$ 41,739,504
Restricted	36,476	29,500	65,976
Unrestricted	3,182,597	7,966,734	11,149,331
Total net position	<u>\$ 18,640,601</u>	<u>\$ 34,314,210</u>	<u>\$ 52,954,811</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, 2014

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	\$ 1,838,876	\$ 1,717,498	\$ 97,045	\$ 603,882	\$ 579,549	\$	\$ 579,549
Public safety	2,529,855	139,600	169,189	139,431	( 2,081,635)		( 2,081,635)
Public works	1,067,404				( 1,067,404)		( 1,067,404)
Health, welfare and recreation	3,159,099	2,135,276	1,500	100,707	( 921,616)		( 921,616)
Transportation	391,716	208,518		287,880	104,682		104,682
Total governmental activities	<u>\$ 8,986,950</u>	<u>\$ 4,200,892</u>	<u>\$ 267,734</u>	<u>\$ 1,131,900</u>	<u>\$( 3,386,424)</u>	<u>\$</u>	<u>\$( 3,386,424)</u>
Business-type activities:							
Water	\$ 1,935,760	\$ 1,790,684	\$	\$ 7,278	\$	\$( 137,798)	\$( 137,798)
Sewer	1,006,541	1,247,737		46,741		287,937	287,937
Electrical	9,233,067	9,134,047				( 99,020)	( 99,020)
Sanitation	1,392,905	1,668,652				275,747	275,747
Total business-type activities	<u>\$ 13,568,273</u>	<u>\$ 13,841,120</u>	<u>\$</u>	<u>\$ 54,019</u>	<u>\$</u>	<u>\$ 326,866</u>	<u>\$ 326,866</u>
Total primary government	<u>\$ 22,555,223</u>	<u>\$ 18,042,012</u>	<u>\$ 267,734</u>	<u>\$ 1,185,919</u>	<u>\$( 3,386,424)</u>	<u>\$ 326,866</u>	<u>\$( 3,059,558)</u>
General revenues:							
Taxes -							
Sales tax					\$ 870,679	\$	\$ 870,679
Use tax					170,491		170,491
Property tax					267,256		267,256
Motor vehicle					170,576		170,576
Cigarette tax					53,225		53,225
State gas tax					224,743		224,743
Severance tax					244,100		244,100
Other tax					900,459		900,459
Gain on the sale of assets					28,199		28,199
Impact revenue					1,191,720		1,191,720
Mineral royalty					292,645		292,645
Miscellaneous revenue					152,509		152,509
Unrestricted investment earnings					35,579		35,579
Utility franchises					79,435		79,435
Total general revenues					<u>\$ 4,681,616</u>	<u>\$</u>	<u>\$ 4,681,616</u>
Change in net position					\$ 1,295,192	\$ 326,866	\$ 1,622,058
Net position at beginning of year -restated (Note 15)					<u>17,345,409</u>	<u>33,987,344</u>	<u>51,332,753</u>
Net position at end of year					<u>\$ 18,640,601</u>	<u>\$ 34,314,210</u>	<u>\$ 52,954,811</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, 2014

	General Fund	Airport Fund	Total Government Funds
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 2,665,022	\$	\$ 2,665,022
Non-pooled cash and cash equivalents	15,285		15,285
Investments	494,335		494,335
Receivables (net of allowance for uncollectibles)			
Taxes	176,524		176,524
Accounts receivable	152,378	5,505	157,883
Grants receivable	18,507	15,116	33,623
Interest receivable	4,219		4,219
Inventory	42,358		42,358
Total assets	<u>\$ 3,568,628</u>	<u>\$ 20,621</u>	<u>\$ 3,589,249</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 569,594	\$ 43,363	\$ 612,957
<b>Deferred Inflows</b>			
Deferred property taxes	\$ 4,308	\$	\$ 4,308
<b>Fund balances</b>			
Nonspendable	\$ 42,358	\$	\$ 42,358
Restricted	36,476		36,476
Unassigned	2,915,892	( 22,742)	2,893,150
Total fund balances	<u>\$ 2,994,726</u>	<u>\$ ( 22,742)</u>	<u>\$ 2,971,984</u>
Liabilities, deferred inflows of resources and fund balances	<u>\$ 3,568,628</u>	<u>\$ 20,621</u>	<u>\$ 3,589,249</u>

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

Total fund balance per balance sheet \$ 2,971,984

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 15,674,732

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. 382,533

Long-term liabilities, including bonds payable and compensated absences, are not due and are not reported in the funds. ( 392,956)

Some revenues are not available in the current period and, therefore, are not reported in the funds 4,308  
 Net assets of governmental activities \$ 18,640,601

