

**CITY OF TORRINGTON, WYOMING**

**FINANCIAL REPORT**

**JUNE 30, 2021**

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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, 2021, and the related notes to the financial statements, which collectively, comprise the City of Torrington's financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Wyoming as of June 30, 2021 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 States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40-42 and the defined pension benefit plan information on pages 44 - 45 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 operational, 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 any 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 considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Torrington's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report March 16, 2022 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 solely 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 the effectiveness at City of Torrington, Wyoming's 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., CPAs*

March 16, 2022

# Government Wide- Financial Statements

## CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Pooled cash investments	\$ 2,764,034	\$ 11,291,894	\$ 14,055,928
Non-pooled cash and cash equivalents	1,618,217	224,724	1,842,941
Investments	518,415	-	518,415
Receivables (net of allowance for uncollectibles)			
Taxes	272,355	-	272,355
Accounts receivable	35,851	1,572,678	1,608,529
Unbilled services	-	477,530	477,530
Interest receivable	4,220	-	4,220
Restricted assets			
Bond reserve fund	-	262,500	262,500
Inventory	67,401	413,945	481,346
Total current assets	\$ 5,280,493	\$ 14,243,271	\$ 19,523,764
Non-current assets:			
Nondepreciable capital assets			
Land	\$ 1,106,857	\$ 342,633	\$ 1,449,490
Construction in progress	6,611,860	940,303	7,552,163
	\$ 7,718,717	\$ 1,282,936	\$ 9,001,653
Depreciable capital assets			
Buildings and improvements	\$ 19,500,583	\$ 54,486,160	\$ 73,986,743
Machinery and equipment	7,098,949	7,639,649	14,738,598
Streets	4,870,303	-	4,870,303
Accumulated depreciation	(17,711,612)	(31,733,632)	(49,445,244)
	\$ 13,758,223	\$ 30,392,177	\$ 44,150,400
Total non-current assets	\$ 21,476,940	\$ 31,675,113	\$ 53,152,053
Total assets	\$ 26,757,433	\$ 45,918,384	\$ 72,675,817
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Retirement contributions	\$ 257,242	\$ 166,636	\$ 423,878
Change in proportionate share of collective deferred outflow of resources	125,888	55,597	181,485
Proportionate share of change in estimated experience versus actual	117,456	21,916	139,372
Deferred outflow of resources due to assumption changes	2,141	13,585	15,726
Total deferred outflow of resources	\$ 502,727	\$ 257,734	\$ 760,461
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 300,290	\$ 680,736	\$ 981,026
Accrued expenses	731,096	149,519	880,615
Grant payable	-	52	52
Claims payable	318,521	-	318,521
Customer deposits	-	190,252	190,252
Current portion of long-term debt	70,235	452,285	522,520
Total current liabilities	\$ 1,420,142	\$ 1,472,844	\$ 2,892,986
Non-current liabilities:			
Notes and lease obligations payable	\$ 211,659	\$ 1,054,332	\$ 1,265,991
Bond payable	-	2,122,000	2,122,000
Net pension liability	2,364,969	2,142,323	4,507,292
Landfill closure and postclosure costs	-	1,570,979	1,570,979
Total non-current liabilities	\$ 2,576,628	\$ 6,889,634	\$ 9,466,262
Total liabilities	\$ 3,996,770	\$ 8,362,478	\$ 12,359,248
<b>DEFERRED INFLOWS</b>			
Change in proportionate share of collective deferred inflow of resources - EMT	\$ -	\$ 12,353	\$ 12,353
Deferred inflow of resources due to assumption	166,152	-	166,152
Proportionate share of change in investment earnings	738,795	469,934	1,208,729
Proportionate share of change in estimated experience versus actual	1,143	-	1,143
Proportionate share of change in estimated experience versus actual - EMT	-	188	188
Total deferred inflow of resources	\$ 906,090	\$ 482,475	\$ 1,388,565
<b>NET POSITION</b>			
Net investment in capital assets	\$ 21,195,046	\$ 29,288,797	\$ 50,483,843
Non-spendable	67,401	413,945	481,346
Restricted	-	36,476	36,476
Unrestricted	1,094,853	7,591,947	8,686,800
Total net position	\$ 22,357,300	\$ 37,331,165	\$ 59,688,465

(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, 2021

Functions/Programs	Primary Government						
	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 1,198,441	\$ 182,313	\$ 514,989	\$ 464,479	\$ (36,660)	\$ -	\$ (36,660)
Public safety	3,146,341	118,358	260,464	-	(2,767,519)	-	(2,767,519)
Public works	1,302,781	-	-	-	(1,302,781)	-	(1,302,781)
Health, welfare and recreation	1,499,214	802,960	37,448	-	(658,806)	-	(658,806)
Transportation	724,695	196,271	-	4,021,806	3,493,382	-	3,493,382
Total governmental activities	<u>\$ 7,871,472</u>	<u>\$ 1,299,902</u>	<u>\$ 812,901</u>	<u>\$ 4,486,285</u>	<u>\$ (1,272,384)</u>	<u>\$ -</u>	<u>\$ (1,272,384)</u>
<b>Business-type activities:</b>							
Water	\$ 2,103,671	\$ 2,137,119	\$ -	\$ 430,686	\$ -	\$ 464,134	\$ 464,134
Sewer	1,222,685	1,513,479	-	7,489	-	298,283	298,283
Electrical	7,812,597	7,967,934	-	20,914	-	176,251	176,251
Sanitation	1,547,355	1,853,627	-	18,510	-	324,782	324,782
Ambulance	558,743	578,284	-	39,911	-	59,452	59,452
Total business-type activities	<u>\$ 13,245,051</u>	<u>\$ 14,050,443</u>	<u>\$ -</u>	<u>\$ 517,510</u>	<u>\$ -</u>	<u>\$ 1,322,902</u>	<u>\$ 1,322,902</u>
Total government-wide	<u>\$ 21,116,523</u>	<u>\$ 15,350,345</u>	<u>\$ 812,901</u>	<u>\$ 5,003,795</u>	<u>\$ (1,272,384)</u>	<u>\$ 1,322,902</u>	<u>\$ 50,518</u>
<b>General revenues:</b>							
<b>Taxes -</b>							
Sales tax and uses taxes					\$ 1,164,549	\$ -	\$ 1,164,549
Property tax					305,542	-	305,542
Motor vehicle					143,104	-	143,104
Cigarette tax					38,349	-	38,349
State gas tax					208,537	-	208,537
Severance tax					240,241	-	240,241
Optional sales tax					1,018,765	18,262	1,037,027
Impact revenue					1,020,578	-	1,020,578
Mineral royalty					271,284	-	271,284
Miscellaneous revenue					362,256	2,462	364,718
Unrestricted investment earnings					32,350	-	32,350
Utility franchises					70,166	-	70,166
Total general revenues					<u>\$ 4,875,721</u>	<u>\$ 20,724</u>	<u>\$ 4,896,445</u>
Change in net position					<u>\$ 3,603,337</u>	<u>\$ 1,343,626</u>	<u>\$ 4,946,963</u>
Net position at beginning of year					<u>18,753,963</u>	<u>35,987,539</u>	<u>54,741,502</u>
Net position at end of year					<u>\$ 22,357,300</u>	<u>\$ 37,331,165</u>	<u>\$ 59,688,465</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, 2021

