

CITY OF TORRINGTON, WYOMING

FINANCIAL REPORT

JUNE 30, 2015

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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, 2015, 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 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 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, 2015 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 35-38 and the defined pension benefit plan information on pages 39 – 40 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.

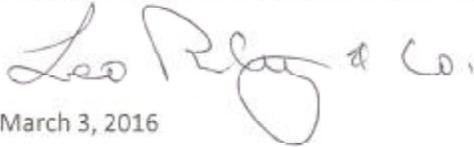
Management has omitted the management's discussion analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 3, 2016, 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.

Leo Riley & Co.

March 3, 2016

Government Wide- Financial Statements

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 2,712,878	\$ 7,744,300	\$ 10,457,178
Non-pooled cash and cash equivalents	666,156	184,352	850,508
Investments	494,264		494,264
Receivables (net of allowance for uncollectibles)			
Taxes	190,840		190,840
Accounts receivable	98,079	1,677,652	1,775,731
Grants receivable			
Interest receivable	4,216		4,216
Inventory	56,567	461,517	518,074
Total current assets	<u>\$ 4,223,000</u>	<u>\$ 10,067,821</u>	<u>\$ 14,290,811</u>
Non-current assets:			
Capital assets			
Land	\$ 1,413,154	\$ 342,633	\$ 1,755,787
Buildings and improvements	15,771,087	43,692,562	59,463,649
Machinery and equipment	4,054,244	4,126,131	8,180,375
Transportation equipment	1,987,330	2,137,221	4,124,551
Furniture and fixtures		8,628	8,628
Streets	2,975,595		2,975,595
Accumulated depreciation	(10,881,790)	(19,292,819)	(30,174,609)
Construction in progress	912,573	377,991	1,290,564
Total non-current assets	<u>\$ 16,232,193</u>	<u>\$ 31,392,347</u>	<u>\$ 47,624,540</u>
Total assets	<u>\$ 20,455,193</u>	<u>\$ 41,460,168</u>	<u>\$ 61,915,351</u>
DEFERRED OUTFLOW OF RESOURCES			
Retirement contributions	\$ 198,001	\$ 117,343	\$ 315,344
Proportionate share of change in investment earnings	196,724	123,390	320,114
Change in proportionate share of collective deferred outflow of resources	292,857	294,339	587,196
Deferred outflow of resources due to assumption changes		14,526	14,526
Total deferred outflow of resources	<u>\$ 687,582</u>	<u>\$ 549,598</u>	<u>\$ 1,237,180</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 614,139	\$ 1,026,952	\$ 1,641,091
Accrued expenses	395,417	103,268	498,685
Retainage payable		17,707	17,707
Claims payable	66,292		66,292
Customer deposits		167,338	167,338
Current portion of long-term debt	108,466	614,389	722,855
Total current liabilities	<u>\$ 1,184,314</u>	<u>\$ 1,929,654</u>	<u>\$ 3,113,968</u>
Non-current liabilities:			
Notes and lease obligations payable	\$ 357,716	\$ 3,029,974	\$ 3,387,690
Net pension liability	1,650,077	1,496,006	3,146,083
Landfill closure and postclosure costs		1,544,523	1,544,523
Total non-current liabilities	<u>\$ 2,007,793</u>	<u>\$ 6,070,503</u>	<u>\$ 8,078,296</u>
Total liabilities	<u>\$ 3,192,107</u>	<u>\$ 8,000,157</u>	<u>\$ 11,192,264</u>
NET POSITION			
Net investment in capital assets	\$ 15,766,012	\$ 27,730,277	\$ 43,496,289
Restricted		36,476	36,476
Unrestricted	2,184,656	6,242,846	8,427,502
Total net position	<u>\$ 17,950,668</u>	<u>\$ 34,009,599</u>	<u>\$ 51,960,267</u>

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

CITY OF TORRINGTON, WYOMING

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	\$ 2,002,602	\$ 1,834,234	\$ 19,663	\$ 940,151	\$ 791,446	\$ -	\$ 791,446
Public safety	2,713,865	160,523	230,105		(2,323,237)		(2,323,237)
Public works	1,598,833				(1,598,833)		(1,598,833)
Health, welfare and recreation	2,834,422	2,108,787			(725,635)		(725,635)
Transportation	409,659	154,700		170,449	(84,510)		(84,510)
Total governmental activities	<u>\$ 9,559,381</u>	<u>\$ 4,258,244</u>	<u>\$ 249,768</u>	<u>\$ 1,110,600</u>	<u>\$ (3,940,769)</u>	<u>\$ -</u>	<u>\$ (3,940,769)</u>
Business-type activities:							
Water	\$ 1,913,454	\$ 1,735,798	\$ -	\$ 400,025	\$ -	\$ 222,369	\$ 222,369
Sewer	1,091,470	1,244,750		157,532		310,812	310,812
Electrical	9,788,334	8,898,239				(890,095)	(890,095)
Sanitation	1,510,666	1,706,023		73,436		268,793	268,793
Ambulance	627,423	476,589		17,146		(133,688)	(133,688)
Total business-type activities	<u>\$ 14,931,347</u>	<u>\$ 14,061,399</u>	<u>\$ -</u>	<u>\$ 648,139</u>	<u>\$ -</u>	<u>\$ (221,809)</u>	<u>\$ (221,809)</u>
Total primary government	<u>\$ 24,490,728</u>	<u>\$ 18,319,643</u>	<u>\$ 249,768</u>	<u>\$ 1,758,739</u>	<u>\$ (3,940,769)</u>	<u>\$ (221,809)</u>	<u>\$ (4,162,578)</u>
General revenues:							
Taxes -							
Sales tax and uses taxes					\$ 1,051,669	\$ -	\$ 1,051,669
Property tax					278,273		278,273
Motor vehicle					119,021		119,021
Cigarette tax					45,746		45,746
State gas tax					250,029		250,029
Severance tax					245,170		245,170
Other tax					925,698		925,698
Gain on the sale of assets					(2,910)		(2,910)
Impact revenue					1,020,917		1,020,917
Insurance recovery					329,679		329,679
Mineral royalty					289,596		289,596
Miscellaneous revenue					120,774		120,774
Transfer					(138,017)	138,017	-
Unrestricted investment earnings					33,943		33,943
Utility franchises					67,390		67,390
Total general revenues					<u>\$ 4,636,978</u>	<u>\$ 138,017</u>	<u>\$ 4,774,995</u>
Change in net position					<u>\$ 696,209</u>	<u>\$ (83,792)</u>	<u>\$ 612,417</u>
Net position at beginning of year -restated (Notes 2 and 15)					<u>17,254,459</u>	<u>34,093,391</u>	<u>51,347,850</u>
Net position at end of year					<u>\$ 17,950,668</u>	<u>\$ 34,009,599</u>	<u>\$ 51,960,267</u>