(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, 2014

	General Fund	Airport Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenue	\$ 3,027,480	\$ 287,880	\$ 3,315,360
Taxes and special assessments	2,375,152	2,379	2,377,531
Fines and forfeitures	139,600		139,600
Charges for services	2,511,143	206,139	2,717,282
Licenses and permits	101,748		101,748
Other	451,181	3,769	454,950
Total revenues	<u>\$ 8,606,304</u>	<u>\$ 500,167</u>	<u>\$ 9,106,471</u>
<b>EXPENDITURES</b>			
Current			
General government	\$ 1,666,028	\$	\$ 1,666,028
Public safety	2,268,254		2,268,254
Public works	837,108		837,108
Health, welfare and recreation	1,850,799		1,850,799
Transportation		279,278	279,278
Capital outlay	1,383,603	295,663	1,679,266
Debt service -			
Principal retirement	135,020		135,020
Interest and fiscal charges	5,419		5,419
Total expenditures	<u>\$ 8,146,231</u>	<u>\$ 574,941</u>	<u>\$ 8,721,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 460,073</u>	<u>\$ ( 74,774)</u>	<u>\$ 385,299</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	\$( 48,691)	\$ 48,691	\$
Proceeds from capital lease	168,539		168,539
Proceeds from the sale of assets	31,436		31,436
Total other financing sources and uses	<u>\$ 151,284</u>	<u>\$ 48,691</u>	<u>\$ 199,975</u>
Net changes in fund balances	\$ 611,357	\$( 26,083)	\$ 585,274
Fund balances - Beginning of year - Restated (Note 15)	<u>2,403,453</u>	<u>3,341</u>	<u>2,406,794</u>
Fund balances - End of year	<u>\$ 3,014,810</u>	<u>\$ ( 22,742)</u>	<u>\$ 2,992,068</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, 2014

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

Net change in fund balance - total governmental funds	\$ 585,274
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)	593,371
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)	( 33,519)
Net cost of capital assets sold that does not provide a current financial revenue	( 6,605)
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:	( 7,543)
Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds	4,308
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>159,906</u>
Changes in net position of governmental activities.	<u>\$ 1,295,192</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, 2014

	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	\$ 1,154,477	\$ 2,484,838	\$ 3,666,369	\$ 994,840	\$ 8,300,524	\$
Non-pooled cash and cash equivalents		43,535		123,215	166,750	446,670
Receivables (net of allowance for uncollectibles)						
Accounts receivable	155,255	89,084	655,681	125,240	1,025,260	
Grants receivable		4,819			4,819	
Unbilled services	84,774		320,086		404,860	
Inventory, at cost	89,503	1,537	383,059		474,099	
Total current assets	<u>\$ 1,484,009</u>	<u>\$ 2,623,813</u>	<u>\$ 5,025,195</u>	<u>\$ 1,243,295</u>	<u>\$ 10,376,312</u>	<u>\$ 446,670</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	18,251,125	9,406,000	13,440,047	340,733	41,437,905	
Machinery and equipment	372,397	590,160	467,475	1,953,739	3,383,771	
Transportation equipment	135,081	152,397	525,728	663,515	1,476,721	
Furniture and fixtures			8,628		8,628	
Construction in progress	4,594	53,295	138,782		196,671	
Accumulated depreciation	( 5,617,787)	( 3,716,221)	( 5,337,777)	( 2,567,837)	(17,239,622)	
Total capital assets net of accumulated depreciation	<u>\$ 13,188,136</u>	<u>\$ 6,501,368</u>	<u>\$ 9,313,928</u>	<u>\$ 603,275</u>	<u>\$ 29,606,707</u>	<u>\$</u>
Total non-current assets	<u>\$ 13,188,136</u>	<u>\$ 6,530,868</u>	<u>\$ 9,313,928</u>	<u>\$ 603,275</u>	<u>\$ 29,636,207</u>	<u>\$</u>
Total assets	<u>\$ 14,672,145</u>	<u>\$ 9,154,681</u>	<u>\$ 14,339,123</u>	<u>\$ 1,846,570</u>	<u>\$ 40,012,519</u>	<u>\$ 446,670</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	\$ 34,472	\$ 64,122	\$ 519,489	\$ 18,113	\$ 636,196	\$
Accrued liabilities	36,751	1,104	26,078	99	64,032	
Compensated absences	14,399	7,787	26,985	8,438	57,609	
Claims payable						64,137
Customer deposits			134,467		134,467	
Current portion of long-term debt	210,087	66,194	200,000		476,281	
Total current liabilities	<u>\$ 295,709</u>	<u>\$ 139,207</u>	<u>\$ 907,019</u>	<u>\$ 26,650</u>	<u>\$ 1,368,585</u>	<u>\$ 64,137</u>
Non-current liabilities						
Notes and lease obligations payable	\$ 2,305,571	\$ 86,876	\$ 420,000	\$	\$ 2,812,447	\$
Landfill closure and postclosure costs				1,517,277	1,517,277	
Total non-current liabilities	<u>\$ 2,305,571</u>	<u>\$ 86,876</u>	<u>\$ 420,000</u>	<u>\$ 1,517,277</u>	<u>\$ 4,329,724</u>	<u>\$</u>
Total liabilities	<u>\$ 2,601,280</u>	<u>\$ 226,083</u>	<u>\$ 1,327,019</u>	<u>\$ 1,543,927</u>	<u>\$ 5,698,309</u>	<u>\$ 64,137</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 10,672,477	\$ 6,348,298	\$ 8,693,927	\$ 603,274	\$ 26,317,976	\$
Restricted		29,500			29,500	
Unrestricted	<u>1,398,388</u>	<u>2,550,800</u>	<u>4,318,177</u>	<u>( 300,631)</u>	<u>7,966,734</u>	<u>382,533</u>
Total net position	<u>\$ 12,070,865</u>	<u>\$ 8,928,598</u>	<u>\$ 13,012,104</u>	<u>\$ 302,643</u>	<u>\$ 34,314,210</u>	<u>\$ 382,533</u>