	General Fund	Airport Fund	Total Governmental Funds
<b>ASSETS</b>			
Pooled cash and investments	\$ 2,764,034	\$ -	\$ 2,764,034
Non-pooled cash and cash equivalents	46,917	-	46,917
Investments	518,415	-	518,415
Receivables (net of allowance for uncollectibles)			
Taxes	272,355	-	272,355
Accounts receivable	20,037	15,814	35,851
Interest receivable	4,215	-	4,215
Inventory	67,401	-	67,401
Total assets	<u>\$ 3,693,374</u>	<u>\$ 15,814</u>	<u>\$ 3,709,188</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>\$ 261,543</u>	<u>\$ 42,769</u>	<u>\$ 304,312</u>
Total liabilities	<u>\$ 261,543</u>	<u>\$ 42,769</u>	<u>\$ 304,312</u>
<b>DEFERRED INFLOWS</b>			
Property taxes	\$ 5,719	\$ -	\$ 5,719
Unearned revenues	574,428	-	574,428
Total deferred inflows	<u>\$ 580,147</u>	<u>\$ -</u>	<u>\$ 580,147</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 67,401	\$ -	\$ 67,401
Unassigned	2,784,283	(26,955)	2,757,328
Total fund balances	<u>\$ 2,851,684</u>	<u>\$ (26,955)</u>	<u>\$ 2,824,729</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,693,374</u>	<u>\$ 15,814</u>	<u>\$ 3,709,188</u>

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

Total fund balance per balance sheet:	\$ 2,824,729
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	21,476,940
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.	1,252,781
Long-term liabilities, including bonds payable and compensated absences, and pension obligations and related deferred out/(in) flows, are not due and not reported in the funds.	(3,202,869)
Some revenues are not available in the current period financial statement, and, therefore, are not reported in the funds.	5,719
Net position of governmental activities	<u>\$ 22,357,300</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, 2021

	General Fund	Airport Fund	Total Governmental Funds
<b>REVENUES</b>			
Intergovernmental revenue	\$ 3,145,772	\$ 4,021,806	\$ 7,167,578
Taxes and special assessments	2,696,072	-	2,696,072
Fines and forfeitures	118,358	-	118,358
Charges for services	807,576	196,271	1,003,847
Licenses and permits	65,460	-	65,460
Other	423,240	-	423,240
Total revenues	<u>\$ 7,256,478</u>	<u>\$ 4,218,077</u>	<u>\$ 11,474,555</u>
<b>EXPENDITURES</b>			
Current			
General government	\$ 924,970	\$ -	\$ 924,970
Public safety	2,309,300	-	2,309,300
Public works	1,085,511	-	1,085,511
Health, welfare and recreation	1,546,700	-	1,546,700
Transportation	-	556,334	556,334
Capital outlay	645,785	4,017,890	4,663,675
Debt service -			
Principal retirement	61,520	-	61,520
Interest and fiscal charges	6,138	-	6,138
Total expenditures	<u>\$ 6,579,924</u>	<u>\$ 4,574,224</u>	<u>\$ 11,154,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 676,554</u>	<u>\$ (356,147)</u>	<u>\$ 320,407</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in (out)	\$ (325,392)	\$ 325,392	\$ -
Proceeds from the leases	151,164	-	151,164
Total other financing sources and uses	<u>\$ (174,228)</u>	<u>\$ 325,392</u>	<u>\$ 151,164</u>
Net changes in fund balances	\$ 502,326	\$ (30,755)	\$ 471,571
Fund balances - Beginning of year	<u>2,349,358</u>	<u>3,800</u>	<u>2,353,158</u>
Fund balances - End of year	<u><u>\$ 2,851,684</u></u>	<u><u>\$ (26,955)</u></u>	<u><u>\$ 2,824,729</u></u>

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

CITY OF TORRINGTON, WYOMING

RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

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

Net change in fund balance - total governmental funds	\$ 471,571
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount including depreciation expenses	3,283,901
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The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 9)	(89,644)
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Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:		
Compensated absences	\$ (34,773)	
Net pension benefit obligation	<u>26,799</u>	(7,974)

Revenues in statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in property taxes available		2,442

Internal service funds are used by management to charge the costs of health claims to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.		<u>(56,959)</u>
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Changes in net position of governmental activities		<u><u>\$ 3,603,337</u></u>
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(The accompanying notes to the 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, 2021

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
<b>ASSETS</b>							
Current assets							
Pooled cash and investments	\$ 1,675,805	\$ 3,378,597	\$ 4,801,910	\$ 1,381,993	\$ 53,589	\$ 11,291,894	\$ -
Non-pooled cash and cash equivalents	-	82,044	-	124,082	18,598	224,724	1,571,302
Investments	-	-	262,500	-	-	262,500	-
Receivables (net of allowance for uncollectibles)							
Accounts receivable	248,747	128,020	725,768	172,536	297,607	1,572,678	-
Unbilled services	99,871	-	377,659	-	-	477,530	-
Grants	-	-	-	-	-	-	-
Inventory, at cost	78,653	-	335,292	-	-	413,945	-
Total current assets	<u>\$ 2,103,076</u>	<u>\$ 3,588,661</u>	<u>\$ 6,503,129</u>	<u>\$ 1,678,611</u>	<u>\$ 369,794</u>	<u>\$ 14,243,271</u>	<u>\$ 1,571,302</u>
Non-current assets							
Capital assets							
Land	\$ 42,726	\$ 15,737	\$ 71,045	\$ 213,125	\$ -	\$ 342,633	\$ -
Buildings and improvements	21,595,412	11,953,770	19,596,675	776,026	564,277	54,486,160	-
Machinery and equipment	785,087	1,130,658	1,362,776	3,730,482	630,646	7,639,649	-
Construction in progress	7,835	827,817	-	104,651	-	940,303	-
Accumulated depreciation	(10,518,106)	(6,453,595)	(10,327,327)	(3,535,373)	(899,231)	(31,733,632)	-
Total capital assets net of accumulated depreciation	<u>\$ 11,912,954</u>	<u>\$ 7,474,387</u>	<u>\$ 10,703,169</u>	<u>\$ 1,288,911</u>	<u>\$ 295,692</u>	<u>\$ 31,675,113</u>	<u>\$ -</u>
Total non-current assets	<u>\$ 11,912,954</u>	<u>\$ 7,474,387</u>	<u>\$ 10,703,169</u>	<u>\$ 1,288,911</u>	<u>\$ 295,692</u>	<u>\$ 31,675,113</u>	<u>\$ -</u>
Total assets	<u>\$ 14,016,030</u>	<u>\$ 11,063,048</u>	<u>\$ 17,206,298</u>	<u>\$ 2,967,522</u>	<u>\$ 665,486</u>	<u>\$ 45,918,384</u>	<u>\$ 1,571,302</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Retirement contributions	\$ 28,831	\$ 19,295	\$ 55,008	\$ 43,682	\$ 19,820	\$ 166,636	\$ -
Change in proportionate share of colle- tive deferred outflow of resources	9,632	6,446	18,378	14,594	6,547	55,597	-
Proportionate share of change in estimated experience versus actual	3,797	2,541	7,244	5,753	2,581	21,916	-
Deferred outflow due to assumption changes	2,174	1,455	4,148	3,294	2,514	13,585	-
Total deferred outflow of resources	<u>\$ 44,434</u>	<u>\$ 29,737</u>	<u>\$ 84,778</u>	<u>\$ 67,323</u>	<u>\$ 31,462</u>	<u>\$ 257,734</u>	<u>\$ -</u>

(Continued)