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

**Governmental Funds
Financial Statements**

CITY OF TORRINGTON, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Airport Fund	Total Government Funds
ASSETS			
Pooled cash and cash equivalents	\$ 2,712,812	\$ -	\$ 2,712,812
Non-pooled cash and cash equivalents			
Investments	494,264		494,264
Receivables (net of allowance for uncollectibles)			
Taxes	190,839		190,839
Accounts receivable	18,850	4,763	23,613
Grants receivable			
Interest receivable	4,216		4,216
Inventory	56,567		56,567
Total assets	<u>\$ 3,477,548</u>	<u>\$ 4,763</u>	<u>\$ 3,482,311</u>
LIABILITIES			
Liabilities			
Accounts payable and accrued liabilities	\$ 848,156	\$ 18,100	\$ 866,256
Total Liabilities	<u>\$ 848,156</u>	<u>\$ 18,100</u>	<u>\$ 866,256</u>
DEFERRED INFLOWS			
Property taxes	\$ 4,080	\$ -	\$ 4,080
Total Deferred Inflows	<u>\$ 4,080</u>	<u>\$ -</u>	<u>\$ 4,080</u>
Fund balances			
Nonspendable	\$ 56,567	\$ -	\$ 56,567
Unassigned	2,568,745	(13,337)	2,555,408
Total fund balances	<u>\$ 2,625,312</u>	<u>\$ (13,337)</u>	<u>\$ 2,611,975</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 3,477,548</u>	<u>\$ 4,763</u>	<u>\$ 3,482,311</u>
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balance per balance sheet			\$ 2,611,975
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			16,232,194
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.			674,396
Long-term liabilities, including bonds payable and compensated absences, are not due and are not reported in the funds.			(1,571,977)
Some revenues are not available in the current period and, therefore, are not reported in the funds			4,080
Net assets of governmental activities			<u>\$ 17,950,668</u>

(The accompanying notes to the 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, 2015

	General Fund	Airport Fund	Total Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 3,051,378	\$ 170,449	\$ 3,221,827
Taxes and special assessments	2,374,889		2,374,889
Fines and forfeitures	160,523		160,523
Charges for services	2,220,885	154,700	2,375,585
Licenses and permits	128,678		128,678
Other	303,027	92	303,119
Total revenues	<u>\$ 8,239,380</u>	<u>\$ 325,241</u>	<u>\$ 8,564,621</u>
EXPENDITURES			
Current			
General government	\$ 1,743,314	\$	\$ 1,743,314
Public safety	2,428,126		2,428,126
Public works	1,322,237		1,322,237
Health, welfare and recreation	1,331,781		1,331,781
Transportation		297,219	297,219
Capital outlay	2,055,043	107,933	2,162,976
Debt service -			
Principal retirement	124,135		124,135
Interest and fiscal charges	3,507		3,507
Total expenditures	<u>\$ 9,008,143</u>	<u>\$ 405,152</u>	<u>\$ 9,413,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (768,763)</u>	<u>\$ (79,911)</u>	<u>\$ (848,674)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	\$ (229,986)	\$ 89,316	\$ (140,670)
Capital transfers	2,653		2,653
Proceeds from capital lease	364,274		364,274
Insurance proceeds	329,679		329,679
Total other financing sources and uses	<u>\$ 466,620</u>	<u>\$ 89,316</u>	<u>\$ 555,936</u>
Net changes in fund balances	\$ (302,143)	\$ 9,405	\$ (292,738)
Fund balances - Beginning of year	<u>2,927,455</u>	<u>(22,742)</u>	<u>2,904,713</u>
Fund balances - End of year	<u>\$ 2,625,312</u>	<u>\$ (13,337)</u>	<u>\$ 2,611,975</u>

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

Proprietary Funds Financial Statements

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
ASSETS							
Current assets							
Pooled cash and cash equivalents	\$ 964,530	\$ 2,641,432	\$ 2,730,192	\$ 1,408,146	\$	\$ 7,744,300	\$
Non-pooled cash and cash equivalents		43,357		123,338	17,657	184,352	666,222
Receivables (net of allowance for uncollectibles)							
Accounts receivable	155,496	107,939	727,568	111,317	132,545	1,234,865	74,466
Unbilled services	84,774		358,013			442,787	
Inventory, at cost	93,159	1,238	367,110			461,507	
Total current assets	<u>\$ 1,297,959</u>	<u>\$ 2,793,966</u>	<u>\$ 4,182,883</u>	<u>\$ 1,642,801</u>	<u>\$ 150,202</u>	<u>\$ 10,067,811</u>	<u>\$ 740,688</u>
Non-current assets							
Capital assets							
Land	\$ 42,726	\$ 15,737	\$ 71,045	\$ 213,125	\$	\$ 342,633	\$
Buildings and improvements	19,290,709	9,750,269	13,677,871	409,436	564,277	43,692,562	
Machinery and equipment	403,938	647,664	467,475	2,438,510	168,544	4,126,131	
Transportation equipment	135,081	321,187	515,375	796,089	369,489	2,137,221	
Furniture and fixtures			8,628			8,628	
Construction in progress		88,412	289,579			377,991	
Accumulated depreciation	(6,290,059)	(4,078,226)	(5,813,435)	(2,495,074)	(616,025)	(19,292,819)	
Total capital assets net of accumulated depreciation	<u>\$ 13,582,395</u>	<u>\$ 6,745,043</u>	<u>\$ 9,216,538</u>	<u>\$ 1,362,086</u>	<u>\$ 486,285</u>	<u>\$ 31,392,347</u>	<u>\$ -</u>
Total non-current assets	<u>\$ 13,582,395</u>	<u>\$ 6,745,043</u>	<u>\$ 9,216,538</u>	<u>\$ 1,362,086</u>	<u>\$ 486,285</u>	<u>\$ 31,392,347</u>	<u>\$ -</u>
Total assets	<u>\$ 14,880,354</u>	<u>\$ 9,539,009</u>	<u>\$ 13,399,421</u>	<u>\$ 3,004,887</u>	<u>\$ 636,487</u>	<u>\$ 41,460,158</u>	<u>\$ 740,688</u>
DEFERRED OUTFLOW OF RESOURCES							
Retirement contributions	\$ 22,230	\$ 13,981	\$ 40,579	\$ 24,865	\$ 15,688	\$ 117,343	\$ -
Proportionate share of change in investment earnings	23,212	14,598	42,370	25,963	17,247	123,390	
Change in proportionate share of collective deferred outflow of resources	55,639	34,991	101,561	62,232	39,916	294,339	
Deferred outflow due to assumption changes					14,526	14,526	
Total deferred outflow of resources	<u>\$ 101,081</u>	<u>\$ 63,570</u>	<u>\$ 184,510</u>	<u>\$ 113,060</u>	<u>\$ 72,851</u>	<u>\$ 535,072</u>	<u>\$ -</u>