CITY OF TORRINGTON, WYOMING

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION -  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund		
OPERATING REVENUE						
Charges for services	\$ 1,755,595	\$ 1,230,172	\$ 9,031,873	\$ 1,646,985	\$ 13,664,630	\$ 1,142,502
Miscellaneous	35,089	17,565	102,169	21,667	176,490	
Total operating revenue	<u>\$ 1,790,684</u>	<u>\$ 1,247,737</u>	<u>\$ 9,134,047</u>	<u>\$ 1,668,652</u>	<u>\$ 13,841,120</u>	<u>\$ 1,142,502</u>
OPERATING EXPENSES						
Salaries and benefits	\$ 454,252	\$ 207,446	\$ 704,067	\$ 407,570	\$ 1,773,335	\$
Public works	785,133	465,520	7,996,480	887,957	10,135,090	
Claims paid						983,258
Depreciation	632,033	327,507	514,298	97,378	1,571,216	
Total operating expenses	<u>\$ 1,871,418</u>	<u>\$ 1,000,473</u>	<u>\$ 9,214,845</u>	<u>\$ 1,392,905</u>	<u>\$ 13,479,641</u>	<u>\$ 983,258</u>
OPERATING INCOME (LOSS)	<u>\$( 80,734)</u>	<u>\$ 247,264</u>	<u>\$( 80,793)</u>	<u>\$ 275,747</u>	<u>\$ 361,479</u>	<u>\$ 159,244</u>
NONOPERATING REVENUES (EXPENSES)						
Grants	7,278	46,741			54,019	
Interest income						662
Interest expense	( 64,342)	( 6,068)	( 18,222)		( 88,632)	
INCOME (LOSS) BEFORE TRANSFERS	<u>\$( 137,798)</u>	<u>\$ 287,937</u>	<u>\$( 99,020)</u>	<u>\$ 275,747</u>	<u>\$ 326,866</u>	<u>\$ 159,906</u>
TRANSFERS IN (OUT) - CASH	\$	\$	\$	\$	\$	\$
TRANSFERS IN (OUT) - CAPITAL ASSETS	4,765		( 4,765)			
CHANGES IN NET POSITION	<u>\$( 133,033)</u>	<u>\$ 287,937</u>	<u>\$( 103,785)</u>	<u>\$ 275,747</u>	<u>\$ 326,866</u>	<u>\$ 159,906</u>
NET POSITION - Beginning of year	<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>
NET POSITION - End of year	<u>\$ 12,070,865</u>	<u>\$ 8,928,598</u>	<u>\$ 13,012,104</u>	<u>\$ 302,643</u>	<u>\$ 34,014,210</u>	<u>\$ 382,533</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, 2014

	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	\$ 1,757,654	\$ 1,235,293	\$ 9,009,883	\$ 1,649,148	\$ 13,651,978	\$ 1,142,502
Payments to employees and employee benefits	( 457,975)	( 207,724)	( 674,353)	( 404,976)	( 1,745,028)	
Payments for supplies	( 750,056)	( 471,459)	( 8,100,328)	( 861,985)	(10,183,828)	
Payments for insurance premiums and claims						( 1,007,359)
Other receipts (payments)	45,961	18,840	102,819	32,185	199,805	
Net cash provided by operating activities	<u>\$ 595,584</u>	<u>\$ 574,950</u>	<u>\$ 338,021</u>	<u>\$ 414,372</u>	<u>\$ 1,922,927</u>	<u>\$ 135,143</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition, disposal and construction of capital assets	\$( 92,423)	\$( 170,220)	\$( 853,548)	\$	\$( 1,116,191)	\$
Contributions in aid of construction		41,922			41,922	
Principal payments on capital leases and other long-term debt	( 199,513)	( 35,917)	( 190,000)		( 425,430)	
Interest payments on capital leases and other long-term debt	( 67,195)	( 6,195)	( 18,222)		( 91,612)	
Insurance recovery						
Proceeds from notes payable and capital leases	115,239				115,239	
Proceeds from sale of assets						
Contribution in aid of construction	7,277				7,277	
Net cash used for capital and related financing activities	<u>\$( 236,615)</u>	<u>\$( 170,410)</u>	<u>\$( 1,061,770)</u>	<u>\$</u>	<u>\$( 1,468,795)</u>	<u>\$</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income received	\$	\$	\$	\$	\$	\$ 662
Net increase (decrease) in cash and cash equivalents	\$ 358,969	\$ 404,540	\$( 723,749)	\$ 414,372	\$ 454,132	\$ 135,805
Cash and cash equivalents - Beginning 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>
Cash and cash equivalents - End of year	<u>\$ 1,154,477</u>	<u>\$ 2,528,373</u>	<u>\$ 3,666,369</u>	<u>\$ 1,118,055</u>	<u>\$ 8,467,274</u>	<u>\$ 446,670</u>