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

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	\$ 19,295	\$ 136,901	\$ 470,697	\$ 49,786	\$ 4,057	\$ 680,736	\$ -
Accrued liabilities	39,368	10,068	65,604	18,281	16,198	149,519	-
Retainage payable	-	52	-	-	-	52	-
Claims payable	-	-	-	-	-	-	318,521
Customer deposits	-	-	190,252	-	-	190,252	-
Current portion of long-term debt	184,177	13,180	195,000	59,928	-	452,285	-
Total current liabilities	<u>\$ 242,840</u>	<u>\$ 160,201</u>	<u>\$ 921,553</u>	<u>\$ 127,995</u>	<u>\$ 20,255</u>	<u>\$ 1,472,844</u>	<u>\$ 318,521</u>
Non-current liabilities							
Notes and lease obligations payable	\$ 853,039	\$ -	\$ -	\$ 201,293	\$ -	\$ 1,054,332	\$ -
Bonds payable	-	992,000	1,130,000	-	-	2,122,000	-
Net pension liability	366,501	245,272	699,265	555,288	275,997	2,142,323	-
Landfill closure and postclosure costs	-	-	-	1,570,979	-	1,570,979	-
Total non-current liabilities	<u>\$ 1,219,540</u>	<u>\$ 1,237,272</u>	<u>\$ 1,829,265</u>	<u>\$ 2,327,560</u>	<u>\$ 275,997</u>	<u>\$ 6,889,634</u>	<u>\$ -</u>
Total liabilities	<u>\$ 1,462,380</u>	<u>\$ 1,397,473</u>	<u>\$ 2,750,818</u>	<u>\$ 2,455,555</u>	<u>\$ 296,252</u>	<u>\$ 8,362,478</u>	<u>\$ 318,521</u>
<b>DEFERRED INFLOWS</b>							
Proportionate share of change in investment earnings							
	\$ 80,412	\$ 53,814	\$ 153,422	\$ 121,832	\$ 60,454	\$ 469,934	\$ -
Change in proportionate share of collective deferred outflow of resources - EMT							
	-	-	-	-	12,353	12,353	-
Proportionate share of change in estimated experience versus actual - EMT							
	-	-	-	-	188	188	-
Total deferred inflow of resources	<u>\$ 80,412</u>	<u>\$ 53,814</u>	<u>\$ 153,422</u>	<u>\$ 121,832</u>	<u>\$ 72,995</u>	<u>\$ 482,475</u>	<u>\$ -</u>
<b>NET POSITION</b>							
Net investment in capital assets							
Restricted	\$ 10,920,226	\$ 6,537,020	\$ 10,508,169	\$ 1,027,690	\$ 295,692	\$ 29,288,797	\$ -
Unrestricted	-	-	-	-	36,476	36,476	-
	1,597,446	3,104,478	3,878,667	(570,232)	(4,467)	8,005,892	1,252,781
Total net position	<u>\$ 12,517,672</u>	<u>\$ 9,641,498</u>	<u>\$ 14,386,836</u>	<u>\$ 457,458</u>	<u>\$ 327,701</u>	<u>\$ 37,331,165</u>	<u>\$ 1,252,781</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, 2021

	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	\$ 2,137,119	\$ 1,486,652	\$ 7,948,783	\$ 1,836,167	\$ 578,284	\$ 13,987,005	\$ 1,724,297
Miscellaneous	-	26,827	19,151	17,460	-	63,438	-
Total operating revenue	<u>\$ 2,137,119</u>	<u>\$ 1,513,479</u>	<u>\$ 7,967,934</u>	<u>\$ 1,853,627</u>	<u>\$ 578,284</u>	<u>\$ 14,050,443</u>	<u>\$ 1,724,297</u>
OPERATING EXPENSES							
Salaries and benefits	\$ 506,842	\$ 272,361	\$ 805,411	\$ 781,475	\$ 351,484	\$ 2,717,573	\$ -
Public works	809,588	542,551	6,265,229	546,643	-	8,164,011	-
Health, welfare and recreation	-	-	-	-	133,149	133,149	-
Claims paid	-	-	-	-	-	-	1,781,509
Depreciation	739,881	369,180	668,359	215,935	72,932	2,066,287	-
Total operating expenses	<u>\$ 2,056,311</u>	<u>\$ 1,184,092</u>	<u>\$ 7,738,999</u>	<u>\$ 1,544,053</u>	<u>\$ 557,565</u>	<u>\$ 13,081,020</u>	<u>\$ 1,781,509</u>
OPERATING INCOME (LOSS)	<u>\$ 80,808</u>	<u>\$ 329,387</u>	<u>\$ 228,935</u>	<u>\$ 309,574</u>	<u>\$ 20,719</u>	<u>\$ 969,423</u>	<u>\$ (57,212)</u>
NON-OPERATING REVENUES (EXPENSES)							
Grants	\$ 430,686	\$ 7,489	\$ 20,914	\$ 18,510	\$ 39,911	\$ 517,510	\$ -
Optional 1 cent tax	9,131	9,131	-	-	-	18,262	-
Interest income	-	1,625	1,183	-	(346)	2,462	253
Interest expense	(47,360)	(38,593)	(73,598)	(3,302)	(1,178)	(164,031)	-
INCOME (LOSS) BEFORE TRANSFERS	<u>\$ 473,265</u>	<u>\$ 309,039</u>	<u>\$ 177,434</u>	<u>\$ 324,782</u>	<u>\$ 59,106</u>	<u>\$ 1,343,626</u>	<u>\$ (56,959)</u>
CHANGES IN NET POSITION - Profit/(loss)	\$ 473,265	\$ 309,039	\$ 177,434	\$ 324,782	\$ 59,106	\$ 1,343,626	\$ (56,959)
NET POSITION - Beginning of year	12,044,407	9,332,459	14,209,402	132,676	268,595	35,987,539	1,309,740
NET POSITION - End of year	<u>\$ 12,517,672</u>	<u>\$ 9,641,498</u>	<u>\$ 14,386,836</u>	<u>\$ 457,458</u>	<u>\$ 327,701</u>	<u>\$ 37,331,165</u>	<u>\$ 1,252,781</u>

(The accompanying notes to the 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, 2021

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 2,086,332	\$ 1,489,069	\$ 7,832,586	\$ 1,841,058	\$ 563,733	\$ 13,812,778	\$ 1,724,297
Payments to employees and employee benefits	(534,788)	(270,224)	(767,500)	(627,089)	(392,857)	(2,592,458)	-
Payments to vendors	(913,892)	(428,769)	(6,292,642)	(703,399)	(130,014)	(8,468,716)	-
Payments for insurance premiums and claims	-	-	-	-	-	-	(1,541,306)
Other receipts (payments)	9,940	26,827	57,045	-	-	93,812	-
Net cash provided (used) by operating activities	<u>\$ 647,592</u>	<u>\$ 816,903</u>	<u>\$ 829,489</u>	<u>\$ 510,570</u>	<u>\$ 40,862</u>	<u>\$ 2,845,416</u>	<u>\$ 182,991</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Acquisition, disposal and construction of capital assets	\$ (518,175)	\$ (353,432)	\$ (415,145)	\$ (89,065)	\$ (23,004)	\$ (1,398,821)	\$ -
Optional sales tax	9,131	9,131	-	-	-	18,262	-
Contribution in aid of construction	555,215	7,490	20,913	324,151	39,911	947,680	-
Net cash used for capital and related financing activities	<u>\$ 46,171</u>	<u>\$ (336,811)</u>	<u>\$ (394,232)</u>	<u>\$ 235,086</u>	<u>\$ 16,907</u>	<u>\$ (432,879)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM NONOPERATING FINANCING ACTIVITIES</b>							
Principal payments on capital leases and other long-term debt	\$ (177,748)	\$ (48,986)	\$ (180,956)	\$ (44,420)	\$ (46,974)	\$ (499,084)	\$ -
Acquisition, disposal and construction of capital long-term debt interest	(50,050)	(38,593)	(74,334)	(3,302)	(1,178)	(167,457)	-
Net cash used for nonoperating financing activities	<u>\$ (227,798)</u>	<u>(87,579)</u>	<u>\$ (255,290)</u>	<u>(47,722)</u>	<u>\$ (48,152)</u>	<u>(666,541)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Interest income received	\$ -	\$ -	\$ -	\$ -	\$ (346)	\$ (346)	\$ 253
Net increase (decrease) in cash and cash equivalents	\$ 465,965	\$ 392,513	\$ 179,967	\$ 697,934	\$ 9,271	\$ 1,745,650	\$ 183,244
Cash and cash equivalents - Beginning of year	1,209,840	3,068,128	4,621,943	808,141	62,916	9,770,968	1,388,057
Cash and cash equivalents - End of year	<u>\$ 1,675,805</u>	<u>\$ 3,460,641</u>	<u>\$ 4,801,910</u>	<u>\$ 1,506,075</u>	<u>\$ 72,187</u>	<u>\$ 11,516,618</u>	<u>\$ 1,571,302</u>