(Continued)

(The accompanying notes to 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	Ambulance Fund	Total	
LIABILITIES							
Current liabilities							
Accounts payable	\$ 190,669	\$ 24,215	\$ 617,173	\$ 192,117	\$ 2,778	\$ 1,026,952	
Accrued liabilities	47,257	9,990	24,235	13,028	8,758	103,268	
Retainage payable	17,707					17,707	
Claims payable						-	66,292
Customer deposits			167,338			167,338	
Current portion of long-term debt	215,249	46,376	205,000	141,439	6,325	614,389	
Total current liabilities	<u>\$ 470,882</u>	<u>\$ 80,581</u>	<u>\$ 1,013,746</u>	<u>\$ 346,584</u>	<u>\$ 17,861</u>	<u>\$ 1,929,654</u>	<u>\$ 66,292</u>
Non-current liabilities							
Notes and lease obligations payable	\$ 2,088,125	\$ 201,338	\$ 215,000	\$ 510,899	\$ 14,612	\$ 3,029,974	\$
Net pension liability	283,102	178,042	516,765	316,651	201,446	1,496,006	
Landfill closure and postclosure costs				1,544,523		1,544,523	
Total non-current liabilities	<u>\$ 2,371,227</u>	<u>\$ 379,380</u>	<u>\$ 731,765</u>	<u>\$ 2,372,073</u>	<u>\$ 216,058</u>	<u>\$ 6,070,503</u>	<u>\$</u>
Total liabilities	<u>\$ 2,842,109</u>	<u>\$ 459,961</u>	<u>\$ 1,745,511</u>	<u>\$ 2,718,657</u>	<u>\$ 233,919</u>	<u>\$ 8,000,157</u>	<u>\$ 66,292</u>
NET POSITION							
Net investment in capital assets	\$ 11,261,314	\$ 6,497,330	\$ 8,796,538	\$ 709,747	\$ 465,348	\$ 27,730,277	\$
Restricted					36,476	36,476	
Unrestricted	878,012	2,645,288	3,041,882	(310,457)	(11,879)	6,242,846	674,396
Total net position	<u>\$ 12,139,326</u>	<u>\$ 9,142,618</u>	<u>\$ 11,838,420</u>	<u>\$ 399,290</u>	<u>\$ 489,945</u>	<u>\$ 34,009,599</u>	<u>\$ 674,396</u>

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

CITY OF TORRINGTON, WYOMING

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
OPERATING REVENUE							
Charges for services	\$ 1,730,475	\$ 1,229,245	\$ 8,855,591	\$ 1,701,888	\$ 472,112	\$ 13,989,311	\$ 1,501,595
Miscellaneous	5,323	15,505	42,648	4,135	4,477	72,088	
Total operating revenue	<u>\$ 1,735,798</u>	<u>\$ 1,244,750</u>	<u>\$ 8,898,239</u>	<u>\$ 1,706,023</u>	<u>\$ 476,589</u>	<u>\$ 14,061,399</u>	<u>\$ 1,501,595</u>
OPERATING EXPENSES							
Salaries and benefits	\$ 487,108	\$ 240,656	\$ 713,891	\$ 488,495	\$ 368,571	\$ 2,298,721	\$
Public works	696,586	474,686	8,558,748	827,130		10,557,150	
Health, welfare and recreation					170,156	170,156	1,210,582
Claims paid							
Depreciation	672,271	371,705	501,874	191,116	88,294	1,825,260	
Total operating expenses	<u>\$ 1,855,965</u>	<u>\$ 1,087,047</u>	<u>\$ 9,774,513</u>	<u>\$ 1,506,741</u>	<u>\$ 627,021</u>	<u>\$ 14,851,287</u>	<u>\$ 1,210,582</u>
OPERATING INCOME (LOSS)	\$ (120,167)	\$ 157,703	\$ (876,274)	\$ 199,282	\$ (150,432)	\$ (789,888)	\$ 291,013
NONOPERATING REVENUES (EXPENSES)							
Grants	\$ 400,025	\$ 157,532	\$	\$ 73,436	\$ 17,146	\$ 648,139	\$
Interest income							850
Interest expense	(57,489)	(4,423)	(13,821)	(3,925)	(403)	(80,061)	
INCOME (LOSS) BEFORE TRANSFERS	\$ 222,369	\$ 310,812	\$ (890,095)	\$ 268,793	\$ (133,689)	\$ (221,810)	\$ 291,863
TRANSFERS IN (OUT) - CASH					140,670	140,670	
TRANSFERS IN (OUT) - CAPITAL ASSETS			(2,652)			(2,652)	
CHANGES IN NET POSITION	<u>\$ 222,369</u>	<u>\$ 310,812</u>	<u>\$ (892,747)</u>	<u>\$ 268,793</u>	<u>\$ 6,981</u>	<u>\$ (83,792)</u>	<u>\$ 291,863</u>
NET POSITION - Beginning of year restated	11,916,957	8,831,806	12,731,167	130,497	482,964	34,093,391	382,533
NET POSITION - End of year	<u>\$ 12,139,326</u>	<u>\$ 9,142,618</u>	<u>\$ 11,838,420</u>	<u>\$ 399,290</u>	<u>\$ 489,945</u>	<u>\$ 34,009,599</u>	<u>\$ 674,396</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, 2015