(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	
Reconciliation of operating income to net cash provided by (used for) operating activities:						
Operating income	<u>\$ ( 80,734)</u>	<u>\$ 247,264</u>	<u>\$ ( 80,798)</u>	<u>\$ 275,747</u>	<u>\$ 361,479</u>	<u>\$ 159,244</u>
Adjustments to reconcile operating income to net cash provided by activities:						
Depreciation	\$ 632,033	\$ 327,507	\$ 514,298	\$ 97,378	\$ 1,571,216	\$
Provision for bad debts	2,793	1,916	12,259	2,094	19,062	
(Increase) decrease in -						
Receivables	10,139	4,479	( 34,276)	10,588	( 9,070)	
Claims receivable						
Inventory	11,154	( 391)	52,875		63,638	
(Increase) decrease in -						
Accounts payable	26,775	( 6,362)	( 132,968)	74	( 112,481)	
Claims payable						( 24,101)
Deposits			673		673	
Accrued expenses	( 6,576)	537	5,958	1,245	1,164	
Closure/postclosure liability				27,246	27,246	
Total adjustments	<u>\$ 676,318</u>	<u>\$ 327,686</u>	<u>\$ 418,819</u>	<u>\$ 138,625</u>	<u>\$ 1,561,448</u>	<u>\$ ( 24,101)</u>
Net cash provided by operating activities	<u>\$ 595,584</u>	<u>\$ 574,950</u>	<u>\$ 338,021</u>	<u>\$ 414,372</u>	<u>\$ 1,922,927</u>	<u>\$ 135,143</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, 2014, 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 has deferred inflows of \$4,308 for the change in outstanding property taxes not received within 60 days of the City's year end.

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

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.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. PENSION PLAN (Continued)

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>07/01/2013-08/31/2013</u>		<u>09/01/2013-06/30/2014</u>		
	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	
Plan members	7.12%	7.12%	7.12%	7.50%	Law
enforcement	12.96%	12.64%	12.96%	13.54%	

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, 2014, 2013, and 2012 were \$535,703, \$522,910, and \$487,778, 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.

Investments, other than certificates of deposit, held at June 30, 2014 by the City consisted of U.S. guaranteed real estate mortgages and obligations of the U.S. Treasury. Maturities range from 2042. All of the bonds are rated AAA.

	<u>Fair Market Value</u>	<u>Cost</u>	<u>Valuation Allowance</u>
General Fund -			
U.S. government securities	<u>\$ 494,335</u>	<u>\$ 492,768</u>	<u>\$ 1,567</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:

	<u>Fair Value</u>			
	<u>Tennessee Valley Bonds</u>	<u>GNMA Bonds</u>	<u>FHL Bonds</u>	<u>FFC Bonds</u>
<u>Maturities</u>				
More than 10 years	<u>\$ 133,936</u>	<u>\$ 317,579</u>	<u>\$ 27,177</u>	<u>\$ 15,643</u>

TOWN OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 \$1,517,277 reported as landfill closure and postclosure care liability at June 30, 2014, 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 35.5 years. The landfill is approximately 62% 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 \$27,246 for the year ended June 30, 2014.

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 Fund</u>				<u>Total</u>
	<u>General</u>	<u>Ambulance</u>	<u>Cemetary</u>	<u>Airport</u>	
Accounts receivable	\$ 91,220	\$ 115,540	\$ 3,388	\$ 5,505	\$ 215,653
Allowance for uncollectible accounts		( 57,770)			( 57,770)
	<u>\$ 91,220</u>	<u>\$ 57,770</u>	<u>\$ 3,388</u>	<u>\$ 5,505</u>	<u>\$ 157,883</u>

Proprietary Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Sanitation Fund</u>	<u>Total</u>
	Accounts receivable	\$ 166,311	\$ 95,434	\$ 700,820	\$ 131,705
Allowance for uncollectible accounts	( 11,056)	( 6,350)	( 45,139)	( 6,465)	( 69,010)
Net receivables	<u>\$ 155,255</u>	<u>\$ 89,084</u>	<u>\$ 655,681</u>	<u>\$ 125,240</u>	<u>\$ 1,025,260</u>