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

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
Reconciliation of operating income to net cash provided by (used for) operating activities:							
Operating income	\$ 80,808	\$ 329,387	\$ 228,935	\$ 309,574	\$ 20,719	\$ 969,423	\$ (57,212)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation	\$ 739,881	\$ 369,180	\$ 668,359	\$ 215,935	\$ 72,932	\$ 2,066,287	\$ -
(Increase) decrease in -							
Receivables	(50,787)	2,417	(82,284)	(12,569)	(14,552)	(157,775)	-
Inventory	420	-	5,414	-	-	5,834	-
(Increase)/decrease in -							
Accounts payable	(125,237)	130,335	(9,325)	17,392	3,135	16,300	-
Claims payable	-	-	-	-	-	-	240,203
Deposits	(4,400)	-	3,981	-	-	(419)	-
Accrued expenses	1,743	(15,745)	16,877	(6,097)	3,862	640	-
Retainage payable						-	
Net pension	5,164	1,329	(2,468)	(13,665)	(45,234)	(54,874)	-
Total adjustments	\$ 566,784	\$ 487,516	\$ 600,554	\$ 200,996	\$ 20,143	\$ 1,875,993	\$ 240,203
Net cash provided by (used for) operating activities	\$ 647,592	\$ 816,903	\$ 829,489	\$ 510,570	\$ 40,862	\$ 2,845,416	\$ 182,991

(The accompanying notes to the 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, the City's portion of the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board has been included in the reporting entity.

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

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 fund 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, 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 investments" under assets for balances of cash.

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.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - 40 years
Improvements	10 - 40 years
Transportation equipment	5 years
Furniture, fixtures and equipment	7 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.

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.

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.



CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021, 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheet 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.

In addition to liabilities, the statement of financial position and balance sheet 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.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Adoption of New GASB Procumbent

During the year the City has adopted *Governmental Accounting Standards Board Statement 91 Conduit Debt Obligation*. This Statement provides guidance for a single method of reporting conduit debt obligations by issuers and eliminates diversity in the practices associated with conduit debt and establishing that a conduit debt is not a liability of the issuer.

By implementing this pronouncement, the debt obligation and related assets were presented on the financial data of the component unit, Consolidated Wyoming Municipal Electric Joint Power Boards in fiscal year 2020, is now presented as part of the Electric Fund in current year's financial statements.

CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS

Wyoming State Statute 9-4-831 authorizes the City to invest in obligations of the U.S. Treasury, obligations guaranteed by the Federal government agency or instrumentality, repurchase agreements of obligations of the U.S. government or guaranteed by the U.S. government, deposits in financial institutions which are federally insured, or secured by a pledge of assets, provided the pledge is authorized by the FDIC, commercial paper that is rated by Moody's as P-1 or by Standard & Poor's as A+1 or higher with maturity of less than 220 days, guarantee investment contracts, local investments pools organized by the Wyoming State Treasurer, or commingled funds of the eligible securities.

Investments held at June 30, 2021 by the City consisted of U.S. guaranteed real estate mortgages, obligations of the U.S. Treasury, corporate paper, certificates of deposit and money market account. Maturities range from 2022 to 2042. All of the bonds are rated AAA. All of the securities are held in the City's name.

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:

	Security Cost	Fair Market Value	Maturities			
			Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 or more Years
Securities						
CDs	\$ 7,539,970	\$ 7,584,458	\$ 1,140,416	\$ 6,444,042	\$ -	\$ -
Money Market Accounts	207,036	207,036	207,036	-	-	-
FFCB Bonds	162,898	185,699	-	-	-	185,699
GNMA Bonds	81,295	36,628	-	148	493	35,987
TVA Bonds	242,334	293,918	-	-	-	293,918
FHL Bonds	2,000	2,170	-	-	-	2,170
Total	<u>\$ 8,235,533</u>	<u>\$ 8,309,909</u>	<u>\$ 1,347,452</u>	<u>\$ 6,444,190</u>	<u>\$ 493</u>	<u>\$ 517,774</u>

GASB Statement 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

All investments that the City holds are valued at level 1 inputs.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4. 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 \$1,570,979 reported as landfill closure and post-closure care liability at June 30, 2021, 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 \$1,417,557 at June 30, 2021, which is lower than last year. This might change 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 anticipated date of Closure is 2072. The landfill is approximately 48.16% full.

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

The closure and post-closure costs charged to expense based on estimated usage were \$0 for the year ended June 30, 2021.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5. 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</u>	<u>Total</u>
	<u>General</u>	<u>Golf</u>	<u>Pool</u>	<u>Cemetery</u>	<u>Fund</u>	
Accounts receivable	\$ 15,921	\$ 3,165	\$ -	\$ 951	\$ 15,814	\$ 35,851

Proprietary Funds

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Sanitation</u>	<u>Ambulance</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	
Accounts receivable	\$ 253,694	\$ 129,189	\$ 752,358	\$ 173,135	\$ 403,860	\$ 1,712,236
Allowance for uncollectible	(4,947)	(1,169)	(26,590)	(599)	(106,153)	(139,458)
Net receivables	<u>\$ 248,747</u>	<u>\$ 128,020</u>	<u>\$ 725,768</u>	<u>\$ 172,536</u>	<u>\$ 297,707</u>	<u>\$ 1,572,778</u>

Accounts receivable	\$ 1,748,087
Allowance for uncollectible	<u>(139,458)</u>
Net receivables	<u>\$ 1,608,629</u>

NOTE 6. CASH AND INVESTMENTS

In accordance with Wyoming State Statutes, it is the City's policy to secure cash accounts with FDIC insurance coverage and for amounts that exceed the balance coverage the City secures the excess balance with collateralization for the financial institution. Cash consists of checking, savings and certificate of deposit accounts held at institutions within the City. All cash deposits of the City are fully insured and collateralized at June 30, 2021.