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 1,730,342	\$ 1,223,937	\$ 8,755,296	\$ 1,702,260	\$ 401,812	\$ 13,813,647	\$ 1,427,129
Payments to employees and employee benefits	(460,050)	(222,341)	(649,118)	(451,870)	(342,049)	(2,125,428)	
Payments for supplies	(703,411)	(498,951)	(8,456,871)	(782,682)	(172,497)	(10,614,412)	
Payments for insurance premiums and claims							(1,208,427)
Other receipts (payments)	5,322	1,957	46,075	17,687		71,041	
Net cash provided by operating activities	<u>\$ 572,203</u>	<u>\$ 504,602</u>	<u>\$ (304,618)</u>	<u>\$ 485,395</u>	<u>\$ (112,734)</u>	<u>\$ 1,144,848</u>	<u>\$ 218,702</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, disposal and construction of capital assets	\$ (889,457)	\$ (625,160)	\$ (417,738)	\$ (793,815)	\$ (35,515)	\$ (2,761,685)	\$ -
Principal payments on capital leases and other long-term debt	(212,284)	(54,345)	(200,000)	(70,991)	(6,224)	(543,844)	
Interest payments on capital leases and other long-term debt	(60,434)	(4,704)	(13,821)	(3,925)	(402)	(83,286)	
Proceeds from notes payable and capital leases		178,490		723,329		901,819	
Contribution in aid of construction	400,025	157,533		73,436	17,146	648,140	
Net cash used for capital and related financing activities	<u>\$ (762,150)</u>	<u>\$ (348,186)</u>	<u>\$ (631,559)</u>	<u>\$ (71,966)</u>	<u>\$ (24,995)</u>	<u>\$ (1,838,856)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Operating transfers	\$ -	\$ -	\$ -	\$ -	\$ 140,670	\$ 140,670	\$ -
Interest income received							\$ 850
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,670</u>	<u>\$ 140,670</u>	<u>\$ 850</u>
Net increase (decrease) in cash and cash equivalents	\$ (189,947)	\$ 156,416	\$ (936,177)	\$ 413,429	\$ 2,941	\$ (553,338)	\$ 219,552
Cash and cash equivalents - Beginning of year	1,154,477	2,528,373	3,666,369	1,118,055	14,716	8,481,990	446,670
Cash and cash equivalents - End of year	<u>\$ 964,530</u>	<u>\$ 2,684,789</u>	<u>\$ 2,730,192</u>	<u>\$ 1,531,484</u>	<u>\$ 17,657</u>	<u>\$ 7,928,652</u>	<u>\$ 666,222</u>

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

	Business-type Activities Enterprise Funds					Total	Governmental
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		Internal Service Fund
Reconciliation of operating income to net cash provided by (used for) operating activities:							
Operating income	\$ (120,167)	\$ 157,703	\$ (876,274)	\$ 199,282	\$ (150,432)	\$ (789,888)	\$ 291,013
Adjustments to reconcile operating income to net cash provided by activities:							
Depreciation	\$ 672,271	\$ 371,705	\$ 501,874	\$ 191,116	\$ 88,294	\$ 1,825,260	\$
Provision for bad debts	(3,049)	(970)	(4,746)	(1,317)	1,780	(8,302)	
(Increase) decrease in -							
Receivables	2,808	(17,886)	(105,067)	15,240	(76,555)	(181,460)	(74,466)
Claims receivable							
Inventory	(3,656)	299	15,949			12,592	
(Increase) decrease in -							
Accounts payable	(20,876)	(25,220)	108,285	17,892	(2,338)	77,743	
Claims payable							2,155
Deposits			32,871			32,871	
Accrued expenses	(948)	1,380	(28,828)	4,491	(293)	(24,198)	
Retainage payable	17,707					17,707	
Net pension	28,114	17,681	51,318	31,445	26,810	155,368	
Closure/postclosure liability				27,246		\$ 27,246	
Total adjustments	\$ 692,371	\$ 346,989	\$ 571,656	\$ 258,867	\$ 37,698	\$ 1,907,581	\$ (72,311)
Net cash provided by operating activities	\$ 572,204	\$ 504,692	\$ (304,618)	\$ 458,149	\$ (112,734)	\$ 1,117,693	\$ 218,702

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

Notes to Financial Statements

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 inter-fund 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 inter-fund 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 non-operating 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 non-operating 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, 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 major funds. Accordingly, the City reports the following major governmental funds:

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2015, 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.

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.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$4,080 for the change in outstanding property taxes not received within 60 days of the City's year end.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, pension expense, information about the fiduciary net pension of the Wyoming Retirement System (WRS) have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Restatements of Prior Year Net Position

The Government Accounting Standards Board has issued a new accounting pronouncement (*GASB 68 Accounting and Financial Reporting for Pensions*) that the District has reviewed for application to their accounting and financial reporting.

The pronouncement is effective for fiscal years beginning after June 15, 2014 with required retroactive application. The pronouncement will now require employers participating in a defined benefit pension plan to reflect in the employer's financial statements their proportionate share of the collective net pension benefit obligation and the related deferred inflows and outflows of the plan. The net pension benefit obligation equals the present value of the projected benefit payments to current and inactive employees attributed to past service less the amount of the pension plan's fiduciary net position.

In connection with adoption of this pronouncement the City's net position as of June 30, 2014 was restated as follows:

	Governmental Activities	Enterprise Fund
Net position June 30, 2014	\$ 18,640,605	\$ 34,314,210
Proportionate share of collective net pension benefit obligations	(1,008,103)	(899,260)
Deferred outflows - pension Contributions	<u>192,178</u>	<u>108,220</u>
Adjusted net position attributed to GASB 68	\$ 17,824,680	\$ 33,523,170
Ambulance reclassification-(see Note 15)	<u>(570,221)</u>	<u>570,221</u>
	<u>\$ 17,254,459</u>	<u>\$ 34,093,391</u>

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Plan Description

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 of the City's full-time employees are eligible to participate. 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.

Benefits

The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. Employees age 60 with 4 years of service or meeting the rule of 85 (age plus years of service equaling or exceeding 85) are eligible for full retirement. Retirement benefits are determined by applying a multiplier (ranging between 2% and 2.25%) to the participants earned service credits and highest average salary over 36 to 60 months of continuous acceptable salary. To qualify for disability benefits the participant must become disabled while participating in the System, have at least 10 years of service before age 60 for Tier 1 participants and age 65 for Tier 2 participants. Death benefits prior to retirement are calculated at 2 times the participant's account balance.