					<u>Total</u>
Accounts receivable					\$ 1,304,418
Allowance for uncollectible accounts					( 126,780)
Net receivables					<u>\$ 1,177,638</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. CAPITAL ASSETS

Capital asset activity during 2014 was as follows:

	Restated Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Government activities:				
Land	\$ 1,052,169	\$	\$ 3,237	\$ 1,048,932
Building and improvements	15,728,717	407,088		16,135,805
Machinery and equipment	3,398,419	300,472	77,505	3,621,386
Transportation equipment	1,408,018	282,033	83,691	1,606,360
Streets	2,652,377	265,296		2,917,673
Construction in progress	313,756	950,734	443,447	821,043
	<u>\$ 24,553,456</u>	<u>\$ 2,205,623</u>	<u>\$ 607,880</u>	<u>\$ 26,151,199</u>
Accumulated depreciation	<u>\$ 9,482,770</u>	<u>\$ 1,154,891</u>	<u>\$ 161,195</u>	<u>\$ 10,476,466</u>
Business-type activities:				
Land	\$ 342,633	\$	\$	\$ 342,633
Building and improvements	40,510,330	927,575		41,437,905
Machinery and equipment	3,382,436	38,000	36,665	3,383,771
Transportation equipment	1,464,731	46,047	34,057	1,476,721
Furniture and fixtures	8,628			8,628
Construction in progress	92,166	685,941	581,436	196,671
	<u>\$ 45,800,924</u>	<u>\$ 1,697,563</u>	<u>\$ 652,158</u>	<u>\$ 46,846,329</u>
Accumulated depreciation	<u>\$ 15,739,129</u>	<u>\$ 1,571,217</u>	<u>\$ 70,724</u>	<u>\$ 17,239,622</u>

Included in fixed assets are capital leases of \$2,026,684 for vehicles and equipment.

Depreciation expense was charged to function as follows:

Governmental activities:	
General government	\$ 168,080
Public safety	257,454
Public works	229,453
Health, welfare and recreation	321,838
Transportation	112,438
Total government activities	<u>\$ 1,089,263</u>
Business-type activities:	
Water Fund	\$ 632,034
Sewer Fund	327,507
Electric Fund	514,297
Sanitation Fund	97,379
Total business-type activities	<u>\$ 1,571,217</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2014	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	\$ 51,582	\$ 51,582
Capital lease with Wyoming Association of Municipalities for the purchase of equipment; 0.00% interest; matures January 2020; quarterly payments of \$2,500	57,500	10,000
Capital lease with Pinnacle Bank Wyoming for the purchase of equipment: 1.60% interest; matures July, 2018; quarterly payment of \$35,163	144,122	33,025
	<u>\$ 253,204</u>	<u>\$ 94,607</u>

A summary of changes in the governmental activities long-term debt for the year ended June 30, 2014, is presented below:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Lease purchase obligations	<u>\$ 219,685</u>	<u>\$ 168,540</u>	<u>\$ 135,021</u>	<u>\$ 253,204</u>

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

Year ended June 30,	Principal	Interest	Total
2015	\$ 94,607	\$ 2,791	\$ 97,398
2016	43,560	1,604	45,164
2017	44,112	1,052	45,164
2018	44,669	495	45,164
2019	18,756	35	18,791
2020	7,500		7,500
	<u>\$ 253,204</u>	<u>\$ 5,977</u>	<u>\$ 259,181</u>

Water Fund

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	\$ 317,183	\$ 41,615
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	200,917	22,980

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS

	Balance June 30, 2014	Current
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	53,764	4,800
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	15,647	945
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	9,378	566
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	1,231,896	81,082
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	423,264	25,553
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	165,066	9,965
Capital lease with Pinnacle Bank Wyoming for the purchase of equipment; 1.60% interest; matures July, 2013; quarterly payment of \$35,163	98,543	22,581
	<u>\$ 2,515,658</u>	<u>\$ 210,087</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	\$ 620,000	\$ 200,000

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	<u>Balance June 30, 2014</u>	<u>Current</u>
<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	\$ 55,000	\$ 55,000
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	98,070	11,194
	<u>\$ 153,070</u>	<u>\$ 66,194</u>
Total	<u>\$ 3,288,728</u>	<u>\$ 476,281</u>
Comprised of:		
Current portion of long-term debt	\$ 476,281	
Notes and lease obligation payable	2,812,447	
	<u>\$ 3,288,728</u>	