Bank Balance

Secured by FDIC Insurance	\$ 8,719,145
Secured by security pledged to District	7,573,806
Other	46,311
	<u>\$ 16,339,262</u>

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. FIXED ASSETS

Capital asset activity during 2021 was as follows:

	Balance June 30, 2020	Additions	Transfers/ Deletions	Balance June 30, 2021
Government activities:				
Land	\$ 1,106,857	\$ -	\$ -	\$ 1,106,857
Building and improvements	19,311,389	189,193	-	19,500,582
Machinery and equipment	6,969,402	138,547	(9,000)	7,098,949
Streets	4,831,082	39,221	-	4,870,303
Construction in progress	2,465,120	4,231,200	(84,463)	6,611,857
	<u>\$ 34,683,850</u>	<u>\$ 4,598,161</u>	<u>\$ (93,463)</u>	<u>\$ 39,188,548</u>
Accumulated depreciation	<u>\$ 16,490,813</u>	<u>\$ 1,229,799</u>	<u>\$ (9,000)</u>	<u>\$ 17,711,612</u>
Business-type activities:				
Land	\$ 342,633	\$ -	\$ -	\$ 342,633
Building and improvements	50,629,772	3,856,389	-	54,486,161
Machinery and equipment	7,448,961	281,762	(91,075)	7,639,648
Construction in progress	879,634	704,274	(643,603)	940,305
	<u>\$ 59,301,000</u>	<u>\$ 4,842,425</u>	<u>\$ (734,678)</u>	<u>\$ 63,408,747</u>
Accumulated depreciation	<u>\$ 28,498,419</u>	<u>\$ 3,326,288</u>	<u>\$ (91,075)</u>	<u>\$ 31,733,632</u>

Depreciation expense was charged to function as follows:

Governmental activities:	
General government	\$ 220,219
Public safety	208,723
Public works	409,875
Health, welfare and recreation	227,887
Transportation	163,095
Total governmental activities	<u>\$ 1,229,799</u>
Business-type activities:	
Water Fund	\$ 739,881
Sewer Fund	369,181
Electric Fund	1,928,359
Sanitation Fund	215,935
Ambulance Fund	72,932
Total business-type activities	<u>\$ 3,326,288</u>

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. FIXED ASSETS (Continued)

In accordance with GASB 91, the fixed assets and associated accumulated depreciation attributed to the Wyoming Municipalities Electric Joint Powers Board, formerly categorized as a component unit, have been consolidated into the Electric Fund for the year ending June 30, 2021.

NOTE 8. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

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

<u>General Fund</u>	<u>Balance June 30, 2021</u>	<u>Estimated Current Portion</u>
Capital lease with Wyoming Association of Municipalities for the purchase of equipment; 0.00% interest; matures January 2027; quarterly payment of \$650	\$ 14,950	\$ 2,600
Capital lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest rate; average annual payments of \$30,233; matures August 2025	129,194	29,639
Capital lease with Platte Valley Bank for the purchase of equipment: 2.76% interest; matures October 2025 average annual payment of \$15,091	137,750	37,996
	<u>\$ 281,894</u>	<u>\$ 70,235</u>

A summary of changes in the governmental activities long-term debt for the year ended June 30, 2021, is presented below:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Lease purchase obligations	<u>\$ 192,250</u>	<u>\$ 151,164</u>	<u>\$ 61,520</u>	<u>\$ 281,894</u>

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Total annual debt requirements to retire all long-term debt of governmental funds is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ended June 30,			
2022	\$ 70,235	\$ 5,290	\$ 75,525
2023	71,771	3,754	75,525
2024	74,433	2,182	76,615
2025	53,068	639	53,707
2026	10,437	30	10,467
2027 and thereafter	1,950	-	1,950
	<u>\$ 281,894</u>	<u>\$ 11,895</u>	<u>\$ 293,789</u>



CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 9. LONG-TERM DEBT PROPRIETARY FUNDS

A summary for proprietary funds long-term debt is presented below:

	Balance June 30, 2021	Estimated Current
<u>Water Fund</u>		
State of Wyoming, Wyoming State Loan and Investment Board for financing two reverse osmosis units; 2.5% interest rate; annual payments \$28,066; matures December 1, 2021	\$ 27,098	\$ 27,104
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	17,463	5,702
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	8,479	1,129
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	5,082	677
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	615,847	96,874
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	229,394	30,533
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	89,169	11,907
Capital lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest rate; average annual payment \$10,566; matures August 2025	44,684	10,251
Total Water Fund	\$ 1,037,216	\$ 184,177

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	Balance June 30, 2021	Estimated Current
<b>Sewer Fund</b>		
State of Wyoming, Wyoming State Loan and Investment Board; for financing sewer lift station and improvements; 2.5% interest rate; annual payments of \$13,676; matures May 1, 2022	\$ 13,180	\$ 13,180
U.S. Department of Agriculture for sewer improvements, 1.875% interest rate; annual payments vary but average of \$37,568; matures April 12, 2058	992,000	19,000
<b>Total Sewer Fund</b>	<b>\$ 1,005,180</b>	<b>\$ 32,180</b>
<b>Electric Fund</b>		
Wyoming Municipalities Electric Power System Joint Power Board; for construction and improvement; 4.8% interest rate for current year, 5.0% after; \$195,000 payment of current year, \$10,000 increase each year of the following year	\$ 1,325,000	\$ 195,000
<b>Sanitation Fund</b>		
Capital lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest rate; average annually payment \$61,128; matures August 2025	\$ 261,221	\$ 59,928
<b>Total Proprietary Funds</b>	<b>\$ 3,628,617</b>	<b>\$ 471,285</b>
<b>Comprised of:</b>		
Current portion of long-term debt	\$ 471,285	
Notes and lease obligation payable	2,184,332	
Bonds payable	973,000	
	<b>\$ 3,628,617</b>	

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Changes

A summary of changes in the long-term debt of the proprietary funds for the year ending June 30, 2021 follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Water Fund-				
SLIB loans	\$ 1,162,682	\$ -	\$ 170,150	\$ 992,532
Lease purchase obligations	-	52,282	7,598	44,684
	<u>\$ 1,162,682</u>	<u>\$ 52,282</u>	<u>\$ 177,748</u>	<u>\$ 1,037,216</u>
Sewer				
Lease purchase obligations	26,197	-	13,017	13,180
Revenue bond payables	1,028,000	-	36,000	992,000
	<u>\$ 1,054,197</u>	<u>\$ -</u>	<u>\$ 49,017</u>	<u>\$ 1,005,180</u>
Electric				
Revenue bond	\$ 1,510,000	\$ -	\$ 185,000	\$ 1,325,000
Sanitation-				
Lease purchase obligations	\$ -	\$ 305,641	\$ 44,420	\$ 261,221
Ambulance-				
Lease purchase obligations	\$ 46,974	\$ -	\$ 46,974	\$ -
	<u>\$ 3,773,853</u>	<u>\$ 357,923</u>	<u>\$ 318,159</u>	<u>\$ 3,628,617</u>

Summary

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

Year ended June 30,	Principal	Interest	Total
2022	\$ 471,284	\$ 109,549	\$ 580,833
2023	445,771	93,581	539,352
2024	461,549	77,894	539,443
2025	470,483	61,484	531,967
2026	429,326	44,875	474,201
2027 and thereafter	1,350,204	319,322	1,669,526
	<u>\$ 3,628,617</u>	<u>\$ 706,705</u>	<u>\$ 4,335,322</u>

Undrawn Debt Awards

The City has obtained financing through the Wyoming office of State Lands and Investment Board in the amount of \$3,500,000 to be used towards construction of a Waste Water Treatment Facility. As of June 30, 2021 no funds had been drawn from the loan.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. 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, 6101 Yellowstone Rd, Suite 500, Cheyenne, Wyoming 82009, or obtained online at [retirement.state.wy.us](http://retirement.state.wy.us).

Benefits

The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming State Statutes.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of the Public Employee Pension Plan ("Plan").

– Normal Retirement Benefit

For Tier 1 member - the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

For Tier 2 member - the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

The Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

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:

	Plan Member Contributions	City Contributions
Public Employee Pension Plan	9.00%	9.12%
Law Enforcement	8.60%	8.60%
Volunteer EMT Pension Plan	\$18.75/month	

Pursuant to Enrolled Act No. 65, the contributions will increase for the both the employee and employer 0.25% per year for the next four years starting in September 2018. Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution in addition to the matching contribution. For administrators and directors. The City pays both the employers and the employees' portions of the contribution.