Contributions

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:

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. PENSION PLAN (Continued)

	<u>Plan Member Contributions</u>	<u>City Contributions</u>
Public Employee Pension Plan	8.25%	7.62%
Law enforcement	8.60%	8.60%
Volunteer EMT Pension Plan	\$12.50/month	

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 required employee contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The City's contributions to the system for the years ended June 30, 2015, equal to the required contributions for each year follows:

Public Employee Pension Plan	\$ 460,494
Law Enforcement Pension Plan	174,089
Volunteer EMT Pension Plan	850
	<u>\$ 635,433</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported a liability for its proportionate share of the net pension liability as follows:

Public Employee Pension Plan	\$ 2,942,850
Law Enforcement Pension Plan	196,309
Volunteer EMT Pension Plan	6,924
	<u>\$ 3,146,083</u>

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At December 31, 2014 and 2013, the City's proportion was:

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Public Employee Pension Plan	0.16676%	0.11921%
Law Enforcement Pension Plan	0.66628%	0.61735%
Volunteer EMT Pension Plan	4.62459%	5.24292%

For the year ended June 30, 2015, the City recognized an additional pension expense due to the requirements of GASB 68 as follows:

Additional Pension Expense	\$ 146,571
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CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 320,114
Changes in proportion and differences between City contributions and proportionate share of contributions	587,196
Net difference due to assumption change in the discount rate	14,526
City contributions subsequent to the measurement date	315,344
	<u>\$ 1,237,180</u>

The City reported deferred outflows of resource of \$315,344, related to contributions made subsequent to the measurement date. These deferred outflows of resources will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Primary Government Year Ended <u>June 30</u>	<u>Outflows</u>
2016	\$230,459
2017	230,459
2018	230,459
2019	<u>230,459</u>
	\$921,836

Actuarial Assumptions

The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Primary Government	<u>Inflation</u>	<u>Salary Increases (including Inflation)</u>	<u>Investment Rate of Return</u>
Public Employee Pension Plan	3.25%	4.25% to 6.00%	7.75%
Law Enforcement Pension Plan	3.25%	4.25% to 8.00%	7.75%
Volunteer EMT Pension Plan	3.25%	0.00%	7.75%

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

The investment rate of return is net of plan investment expenses and includes inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Long-Term Expected Return on Plan Assets

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant and actuary. Additional information about the assumed rate of investment return is included in the actuarial valuation report as of January 1, 2014. In addition, a five year experience study was completed as of December 31, 2011 and this study provides a detailed analysis regarding recommendations on the long term rates for inflation and the real rate of return. The assumed rate of investment return of 7.75% falls within a reasonable range of the long-term expected rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following is an estimate of each major asset class that is included in the Public Employees' Pension Plan, Law Enforcement Pension Plan and Volunteer EMT Pension Plan and the targeted asset allocation as of January 1, 2014.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.50%	.50%
Fixed income	15.00%	.80%
Equity	55.00%	5.26%
Marketable securities	15.50%	.79%
Private markets	12.00%	5.76%
Total	<u>100.00%</u>	

Single Discount Rate

A Single Discount Rate of 7.75% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.75%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and the employer contributions will be made at the current schedule contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. PENSION PLAN (Continued)

Sensitivity of Results

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.75% for the Public Employee Pension Plan and the Law Enforcement Pension Plan, the Volunteer EMT Pension Plan uses 5.5%, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Primary Government

Public Employee Pension Plan

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
City's proportionate share of net pension liability	<u>\$ 4,598,788</u>	<u>\$ 2,942,854</u>	<u>\$ 1,552,251</u>

Law Enforcement Pension Plan

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
City's proportionate share of net pension liability	<u>\$ 681,828</u>	<u>\$ 196,309</u>	<u>\$ (117,606)</u>

Volunteer EMT Pension Plan

	1% Decrease <u>(4.50%)</u>	Current Discount Rate <u>(5.50%)</u>	1% Increase <u>(6.50%)</u>
City's proportionate share of net pension liability	<u>\$ 20,763</u>	<u>\$ 6,924</u>	<u>\$ (3,959)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System report.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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, 2015 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	\$ 494,264	\$ 497,345	\$(3,081)

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>FNMA Bonds</u>
<u>Maturities</u>					
More than 10 years	\$ 183,396	\$ 146,458	\$ 75,930	\$ 59,680	\$ 28,800

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 post-closure 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 post-closure 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 \$1,544,523 reported as landfill closure and post-closure care liability at June 30, 2015, represents the total estimated closure and post-closure costs to date. The closure and post-closure care costs are charged to expense based on annual usage compared to estimated total capacity of the landfill. Estimated closure and post-closure 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 34.5 years. The landfill is approximately 33% full.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5. SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

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 post-closure costs charged to expense based on estimated usage were \$27,246 for the year ended June 30, 2015.

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>Airport Fund</u>	<u>Total</u>
	<u>General</u>	<u>Golf</u>	<u>Pool</u>	<u>Cemetery</u>	<u>Health</u>		
Accounts receivable	<u>\$ 16,998</u>	<u>\$ 650</u>	<u>\$ 212</u>	<u>\$ 990</u>	<u>\$ 74,466</u>	<u>\$ 4,763</u>	<u>\$ 98,079</u>

Proprietary Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Sanitation Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
	Accounts receivable	\$163,503	\$ 113,320	\$ 767,960	\$ 116,465	\$ 192,095
Allowance for uncollectible accounts	<u>(8,007)</u>	<u>(5,381)</u>	<u>(40,392)</u>	<u>(5,148)</u>	<u>(59,550)</u>	<u>(118,478)</u>
Net receivables	<u>\$155,496</u>	<u>\$ 107,939</u>	<u>\$ 727,568</u>	<u>\$ 111,317</u>	<u>\$ 132,545</u>	<u>\$ 1,234,865</u>

Accounts receivable	\$ 1,451,422
Allowance for uncollectible Accounts	<u>(118,478)</u>
Net receivables	<u>\$ 1,332,944</u>

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 Fixed assets

Capital asset activity during 2015 was as follows:

	Restated Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Government activities:				
Land	\$ 1,048,932	\$ 364,222	\$ -	\$ 1,413,154
Building and improvements	15,571,528	199,559		15,771,087
Machinery and equipment	3,469,988	739,520	155,264	4,054,244
Transportation equipment	1,255,240	822,434	90,344	1,987,330
Streets	2,917,673	57,922		2,975,595
Construction in progress	821,043	909,349	817,819	912,573
	<u>\$ 25,084,404</u>	<u>\$ 3,093,006</u>	<u>\$ 1,063,427</u>	<u>\$ 27,113,983</u>
Accumulated depreciation	<u>\$ 9,948,735</u>	<u>\$ 1,079,454</u>	<u>\$ 146,399</u>	<u>\$ 10,881,790</u>
Business-type activities:				
Land	\$ 342,633	\$ -	\$ -	\$ 342,633
Building and improvements	42,002,182	1,690,380		43,692,562
Machinery and equipment	3,535,169	854,841	263,879	4,126,131
Transportation equipment	1,827,841	347,948	38,568	2,137,221
Furniture and fixtures	8,628	-	-	8,628
Construction in progress	196,671	635,861	454,541	377,991
	<u>\$ 47,913,124</u>	<u>\$ 3,529,030</u>	<u>\$ 756,988</u>	<u>\$ 50,685,166</u>
Accumulated depreciation	<u>\$ 17,767,353</u>	<u>\$ 1,825,260</u>	<u>\$ 299,794</u>	<u>\$ 19,292,819</u>

Included in fixed assets are capital leases of \$ for vehicles and equipment.