Changes

A summary of changes in the long-term debt of the proprietary funds for the year ending June 30, 2014 follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
<u>Water Fund -</u>				
State Loan and Investment Board	\$ 357,747	\$	\$ 40,564	\$ 317,183
State Loan and Investment Board	223,330		22,413	200,917
State Loan and Investment Board	9,930		552	9,378
State Loan and Investment Board	1,310,939		79,043	1,231,896
State Loan and Investment Board	16,569		922	15,647
State Loan and Investment Board	58,447		4,683	53,764
State Loan and Investment Board	448,186		24,922	423,264
State Loan and Investment Board	174,785		9,719	165,066
Lease purchase obligations		115,239	16,696	98,543
<u>Sewer Fund -</u>				
Series 1998B Refunding	80,000		25,000	55,000
State Loan and Investment Board	108,987		10,917	98,070
<u>Electric Fund -</u>				
Series 1998A Revenue Refunding Joint Powers Board	810,000		190,000	620,000
	<u>\$ 3,598,920</u>	<u>\$ 115,239</u>	<u>\$ 425,431</u>	<u>\$ 3,288,728</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Summary

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

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 476,281	\$ 78,060	\$ 554,341
2016	431,665	66,778	498,443
2017	447,068	56,714	503,782
2018	237,871	48,524	286,395
2019	225,572	42,790	268,362
2020 - 2024	949,959	132,336	1,082,295
2025 - 2027	520,312	29,245	549,557
	<u>\$ 3,288,728</u>	<u>\$ 454,447</u>	<u>\$ 3,743,175</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.

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

Major funds	
General fund	<u>\$ 33,268</u>

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 committed as follows:

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, 2014 is as follows:

Claims incurred but not reported June 30, 2013	\$ 88,239
Claims incurred	983,258
Claims paid	<u>(1,007,360)</u>
Claims incurred but not reported June 30, 2014	<u>\$ 64,137</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.

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.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 13. CONSOLIDATED WYOMING MUNICIPALITIES ELECTRIC POWER SYSTEM JOINT POWER BOARD (Continued)

During the year ending June 30, 2014, the City made a \$254,456 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	\$	\$ 48,691
Airport Fund	48,691	
	<u>\$ 48,691</u>	<u>\$ 48,691</u>

This transfer is to cover deficit balances incurred by funds.

	Transfers In	Transfers Out
Water Fund	\$ 4,765	\$
Electric Fund		4,765
	<u>\$ 4,765</u>	<u>\$ 4,765</u>

This transfer is to transfer the Capital Assets.

NOTE 15. PRIOR PERIOD ADJUSTMENT

In the prior period, capital assets were overstated on the Statement of Net Position for the government-wide funds. The amount of the overstatement was \$41,853. This caused income to be overstated by the same amount on the Statement of Activities. Therefore, there was no change in the prior year Net Position. However, it did result in an increase of \$41,853 of the June 30, 2013 General Fund's fund balance.