The City's contributions to the system for the years ended June 30, 2021, equal to the required contributions for each year follows:

Public Employee Pension Plan	\$ 619,264
Law Enforcement Pension Plan	216,961
Volunteer EMT Pension Plan	544
	\$ 836,769

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

At June 30, 2021, the City reported a liability for its proportionate share of the net pension liability as follows:

Public Employee Pension Plan	\$ 3,992,066
Law Enforcement Pension Plan	488,321
Volunteer EMT Pension Plan	26,905
	\$ 4,507,292

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

The net pension liability was measured as of December 31, 2020, 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, 2020 and 2019, the City's proportion was:

	December 31, 2020	December 31, 2019
Public Employee Pension Plan	0.18368%	0.18523%
Law Enforcement Pension Plan	0.71683%	0.74312%
Volunteer EMT Pension Plan	0.11726%	0.19807%

For the year ended June 30, 2021, the City recognized pension expense as a reduction to the required contributions due to the requirements of GASB 68 as follows:

Public Employee Pension Plan	\$ 47,099
Law Enforcement Pension Plan	32,018
Volunteer EMT Pension Plan	7,448
	<u>\$ 86,565</u>



CITY OF TORRINGTON, WYOMING

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

The City reported deferred outflows of resource of \$423,878 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources Related to pensions will be recognized in pension expenses as follows:

<u>Year ended June, 30</u>	<u>Outflows</u>	<u>Inflows</u>
2022	\$ 181,614	\$ 370,853
2023	108,894	274,723
2024	57,244	603,939
2025	(11,169)	139,050
	<u>\$ 336,583</u>	<u>\$ 1,388,565</u>

Actuarial Assumptions and Methods

The current assumptions used in the actuarial valuation were adopted by the Board effective April 8, 2019 and were first utilized with the January 1, 2019 valuation report.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. The actuarial calculations presented in the report are intended to provide information for rational decision making. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-year smoothed market
Inflation:	2.25%
Salary increases:	2.50% to 6.50% including inflation
Payroll growth rate:	2.50%
Cost of living increase:	0.00%
Investment rate of return:	7.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012 -2016.
Post-retirement mortality:	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-retirement mortality:	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%



CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

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(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2021. In addition, a five year experience study was completed as of December 31, 2016 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 7.00% (real return net of inflation of 4.75%) 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 arithmetic 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2021, these best estimates are summarized in the following:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Long-term Expected Arithmetic Real Rate of Return
Cash	2.00%	-1.00%	-1.00%
Fixed income	21.00%	1.00%	1.34%
Equity	48.50%	5.23%	7.34%
Marketable securities	19.00%	3.47%	4.50%
Private markets	9.50%	4.53%	5.82%
Total	<u>100.00%</u>	<u>3.82%</u>	<u>5.23%</u>

Meketa Investment Group, the investment consulting firm for the Wyoming Retirement System, supplied the figures in the preceding table.

Wyoming Retirement System's success in achieving the 7.00% assumed investment return objective is evaluated on an ongoing basis over reasonably long periods of time (5 to 7 years). The reason for the long-term focus on the return objective is to preclude the temptation towards overreaction to short-term market events that have little to no bearing on long-term asset/liability management. The Board must reconcile its need to evaluate investment policy implementation decisions over shorter time frames while maintaining longer-term focus on managing and measuring the portfolio's overall performance relative to the long-term return objective.

Single Discount Rate

A discount rate of 7.00% was used to measure the total pension liability for the all plans that the City participates in.

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects:

- a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and
- tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met)

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.00% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting single discount rates are listed above.

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 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's proportionate share of net pension liability for:			
<u>Public Employee Plan</u>	<u>\$ 6,255,113</u>	<u>\$ 3,992,066</u>	<u>\$ 2,103,534</u>
<u>Volunteer EMT Pension Plan</u>	<u>\$ 43,666</u>	<u>\$ 26,905</u>	<u>\$ 12,592</u>
<u>Law Enforcement Pension Plan</u>	<u>\$ 1,290,759</u>	<u>\$ 488,321</u>	<u>\$ (167,645)</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 11. 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.
- 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:

<u>Major Fund</u>	
General fund	\$ 67,401
	<u>\$ 67,401</u>

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 12. 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, 2021 is as follows:

Claims incurred but not reported June 30, 2020	\$ 78,318
Claims incurred June 30, 2021	1,781,509
Claims paid	<u>(1,541,306)</u>
Total	<u><u>\$ 318,521</u></u>

NOTE 13. 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.

In addition, the City participates in the Local Government Liability Pool (LGLP) which is self-insurance fund authorized by State Statute 1-42-101 and administered by the State of Wyoming. The LGLP provides coverage and loss prevention programs to local government entities.

The LGLP provides coverage up to \$250,000 per person or \$500,000 per occurrence for claims brought under the Wyoming Governmental Claims Act and coverage up to \$1,500,000 per occurrence for claims brought under the federal civil rights laws and laws of other jurisdictions. Defense costs are paid in addition to the limits of liability.

Premium paid to the LGLP was \$49,129 for the year ended June 30. During the year there were no significant reductions in insurance coverage and settlements have not exceeded coverage amounts in this or the prior two years.

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

CITY OF TORRINGTON, WYOMING  
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 14. SUMMARY OF INTERFUND TRANSFERS

A summary of fund transfers for the year follows:

	Transfers in	Transfers out
General Fund	\$ -	\$ (325,392)
Airport Fund	325,392	-
	\$ 325,392	\$ (325,392)

This transfer is to cover deficit balances incurred by the airport fund.

NOTE 15. SUBSEQUENT EVENTS

The City has been approved a loan from the State of Wyoming, acting by and through the Wyoming State Loan and Investment Board, on October 1, 2020. The loan amount is \$3,500,000, term of 20 years, interest rate of 2.5%. The City has not drawn any funds yet. It is currently out for bid. The loan is to be secured by the City with the pledge and assignment of revenues from the Sewer User Fees to be used for the annual loan payment with the City will make to the Clean Water State Revolving Fund (CWSRF).