Depreciation expense was charged to function as follows:

Governmental activities:		
General government		\$ 195,297
Public safety		255,051
Public works		245,287
Health, welfare and recreation		255,468
Transportation		112,438
		<u>\$ 1,063,541</u>
Depreciated assets transferred from the Enterprise Funds		15,913
Total government activities		<u>\$ 1,079,454</u>
Business-type activities:		
Water Fund		\$ 672,271
Sewer Fund		371,705
Electric Fund		501,874
Sanitation Fund		191,116
Ambulance Fund		88,294
Total business-type activities		<u>\$ 1,825,260</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, 2015	Current Portion
<u>General Fund</u>		
Capital lease with Bank of the West for the purchase of equipment: 1.40% interest; matures December 2019; quarterly payments of \$18,864	\$ 328,523	\$ 71,230
Capital lease with Wyoming Association of Municipalities for the purchase of equipment; 0.00% interest; matures January 2020; quarterly payments of \$2,500	47,500	10,000
Capital lease with Pinnacle Bank Wyoming for the purchase of equipment: 1.60% interest; matures July, 2018; quarterly payment of \$35,163	90,159	27,236
	<u>\$ 466,182</u>	<u>\$ 108,466</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, 2014	Additions	Deletions	Balance June 30, 2015
Lease purchase obligations	<u>\$ 226,043</u>	<u>\$ 364,274</u>	<u>\$ 124,135</u>	<u>\$ 466,182</u>

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

Year ended June 30,	Principal	Interest	Total
2016	\$ 108,466	\$ 5,527	\$ 113,993
2017	109,916	4,077	113,993
2018	111,384	2,609	113,993
2019	91,385	1,205	92,590
2020	45,031	198	45,229
	<u>\$ 466,182</u>	<u>\$ 13,616</u>	<u>\$ 479,798</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	\$ 275,530	\$ 42,670
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	177,993	23,560

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS

	<u>Balance June 30, 2015</u>	<u>Current</u>
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	48,928	4,918
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	14,706	968
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	8,814	580
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	1,148,487	83,192
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	397,814	26,196
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	155,140	10,216
Capital lease with Pinnacle Bank of Wyoming for the purchase of equipment: 1.60% interest; matures July, 2013; quarterly payment of \$6,011	\$ 75,962	\$ 22,947
	<u>\$ 2,303,374</u>	<u>\$ 215,247</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	\$ 420,000	\$ 205,000

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	<u>Balance June 30, 2015</u>	<u>Current</u>
<u>Sewer Fund</u>		
Capital lease with Banker's Bank of the West for the purchase of equipment: 1.40% interest; matures October, 2019; quarterly payment of \$2,070	\$ 160,972	\$ 34,902
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	<u>86,742</u>	<u>11,474</u>
Total	<u>\$ 247,714</u>	<u>\$ 46,376</u>
<u>Sanitation Fund</u>		
Capital lease with Banker's Bank of the West for the purchase of equipment: 1.40% interest; matures October, 2019; quarterly payment of \$37,458	<u>\$ 652,338</u>	<u>\$ 141,439</u>
<u>Ambulance Fund</u>		
Capital lease with Pinnacle Bank Wyoming for the purchase of equipment: 1.60% interest; matures July, 2018; quarterly payment of \$1,657	<u>\$ 20,937</u>	<u>\$ 6,325</u>
Total	<u>\$ 3,644,362</u>	<u>\$ 614,389</u>
Comprised of:		
Current portion of long-term debt	\$ 614,389	
Notes and lease obligation payable	<u>3,029,974</u>	
	<u>\$ 3,644,363</u>	
<u>Changes</u>		

A summary of changes in the long-term debt of the proprietary funds for the year ending June 30, 2015 follows:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<u>Water Fund -</u>				
State Loan and Investment Board	\$ 317,183	\$	\$ 41,653	\$ 275,530
State Loan and Investment Board	200,917		22,924	177,993
State Loan and Investment Board	9,378		564	8,814
State Loan and Investment Board	1,231,896		83,409	1,148,487
State Loan and Investment Board	15,647		941	14,706
State Loan and Investment Board	53,764		4,836	48,928
State Loan and Investment Board	423,264		25,450	397,814
State Loan and Investment Board	165,066		9,926	155,140
Lease purchase obligation	98,543		22,581	75,962
<u>Sewer Fund -</u>				
Series 1998B Refunding	55,000		55,000	
State Loan and Investment Board	98,070		11,328	86,742
Lease purchase obligation		178,490	17,518	160,972

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Electric Fund - Joint Powers Board	620,000		200,000	420,000
Sanitation Fund - Lease purchase obligations		723,329	70,991	652,338
Ambulance - Lease purchase obligations	27,161		6,224	20,937
	<u>\$3,315,889</u>	<u>\$ 901,819</u>	<u>\$ 573,345</u>	<u>\$3,644,363</u>

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>
2016	\$ 614,389	\$ 77,485	\$ 691,874
2017	632,379	64,834	697,213
2018	425,805	54,021	479,826
2019	411,177	45,647	456,824
2020	318,117	37,637	355,754
2021 - 2025	876,585	107,996	984,581
2026 - 2028	<u>365,911</u>	<u>15,902</u>	<u>381,813</u>
	<u>\$ 3,644,363</u>	<u>\$ 403,522</u>	<u>\$ 4,047,885</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:

- Non-spendable fund balance - amounts that are not in non-spendable 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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. FUND BALANCE (Continued)

- 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 non-spendable for inventory as follows:

Major funds	
General fund	\$ <u>56,567</u>

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

Restricted net position in the enterprise funds consist of:

Ambulance	\$ <u>36,476</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, 2015 is as follows:

Claims incurred but not reported June 30, 2014	\$ 64,137
Claims incurred	1,210,582
Claims paid	<u>(1,208,427)</u>
Claims incurred but not reported June 30, 2015	<u>\$ 66,292</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 have 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, 2015, the City made a \$260,728 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	\$	\$ 229,986
Airport Fund	89,316	
Ambulance Fund	140,670	
	<u>\$ 229,986</u>	<u>\$ 229,986</u>

This transfer is to cover deficit balances incurred by funds.