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments				
Sales taxes	\$ 942,170	\$ 942,170	\$ 870,679	\$( 71,491)
Optional sales tax	911,000	911,000	900,911	( 10,089)
Property taxes	267,408	267,408	267,256	( 152)
Use taxes			170,491	170,491
Vehicle registration	104,000	104,000	170,576	66,576
Total taxes and special assessments	<u>\$ 2,224,578</u>	<u>\$ 2,224,578</u>	<u>\$ 2,379,913</u>	<u>\$ 155,335</u>
Licenses and permits				
Clerk licenses and permits	\$ 28,000	\$ 28,000	\$ 39,408	\$ 11,408
Building permits	25,000	35,000	62,340	27,340
Total licenses and permits	<u>\$ 53,000</u>	<u>\$ 63,000</u>	<u>\$ 101,748</u>	<u>\$ 38,748</u>
Fines and forfeitures				
Police fines - municipal court	\$ 135,000	\$ 135,000	\$ 139,600	\$ 4,600
Intergovernmental revenue				
Mineral royalties	\$ 297,166	\$ 297,166	\$ 292,645	\$( 4,521)
Severance tax	242,124	242,124	244,100	1,976
Cigarette tax	55,844	55,844	53,225	( 2,619)
State gas tax	264,508	264,508	224,743	( 39,765)
Grants	1,654,475	1,662,475	840,358	( 822,117)
City dispatcher, reimbursement and 911	135,282	135,282	251,937	116,655
Rural fire protection reimbursement	42,600	42,600	38,841	( 3,759)
Supplemental local government funding	1,194,280	1,194,280	1,191,720	( 2,560)
Weed and pest assessment	10,000	10,000	10,000	
Total intergovernmental revenue	<u>\$ 3,896,279</u>	<u>\$ 3,904,279</u>	<u>\$ 3,147,569</u>	<u>\$( 756,710)</u>
Charges for services				
Police copies/report and wage reimbursement	\$ 5,000	\$ 5,000	\$ 5,290	\$ 290
Burglar alarms	200	200		( 200)
Golf course	273,300	287,300	246,605	( 40,695)
Pool	32,000	32,000	25,715	( 6,285)
Ambulance	478,747	478,747	413,994	( 64,753)
Cemetery	45,000	45,000	54,789	9,789
Other	856,447	856,447	487,343	( 369,104)
Total charges for services	<u>\$ 1,690,694</u>	<u>\$ 1,704,694</u>	<u>\$ 1,233,736</u>	<u>\$( 470,958)</u>
Miscellaneous revenue				
Investment interest	\$ 40,000	\$ 40,000	\$ 34,916	\$( 5,084)
Industrial park	5,000	5,000	6,096	1,096
Other income	105,700	105,700	132,180	26,480
Total miscellaneous revenue	<u>\$ 150,700</u>	<u>\$ 150,700</u>	<u>\$ 173,192</u>	<u>\$ 22,492</u>
Utilities revenue				
Administrative fees	\$ 1,563,641	\$ 1,563,641	\$ 1,492,196	\$( 71,445)
Cable television franchise	25,000	25,000	27,934	2,934
Natural gas franchise	40,000	40,000	49,101	9,101
Telephone franchise	6,900	6,900	2,400	( 4,500)
Total utilities revenue	<u>\$ 1,635,541</u>	<u>\$ 1,635,541</u>	<u>\$ 1,571,631</u>	<u>\$( 63,910)</u>
Total revenue	<u>\$ 9,785,792</u>	<u>\$ 9,817,792</u>	<u>\$ 8,747,389</u>	<u>\$( 1,070,403)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES:</b>				
General government				
Salaries and benefits	\$ 1,029,682	\$ 1,034,682	\$ 932,652	\$ 102,030
Mayor and council	310,864	310,864	214,953	95,911
Judicial	146,130	146,130	107,096	39,034
Clerk	155,650	155,650	126,421	29,229
Maintenance	14,269	14,269	12,242	2,027
Lincoln Community Complex	375,980	375,980	320,222	55,758
Special community projects	359,352	359,352	199,477	159,875
Total general government	<u>\$ 2,391,927</u>	<u>\$ 2,396,927</u>	<u>\$ 1,913,063</u>	<u>\$ 483,864</u>
Public safety and transportation				
Salaries and benefits	\$ 1,964,341	\$ 1,964,341	\$ 1,898,247	\$ 66,094
Police department	413,496	421,496	353,627	67,869
Fire department	189,568	189,568	140,868	48,700
Building inspector	71,990	71,990	18,120	53,870
Capital outlay	665,000	665,000	350,124	314,876
Total public safety and transportation	<u>\$ 3,304,395</u>	<u>\$ 3,312,395</u>	<u>\$ 2,760,986</u>	<u>\$ 551,409</u>
Public works				
Salary and benefits	\$ 507,102	\$ 512,102	\$ 511,618	\$ 484
Streets	496,626	496,626	293,024	203,602
Shop	43,015	43,015	34,619	8,396
Storm drain maintenance	88,833	88,833	19,979	68,854
Industrial park	28,300	28,300	11,511	16,789
Capital outlay	593,281	593,281	315,053	278,228
Total public works	<u>\$ 1,757,157</u>	<u>\$ 1,762,157</u>	<u>\$ 1,185,804</u>	<u>\$ 576,353</u>
Health, welfare and recreation				
Salaries and benefits	\$ 206,341	\$ 206,341	\$ 199,043	\$ 7,298
Parks	171,144	171,144	120,621	50,523
Museum	42,770	42,770	44,165	( 1,395)
Golf course	580,869	580,869	540,765	40,104
Pool	170,389	170,389	106,843	63,546
Ambulance	512,621	512,621	512,553	68
Cemetery	260,736	260,736	229,968	30,768
Capital outlay	913,464	934,464	575,691	358,773
Total health, welfare and recreation	<u>\$ 2,858,334</u>	<u>\$ 2,879,334</u>	<u>\$ 2,329,649</u>	<u>\$ 549,685</u>
Total expenditures	<u>\$ 10,311,813</u>	<u>\$ 10,350,813</u>	<u>\$ 8,189,502</u>	<u>\$ 2,161,311</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ ( 526,021)	\$ ( 533,021)	\$ 557,887	\$ 1,090,908
OTHER FINANCING SOURCES				
Transfers in from other funds	<u>( 1,161,149)</u>	<u>( 1,161,149)</u>	<u>( 48,691)</u>	<u>1,112,458</u>
NET CHANGES IN FUND BALANCE	<u>\$ ( 1,687,170)</u>	<u>\$ ( 1,694,170)</u>	\$ 509,196	<u>\$ 2,203,366</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>2,302,238</u>	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ 2,811,434</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gas tax	\$ 2,800	\$ 2,800	\$ 2,379	\$( 421)
Grants	230,300	264,300	272,764	8,464
Fee service	249,460	249,460	206,139	( 43,321)
Miscellaneous income	1,500	1,500	3,769	2,269
Total revenues	<u>\$ 484,060</u>	<u>\$ 518,060</u>	<u>\$ 485,051</u>	<u>\$( 33,009)</u>
EXPENDITURES:				
Transportation	\$ 299,445	\$ 299,445	\$ 279,278	\$ 20,167
Capital outlay	235,000	269,000	279,917	( 10,917)
Total expenditures	<u>\$ 534,445</u>	<u>\$ 568,445</u>	<u>\$ 559,195</u>	<u>\$ 9,250</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$( 50,385)</u>	<u>\$( 50,385)</u>	<u>\$( 74,144)</u>	<u>\$( 23,759)</u>
OTHER FINANCING SOURCES				
Transfers to other funds	<u>50,385</u>	<u>50,385</u>	<u>48,691</u>	<u>( 1,694)</u>
NET CHANGES IN FUND BALANCE	<u>\$</u>	<u>\$</u>	<u>\$( 25,453)</u>	<u>\$( 25,453)</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>18,344</u>	
FUND BALANCE (Non-GAAP) - Ending			<u>\$( 7,109)</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 and other financing sources	<u>\$ 8,806,279</u>	<u>\$( 58,890)</u>	<u>\$ 8,747,389</u>
Expenditures	<u>\$ 8,146,231</u>	<u>\$ 43,271</u>	<u>\$ 8,189,502</u>
<u>Airport Fund</u>			
Revenues	<u>\$ 500,167</u>	<u>\$( 15,116)</u>	<u>\$ 485,051</u>
Expenditures	<u>\$ 574,941</u>	<u>\$( 15,746)</u>	<u>\$ 559,195</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, 2014.