# Required Supplementary Information

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments				
Sales taxes	\$ 743,920	\$ 743,920	\$ 1,174,220	\$ 430,300
Optional sales tax	639,210	639,210	1,024,955	385,745
Property taxes	310,628	310,628	305,219	(5,409)
Lottery taxes	35,000	35,000	30,841	(4,159)
Vehicle registration	80,000	80,000	143,446	63,446
Total taxes and special assessments	<u>\$ 1,808,758</u>	<u>\$ 1,808,758</u>	<u>\$ 2,678,681</u>	<u>\$ 869,923</u>
Licenses and permits				
Clerk licenses and permits	\$ 25,000	\$ 25,000	\$ 36,480	\$ 11,480
Building permits	6,500	6,500	28,980	22,480
Total licenses and permits	<u>\$ 31,500</u>	<u>\$ 31,500</u>	<u>\$ 65,460</u>	<u>\$ 33,960</u>
Fines and forfeitures				
Police fines - municipal court	\$ 120,000	\$ 120,000	\$ 123,625	\$ 3,625
Intergovernmental revenue				
Mineral royalties	\$ 279,773	\$ 279,773	\$ 271,284	\$ (8,489)
Severance tax	241,174	241,174	240,241	(933)
Cigarette tax	41,000	41,000	42,290	1,290
Wyoming gaming commission	-	-	4,351	4,351
State gas tax	188,200	188,200	175,323	(12,877)
Grants	1,095,243	1,095,243	814,696	(280,547)
CARES act revenue	615,523	615,523	1,200,946	585,423
City dispatcher, reimbursement and 911	123,000	123,000	134,317	11,317
Rural fire protection reimbursement	45,893	45,893	38,437	(7,456)
Supplemental local government funding	1,000,000	1,000,000	1,020,578	20,578
Weed and pest assessment	10,000	10,000	10,000	-
Kelly trust - homesteaders' museum	90,000	90,000	90,000	-
Total intergovernmental revenue	<u>\$ 3,729,806</u>	<u>\$ 3,729,806</u>	<u>\$ 4,042,463</u>	<u>\$ 312,657</u>
Charges for services				
Police copies/report and wage reimbursement	\$ 3,000	\$ 3,000	\$ 4,047	\$ 1,047
Golf course	242,688	242,688	301,109	58,421
Pool	34,419	34,419	57,507	23,088
Cemetery	54,328	54,328	85,995	31,667
Other	60,500	60,500	99,528	39,028
Total charges for services	<u>\$ 394,935</u>	<u>\$ 394,935</u>	<u>\$ 548,186</u>	<u>\$ 153,251</u>
Miscellaneous revenue				
Investment interest	\$ 100,000	\$ 100,000	\$ 145,979	\$ 45,979
Industrial park	15,000	15,000	19,800	4,800
Other income	149,783	149,783	126,589	(23,194)
Total miscellaneous revenue	<u>\$ 264,783</u>	<u>\$ 264,783</u>	<u>\$ 292,368</u>	<u>\$ 27,585</u>
Utilities revenue				
Administrative fees	\$ 1,755,955	\$ 1,755,955	\$ 1,646,521	\$ (109,434)
Cable television franchise	15,000	15,000	22,683	7,683
Natural gas franchise	40,000	40,000	45,082	5,082
Public Access Fee Income	317,348	317,348	381,925	64,577
Telecommunication franchise	6,000	6,000	-	(6,000)
Telephone franchise	2,400	2,400	2,400	-
Total utilities revenue	<u>\$ 2,136,703</u>	<u>\$ 2,136,703</u>	<u>\$ 2,098,611</u>	<u>\$ (38,092)</u>
Total revenue	<u>\$ 8,486,485</u>	<u>\$ 8,486,485</u>	<u>\$ 9,849,394</u>	<u>\$ 1,362,909</u>

(Continued)

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

CITY OF TORRINGTON, WYOMING

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>EXPENDITURES:</b>				
General government				
Mayor and council	\$ 343,944	\$ 343,944	\$ 318,490	\$ 25,454
Judicial	244,067	244,067	229,326	14,741
Clerk	952,201	952,201	880,342	71,859
Maintenance	91,402	91,402	82,277	9,125
Lincoln Community Complex	330,668	330,668	257,284	73,384
Special community projects	112,863	112,863	100,507	12,356
Total general government	<u>\$ 2,075,145</u>	<u>\$ 2,075,145</u>	<u>\$ 1,868,226</u>	<u>\$ 206,919</u>
Public safety				
Police department	\$ 2,729,712	\$ 2,729,712	\$ 2,507,306	\$ 222,406
Fire department	467,033	467,033	329,926	137,107
Engineering	434,222	434,222	424,682	9,540
Total public safety	<u>\$ 3,630,967</u>	<u>\$ 3,630,967</u>	<u>\$ 3,261,914</u>	<u>\$ 369,053</u>
Public works				
Streets	\$ 700,844	\$ 700,844	\$ 624,970	\$ 75,874
Shop	257,503	257,503	241,823	15,680
Storm drain maintenance	8,184	8,184	6,228	1,956
Industrial park	18,500	18,500	16,370	2,130
Capital outlay	625,665	625,665	502,134	123,531
Total public works	<u>\$ 1,610,696</u>	<u>\$ 1,610,696</u>	<u>\$ 1,391,525</u>	<u>\$ 219,171</u>
Health, welfare and recreation				
Parks	\$ 365,355	\$ 365,355	\$ 348,426	\$ 16,929
Museum	129,830	129,830	111,233	18,597
Homesteaders' museum - Kelly Trust	90,000	90,000	42,500	47,500
Golf course	666,608	666,608	644,442	22,166
Pool	207,409	207,409	177,776	29,633
Cemetery	243,321	243,321	225,652	17,669
Total health, welfare and recreation	<u>\$ 1,702,523</u>	<u>\$ 1,702,523</u>	<u>\$ 1,550,029</u>	<u>\$ 152,494</u>
Total expenditures	<u>\$ 9,019,331</u>	<u>\$ 9,019,331</u>	<u>\$ 8,071,694</u>	<u>\$ 947,637</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (532,846)	\$ (532,846)	\$ 1,777,700	\$ 2,310,546
OTHER FINANCING SOURCES				
Transfers from/ (to) other funds	<u>(477,219)</u>	<u>(477,219)</u>	<u>(325,392)</u>	<u>151,827</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,010,065)</u>	<u>\$ (1,010,065)</u>	<u>\$ 1,452,308</u>	<u>\$ 2,462,373</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Gas tax	\$ 164,643	\$ 164,643	\$ 60,767	\$ (103,876)
Grants	5,423,109	5,423,109	5,390,295	(32,814)
Fee service	24,000	24,000	26,092	2,092
Fuel retail	120,000	120,000	126,031	6,031
Miscellaneous income	11,181	11,181	41,078	29,897
Total revenues	<u>\$ 5,742,933</u>	<u>\$ 5,742,933</u>	<u>\$ 5,644,263</u>	<u>\$ (98,670)</u>
<b>EXPENDITURES:</b>				
Transportation	\$ 999,282	\$ 999,282	\$ 1,034,673	\$ (35,391)
Capital outlay	5,111,623	5,111,623	4,965,737	145,886
Total expenditures	<u>\$ 6,110,905</u>	<u>\$ 6,110,905</u>	<u>\$ 6,000,410</u>	<u>\$ 110,495</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (367,972)	\$ (367,972)	\$ (356,147)	\$ 11,825
<b>OTHER FINANCING SOURCES</b>				
Transfers from/(to) other funds	<u>367,972</u>	<u>367,972</u>	<u>325,392</u>	<u>(42,580)</u>
NET CHANGES IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,755)</u>	<u>\$ (30,755)</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>\$ 3,800</u>	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ (26,955)</u>	

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

CITY OF TORRINGTON, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGTARY DATA

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

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

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

	Modified Accrual Basis	Classification Difference	Basis of Accounting Difference	Budget Basis
<u>General Fund</u>				
Revenues	\$ 7,407,642	\$ 1,646,521	\$ 795,231	\$ 9,849,394
Expenditures and proceeds of capital leases	6,579,924	1,646,521	(154,751)	8,071,694
Transfers	(325,392)	-	-	(325,392)
	<u>\$ 502,326</u>	<u>\$ -</u>	<u>\$ 949,982</u>	<u>\$ 1,452,308</u>
<u>Airport Fund</u>				
Revenues	\$ 4,218,077	\$ -	\$ 1,426,186	\$ 5,644,263
Expenditures and proceeds of capital leases	4,574,224	-	1,426,186	6,000,410
Transfers	325,392	-	-	325,392
	<u>\$ (30,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,755)</u>

CITY OF TORRINGTON, WYOMING

SCHEDULE OF CONTRIBUTIONS - WYOMING RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30, 2014 - 2021