	Transfers In	Transfers Out
General Fund	\$ 2,653	\$
Electric Fund		2,653
	<u>\$ 2,653</u>	<u>\$ 2,653</u>

This transfer is to transfer the Capital Assets.

NOTE 15. AMBULANCE FUND

During the year ending June 30, 2015 the Ambulance Fund is shown as a separate enterprise fund and not part of the General Fund. This change resulted in a decrease of General Fund net position of \$570,221 and the fund equity on the balance sheet of the General Fund decreased by \$67,271.

Required Supplementary Information

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes and special assessments				
Sales taxes	\$ 1,079,493	\$ 1,079,493	\$ 864,582	\$ (214,911)
Optional sales tax	899,880	899,880	932,224	32,344
Property taxes	267,408	267,408	278,273	10,865
Use taxes			187,087	187,087
Vehicle registration	104,000	104,000	119,021	15,021
Total taxes and special assessments	<u>\$ 2,350,781</u>	<u>\$ 2,350,780</u>	<u>\$ 2,381,187</u>	<u>\$ 30,406</u>
Licenses and permits				
Clerk licenses and permits	\$ 28,000	\$ 33,000	\$ 41,635	\$ 8,635
Building permits	15,000	15,000	87,043	72,043
Total licenses and permits	<u>\$ 43,000</u>	<u>\$ 48,000</u>	<u>\$ 128,678</u>	<u>\$ 80,678</u>
Fines and forfeitures				
Police fines - municipal court	\$ 135,000	\$ 146,000	\$ 160,523	\$ 14,523
Intergovernmental revenue				
Mineral royalties	\$ 285,910	\$ 285,910	\$ 289,596	\$ 3,686
Severance tax	242,124	242,124	245,170	3,046
Cigarette tax	53,536	53,536	45,746	(7,790)
State gas tax	263,980	263,980	250,029	(13,951)
Grants	1,531,760	1,531,760	1,042,970	(488,790)
City dispatcher, reimbursement and 911	117,800	117,800	114,951	(2,849)
Rural fire protection reimbursement	42,600	42,600	31,997	(10,603)
Supplemental local government funding	1,020,830	1,020,830	1,020,917	87
Weed and pest assessment	10,000	10,000	10,000	
Total intergovernmental revenue	<u>\$ 3,568,540</u>	<u>\$ 3,568,540</u>	<u>\$ 3,051,376</u>	<u>\$ (517,164)</u>
Charges for services				
Police copies/report and wage reimbursement	\$ 5,000	\$ 5,000	\$ 3,365	\$ (1,635)
Burglar alarms	200	200		(200)
Golf course	273,591	273,591	243,237	(30,354)
Pool	31,000	31,000	32,694	1,694
Cemetery	45,000	45,000	69,158	24,158
Other	661,623	661,623	352,497	(309,126)
Total charges for services	<u>\$ 1,016,414</u>	<u>\$ 1,016,414</u>	<u>\$ 700,951</u>	<u>\$ (315,463)</u>
Miscellaneous revenue				
Investment interest	\$ 30,000	\$ 30,000	\$ 33,093	\$ 3,093
Industrial park	5,000	5,000		(5,000)
Other income	105,200	105,200	42,983	(62,217)
Total miscellaneous revenue	<u>\$ 140,200</u>	<u>\$ 140,200</u>	<u>\$ 76,076</u>	<u>\$ (64,124)</u>
Utilities revenue				
Administrative fees	\$ 1,813,733	\$ 1,813,733	\$ 1,609,469	\$ (204,264)
Cable television franchise	25,000	25,000	19,204	(5,796)
Natural gas franchise	40,000	40,000	41,563	1,563
Telephone franchise	2,400	2,400	6,622	4,222
Total utilities revenue	<u>1,881,133</u>	<u>\$ 1,881,133</u>	<u>\$ 1,676,858</u>	<u>\$ (204,275)</u>
Total revenue	<u>\$ 9,135,068</u>	<u>\$ 9,151,068</u>	<u>\$ 8,175,649</u>	<u>\$ (975,419)</u>

(The accompanying notes to the budgetary comparison are an integral part of this schedule)

(Continued)

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES:				
General government				
Mayor and council	\$ 476,850	\$ 476,850	\$ 325,084	\$ 151,766
Judicial	225,345	225,345	213,363	11,982
Clerk	834,898	839,898	773,449	66,449
Maintenance	88,493	88,493	79,027	9,466
Lincoln Community Complex	359,319	359,319	262,232	97,087
Special community projects	147,235	147,235	122,179	25,056
Total general government	<u>\$ 2,132,140</u>	<u>\$ 2,137,140</u>	<u>\$ 1,775,334</u>	<u>\$ 361,806</u>
Public safety and transportation				
Police department	\$ 2,344,542	\$ 2,355,542	\$ 2,137,174	\$ 218,368
Fire department	210,318	210,318	174,187	36,131
Building inspector	516,471	516,471	399,141	117,330
Capital outlay	351,478	351,478	341,064	10,414
Total public safety and transportation	<u>\$ 3,422,809</u>	<u>\$ 3,433,809</u>	<u>\$ 3,051,566</u>	<u>\$ 382,243</u>
Public works				
Streets	\$ 755,803	\$ 755,803	\$ 592,733	\$ 163,070
Shop	228,914	228,914	207,892	21,022
Storm drain maintenance	92,250	92,250	14,517	77,733
Industrial park	37,300	37,300	28,495	8,805
Capital outlay	537,473	537,473	254,470	283,003
Total public works	<u>\$ 1,651,740</u>	<u>\$ 1,651,740</u>	<u>\$ 1,098,107</u>	<u>\$ 553,633</u>
Health, welfare and recreation				
Parks	\$ 355,124	\$ 355,124	\$ 304,461	\$ 50,663
Museum	120,831	120,831	102,398	18,433
Golf course	623,909	623,909	561,788	62,121
Pool	250,903	250,903	166,585	84,318
Cemetery	315,152	315,152	264,513	50,639
Capital outlay	3,003,334	3,003,334	1,956,016	1,047,318
Total health, welfare and recreation	<u>\$ 4,669,253</u>	<u>\$ 4,669,253</u>	<u>\$ 3,355,761</u>	<u>\$ 1,313,492</u>
Total expenditures	<u>\$ 11,875,942</u>	<u>\$ 11,891,942</u>	<u>\$ 9,280,768</u>	<u>\$ 2,611,174</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (2,740,874)	\$ (2,740,874)	\$ (1,105,119)	\$ 1,635,755
OTHER FINANCING SOURCES				
Transfers in (out) from other funds	<u>\$ (583,409)</u>	<u>\$ (583,409)</u>	<u>\$ (227,333)</u>	<u>\$ 356,076</u>
NET CHANGES IN FUND BALANCE	<u>\$ (3,324,283)</u>	<u>\$ (3,324,283)</u>	<u>\$ (1,332,452)</u>	<u>\$ 1,991,831</u>
FUND BALANCE (Non-GAAP) - Beginning			2,284,581	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ 952,129</u>	