CITY OF TORRINGTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Torrington, Wyoming and is presented on the accrued basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

CITY OF TORRINGTON, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grant/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor Number</u>		<u>Federal Expenditures</u>
U.S. Department of Transportation: Passed through the Wyoming Department of Transportation - Highway Planning and Construction Program	20.205	STP-E-TO 0.00TL 11011	\$ 163,200	
Airport Improvement Grant	20.106	DOT-FA-13NM-1015	<u>266,096</u>	\$ 429,296
U.S. Department of Education: Passed through the Wyoming Department of Education - 21st Century Learning Centers	84.287			109,836
Passed through to Practice After School Program				
U.S. Department of Homeland Security: Passed through Wyoming Office of Homeland Security Homeland Security Grant Program	97.067	11-GDP-TOR-LP HLE 11 and 12-GDP-TOR-LP-HLE 11		23,018
U.S. Department of Justice: Passed through Wyoming Department of Criminal Investigation Edward Byrne Memorial Justice Grant	16.738			<u>42,616</u>
Total Expenditures of Federal Awards				<u>\$ 604,766</u>

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, 2014, 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 February 27, 2015.

#### **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 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 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 questioned costs 2014-001 that we consider to be a significant deficiency.

## **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 questioned costs. The 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.

A handwritten signature in black ink, appearing to read "R. L. Co.", is written over the printed name of the auditor.

February 27, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Torrington, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Torrington, Wyoming's major federal programs for the year ended June 30, 2014. The City of Torrington, Wyoming's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Torrington, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Torrington, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each City of Torrington, Wyoming's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion the City of Torrington, Wyoming complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133. Our opinion on each major federal program is not modified.

### **Report on Internal Control Over Compliance**

Management of the City of Torrington, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Torrington, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Torrington, Wyoming's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



February 27, 2015

CITY OF TORRINGTON, WYOMING

SUMMARY OF AUDIT RESULTS

JUNE 30, 2014

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Torrington, Wyoming.
2. One significant deficiency disclosed during the audit of the financial statements and is reported in the Schedule of Findings and Questions Costs. This deficiency is not reported as material weakness that are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Torrington, Wyoming were disclosed during the audit.
4. There are no significant deficiencies disclosed during the audit of the major federal award programs that are reported in the Schedule of Findings and Questioned Costs.
5. The auditors' report on compliance for the major federal award programs for the City of Torrington, Wyoming expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the City of Torrington, Wyoming are reported in this Schedule.
7. The programs tested as major program were U.S. Department of Transportation - Highway Planning and Construction Program (CFDA 20.205) and Airport Improvement Grant (CFDA 20.106).
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Torrington, Wyoming is not a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS**

**SIGNIFICANT DEFICIENCIES**

2014-001 Separation of Duties

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

1. Protect its assets against theft and waste.
2. Ensure compliance with the organizations' 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.

CITY OF TORRINGTON, WYOMING

SUMMARY OF AUDIT RESULTS  
JUNE 30, 2014

**FINDINGS - FINANCIAL STATEMENTS (Continued)**

SIGNIFICANT DEFICIENCIES (Continued)

2014-001 Separation of Duties (Continued)

**Condition:** Due to the small size of some departments of the City of Torrington, Wyoming, the possibility of adequate separation of duties 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.

**FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

U.S. DEPARTMENT OF TRANSPORTATION - Highway Planning and Construction Program (CFDA 20.205) and Airport Improvement Grant (CFDA 20.106). Passed through the Wyoming Department of Transportation.

No audit findings

CITY OF TORRINGTON, WYOMING  
STATUS OF PRIOR YEAR FINDINGS

2013-001 Separation of Duties

Ongoing comment and condition reflected as Finding 2014-001 in current year.