	2021	2020	2019	2018	2017	2016	2015	2014
<u>Public Employee Plan</u>								
Contractually required contributions	\$ 619,264	\$ 592,296	\$ 560,705	\$ 522,999	\$ 501,271	\$ 511,170	\$ 460,494	\$ 425,276
Contribution in relation to the contractually required contributions	619,264	592,296	560,705	541,842	482,428	511,170	460,494	425,276
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ 18,843	\$ (18,843)	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 3,417,572	\$ 3,361,500	\$ 3,289,814	\$ 3,143,192	\$ 3,016,073	\$ 3,076,230	\$ 2,901,662	\$ 2,735,138
Contributions as a percentage of covered payroll	18.12%	17.62%	17.04%	16.64%	16.62%	16.62%	15.87%	15.55%
<u>Law Enforcement Plan</u>								
Contractually required contributions	\$ 216,961	\$ 215,519	\$ 201,356	\$ 190,388	\$ 177,398	\$ 182,721	\$ 174,089	\$ 167,551
Contribution in relation to the contractually required contributions	216,961	215,519	201,356	197,626	170,160	182,721	174,089	167,551
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ 7,238	\$ (7,238)	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 1,261,401	\$ 1,253,020	\$ 1,170,658	\$ 1,106,908	\$ 1,031,384	\$ 1,062,326	\$ 1,015,145	\$ 964,884
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.15%	17.36%
<u>Volunteer Firefighter &amp; EMT Pension Plan</u>								
Contractually required contributions	\$ 544	\$ 660	\$ 720	\$ 600	\$ 600	\$ 615	\$ 850	\$ 1,225
Contribution in relation to the contractually required contributions	544	660	720	600	600	615	850	1,225
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	NA	NA	NA	NA	NA	NA	NA	NA

CITY OF TORRINGTON, WYOMING

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY -  
WYOMING RETIREMENT SYSTEM  
FOR THE YEARS ENDED JUNE 30, 2014 - 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate share of net pension liability %								
Public Employee Pension Plan	0.18368%	0.18523%	0.18333%	0.17543%	0.15957%	0.16774%	0.16676%	0.11921%
Law Enforcement Pension Plan	0.71683%	0.74312%	0.68810%	0.67165%	0.61120%	0.65324%	0.66628%	0.61735%
Volunteer Firefighter & EMT Pension Plan	0.11726%	0.19807%	0.17071%	0.17232%	0.17105%	0.19219%	4.62459%	5.24290%
Proportionate share of net pension liability \$								
Public Employee Pension Plan	\$ 3,992,066	\$ 4,352,701	\$ 5,585,968	\$ 3,998,709	\$ 3,857,613	\$ 3,907,327	\$ 2,942,850	\$ 1,812,509
Law Enforcement Pension Plan	\$ 488,321	\$ 640,559	\$ 1,665,711	\$ 577,918	\$ 461,406	\$ 490,714	\$ 196,309	\$ 112,724
Volunteer Firefighter & EMT Pension Plan	\$ 26,906	\$ 55,432	\$ 60,756	\$ 49,292	\$ 54,302	\$ 60,907	\$ 6,924	\$ (17,870)
Covered payroll								
Public Employee Pension Plan	\$ 3,417,572	\$ 3,361,500	\$ 3,289,814	\$ 3,143,192	\$ 3,016,073	\$ 3,076,230	\$ 2,901,662	\$ 2,813,115
Law Enforcement Pension Plan	\$ 1,261,401	\$ 1,253,020	\$ 1,170,658	\$ 1,106,908	\$ 1,031,384	\$ 1,062,326	\$ 1,015,145	\$ 1,010,116
Volunteer Firefighter & EMT Pension Plan	NA	NA	NA	NA	NA	N/A	N/A	N/A
Proportionate share of net pension liability as a percentage of covered payroll								
Public Employee Pension Plan	116.81%	129.49%	169.80%	127.22%	127.90%	127.02%	101.42%	64.43%
Law Enforcement Pension Plan	38.71%	51.12%	142.29%	52.21%	44.74%	46.19%	19.34%	11.16%
Volunteer Firefighter & EMT Pension Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of of the total plan liability								
Public Employee Pension Plan	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%	
Law Enforcement Pension Plan	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%	
Volunteer Firefighter & EMT Pension Plan	80.53%	75.64%	68.18%	74.11%	69.99%	69.16%	90.11%	

The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

# Other Supplementary Information

CITY OF TORRINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grant/Pass-Through Grantor	Federal CFDA Number	State Pass Through	Federal Expenditures
U.S. Department of Housing and Urban Development Passed through the Wyoming Business Council Community Development Block Grant	14.228	GS-0007063	\$ 217,025
U.S. Department of Justice Passed through the Wyoming Department of Criminal Investigation Edward Byrne Memorial Justice Assistance	16.738		42,000
U.S. Department of Transportation: Passed through Wyoming State Department of Transportation Airport Improvement Program	20.106 *	CARES Act 3-56-0029-019-2020 ATOR 168	\$ 30,000 3,559,975 <u>508,491</u>
			4,098,466
U.S. Department of Treasury COVID-19 Funding Passed through Wyoming Office of State Land & Investments, Forestry Assistance Coronavirus Aid, Relief & Economic Security Grant	21.019 *	* CRF-250 * CRF-328 * CRF-329	\$ 449,994 133,738 <u>10,996</u>
			594,728
U.S. Department of Health and Human Services Passed through Wyoming Association of Sheriffs and Cheifs Substance Abuse and Mental Health Services	93.243		928
U.S. Department of Homeland Security Passed through Wyoming Office of Homeland Security Homeland Security Grant Program	97.067	19-SHSP-TOR-HL-HEM19 19-SHSP-TOR-MU-HCP19 18-SHSP-TOR-LP-00065	\$ 1,832 120,840 <u>19,547</u>
			142,219
Total Expenditures of Federal Awards			<u>\$ 5,095,366</u>

\* Denotes funding under COVID-19 related programs.

CITY OF TORRINGTON, WYOMING  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

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

The City has not used the de minimis 10% indirect cost rate.

NOTE 2. CONTINGENCIES

The City receives funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have a material financial impact.

NOTE 3. PASS -THROUGH AWARDS

The City did not pass through any funding to subrecipients during the 2021 year.

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, 2021, and the related notes to the financial statements, which collectively comprise the City of Torrington, Wyoming's basic financial statements and have issued our report thereon dated March 16, 2022.

**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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses 2021-001 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 responses. 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.

*Leo Riley & Co., CPA'S*

March 16, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

City Council  
City of Torrington, Wyoming  
Torrington, Wyoming

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

We have audited the City of Torrington's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Torrington's major federal programs for the year ended June 30, 2021. City of Torrington's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Torrington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Requirements for Federal Awards (Uniform Guidance). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Torrington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Torrington's compliance.

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

In our opinion City of Torrington complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Other Matters**

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

*Lee Riley & Co., CPAs*

March 16, 2022

CITY OF TORRINGTON, WYOMING  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the financial statements of City of Torrington.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Schedule of Findings and Questioned Costs. This condition is not reported as a material weakness.
3. No deficiencies are disclosed during the audit of the major federal award programs is reported in the Schedule of Findings and Questioned Costs.
4. The auditors' report on compliance for the major federal award programs for City of Torrington expresses an unmodified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for City of Torrington are reported in this Schedule.
6. The threshold for distinguishing Types A and B programs was \$750,000.
7. The program tested as major program was U.S. Department of Transportation – Airport Improvement Program (CFDA 20.106)
8. City of Torrington did not qualify as a low-risk auditee.

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCIES**

2021-001 Separation of Duties

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

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

CITY OF TORRINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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SIGNIFICANT DEFICIENCIES (continued)

2021-001 Separation of Duties (continued)

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 the accounting department of the City, the possibility of adequate separation of duties over certain transaction cycles is limited.

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

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

**FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

U.S. DEPARTMENT OF TRANSPORTATION Airport Improvement Program (CFDA 20.106)

NONE

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PRIOR YEAR FINDINGS

2020-001 Ongoing comment and condition reflected as Finding 2021-001 in current year.