(The accompanying notes to the budgetary comparison are an integral part of this schedule)

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gas tax	\$ 2,400	\$ 2,400	\$ 2,923	\$ 523
Grants	255,030	255,030	185,566	(69,464)
Fee service	249,460	249,460	151,777	(97,683)
Miscellaneous income	1,500	1,500	92	(1,408)
Total revenues	<u>\$ 508,390</u>	<u>\$ 508,390</u>	<u>\$ 340,358</u>	<u>\$ (168,032)</u>
EXPENDITURES:				
Transportation	\$ 338,526	\$ 338,526	\$ 236,173	\$ 102,353
Capital outlay	270,167	270,167	168,979	101,188
Total expenditures	<u>\$ 608,693</u>	<u>\$ 608,693</u>	<u>\$ 405,152</u>	<u>\$ 203,541</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (100,303)	\$ (100,303)	\$ (64,794)	\$ 35,509
OTHER FINANCING SOURCES				
Transfers to other funds	<u>\$ 100,303</u>	<u>\$ 100,303</u>	<u>\$ 89,316</u>	<u>\$ (10,987)</u>
NET CHANGES IN FUND BALANCE	<u>\$</u>	<u>\$</u>	<u>\$ 24,522</u>	<u>\$ 24,522</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>\$ (7,109)</u>	
FUND BALANCE (Non-GAAP) - Ending			<u><u>\$ 17,413</u></u>	

(The accompanying notes to the budgetary comparison are an integral part of this schedule)

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, 2015, the City made a \$260,728 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	\$	\$ 229,986
Airport Fund	89,316	
Ambulance Fund	140,670	
	<u>\$ 229,986</u>	<u>\$ 229,986</u>

This transfer is to cover deficit balances incurred by funds.

	Transfers In	Transfers Out
General Fund	\$ 2,653	\$
Electric Fund		2,653
	<u>\$ 2,653</u>	<u>\$ 2,653</u>

This transfer is to transfer the Capital Assets.

NOTE 15. AMBULANCE FUND

During the year ending June 30, 2015 the Ambulance Fund is shown as a separate enterprise fund and not part of the General Fund. This change resulted in a decrease of General Fund net position of \$570,221 and the fund equity on the balance sheet of the General Fund decreased by \$67,271.

CITY OF TORRINGTON, WYOMING

SCHEDULE OF CONTRIBUTIONS - WYOMING RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
<u>Public Employee Plan</u>		
Contractually required contributions	\$ 460,494	\$ 425,276
Contributions in relation to the contractually required contributions	<u>460,494</u>	<u>425,276</u>
Contributions (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ 2,901,662</u>	<u>\$ 2,735,138</u>
Contributions as a percentage of covered employees payroll	<u>15.87%</u>	<u>15.55%</u>
<u>Law Enforcement Plan</u>		
Contractually required contributions	\$ 174,089	\$ 167,551
Contributions in relation to the contractually required contributions	<u>174,089</u>	<u>167,551</u>
Contributions (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ 1,015,145</u>	<u>\$ 964,884</u>
Contributions as a percentage of covered employees payroll	<u>17.15%</u>	<u>17.36%</u>
<u>Volunteer EMT Plan</u>		
Contractually required contributions	\$ 850	\$ 1,225
Contributions in relation to the contractually required contributions	<u>850</u>	<u>1,225</u>
Contributions (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>
City's covered employee payroll	<u>\$ -</u>	<u>\$ -</u>
Contributions as a percentage of covered employees payroll	<u>NA</u>	<u>NA</u>

CITY OF TORRINGTON, WYOMING

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -
 WYOMING RETIREMENT SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>2015</u>	<u>2014</u>
Proportionate share of the net pension liability %		
Public Employee Pension Plan	<u>0.16676%</u>	<u>0.11921%</u>
Law Enforcement Pension Plan	<u>0.66628%</u>	<u>0.61735%</u>
Volunteer Emergency Medical Technician Pension Plan	<u>4.62459%</u>	<u>5.24290%</u>
Proportionate share of net pension liability \$		
Public Employee Pension Plan	<u>\$ 2,942,850</u>	<u>\$ 1,812,509</u>
Law Enforcement Pension Plan	<u>\$ 196,309</u>	<u>\$ 112,724</u>
Volunteer Emergency Medical Technician Pension Plan	<u>\$ 6,924</u>	<u>\$ (17,870)</u>
Covered payroll		
Public Employee Pension Plan	<u>\$ 2,901,662</u>	<u>\$ 2,813,115</u>
Law Enforcement Pension Plan	<u>\$ 1,015,145</u>	<u>\$ 1,010,116</u>
Volunteer Emergency Medical Technician Pension Plan	<u>N/A</u>	<u>N/A</u>
Proportionate share of net pension liability as a percentage of covered payroll		
Public Employee Pension Plan	<u>101.42%</u>	<u>64.43%</u>
Law Enforcement Pension Plan	<u>19.34%</u>	<u>11.16%</u>
Volunteer Emergency Medical Technician Pension Plan	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of the total plan liability		
Public Employee Pension Plan	<u>79.08%</u>	
Law Enforcement Pension Plan	<u>94.76%</u>	
Volunteer Emergency Medical Technician Pension Plan	<u>90.11%</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, 2015, 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 3, 2016.

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 responses 2015-001 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 cursive script that reads "Leo P. Kelly & Co." is positioned above the date.

March 3, 2016

CITY OF TORRINGTON, WYOMING

SUMMARY OF AUDIT RESULTS
JUNE 30, 2015

FINDINGS - FINANCIAL STATEMENTS

SIGNIFICANT DEFICIENCIES

2015-001 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.

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 are 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

2014-001 Separation of Duties

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