

CITY OF TORRINGTON, WYOMING

FINANCIAL REPORT

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

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, 2022, 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.

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, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 41-43 and the defined pension benefit plan information on pages 45 - 46 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report March 17, 2023, on our consideration of the City'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 of the City'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'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., CPA's

March 17, 2023

Government Wide- Financial Statements

CITY OF TORRINGTON, WYOMING

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Pooled cash investments	\$ 2,933,097	\$ 12,216,639	\$ 15,149,736
Non-pooled cash and cash equivalents	1,381,144	226,041	1,607,185
Investments	412,773	-	412,773
Receivables (net of allowance for uncollectibles)			
Taxes	313,795	-	313,795
Accounts receivable	22,924	1,560,808	1,583,732
Unbilled services	-	477,530	477,530
Interest receivable	4,219	-	4,219
Restricted assets			
Bond reserve fund	-	262,500	262,500
Inventory	50,371	404,380	454,751
Total current assets	<u>\$ 5,118,323</u>	<u>\$ 15,147,898</u>	<u>\$ 20,266,221</u>
Non-current assets:			
Nondepreciable capital assets			
Land	\$ 1,106,857	\$ 342,633	\$ 1,449,490
Construction in progress	10,150	760,145	770,295
	<u>\$ 1,117,007</u>	<u>\$ 1,102,778</u>	<u>\$ 2,219,785</u>
Depreciable capital assets			
Buildings and improvements	\$ 26,225,005	\$ 56,176,393	\$ 82,401,398
Machinery and equipment	7,460,345	7,654,451	15,114,796
Streets	4,935,928	-	4,935,928
Accumulated depreciation	(18,780,142)	(33,783,531)	(52,563,673)
	<u>\$ 19,841,136</u>	<u>\$ 30,047,313</u>	<u>\$ 49,888,449</u>
Total non-current assets	<u>\$ 20,958,143</u>	<u>\$ 31,150,091</u>	<u>\$ 52,108,234</u>
Total assets	<u>\$ 26,076,466</u>	<u>\$ 46,297,989</u>	<u>\$ 72,374,455</u>
DEFERRED OUTFLOW OF RESOURCES			
Retirement contributions	\$ 279,201	\$ 171,804	\$ 451,005
Change in proportionate share of collective deferred outflow of resources	163,965	71,359	235,324
Proportionate share of change in estimated experience versus actual	139,757	25,261	165,018
Deferred outflow of resources due to assumption changes	1,555,381	121,469	1,676,850
Total deferred outflow of resources	<u>\$ 2,138,304</u>	<u>\$ 389,893</u>	<u>\$ 2,528,197</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 268,936	\$ 503,976	\$ 772,912
Accrued expenses	162,732	121,899	284,631
Grant payable	1,150,266	-	1,150,266
Claims payable	403,454	-	403,454
Customer deposits	-	212,700	212,700
Current portion of long-term debt	71,771	445,771	517,542
Total current liabilities	<u>\$ 2,057,159</u>	<u>\$ 1,284,346</u>	<u>\$ 3,341,505</u>
Non-current liabilities:			
Notes and lease obligations payable	\$ 127,262	\$ 832,663	\$ 959,925
Bond payable	-	1,879,000	1,879,000
Net pension liability	3,660,124	1,506,176	5,166,300
Landfill closure and postclosure costs	-	1,570,979	1,570,979
Total non-current liabilities	<u>\$ 3,787,386</u>	<u>\$ 5,788,818</u>	<u>\$ 9,576,204</u>
Total liabilities	<u>\$ 5,844,545</u>	<u>\$ 7,073,164</u>	<u>\$ 12,917,709</u>
DEFERRED INFLOWS			
Proportionate share of change in investment earnings	\$ 1,665,260	\$ 984,532	\$ 2,649,792
Total deferred inflow of resources	<u>\$ 1,665,260</u>	<u>\$ 984,532</u>	<u>\$ 2,649,792</u>
NET POSITION			
Net investment in capital assets	\$ 20,759,110	\$ 27,992,657	\$ 48,751,767
Unrestricted	(54,145)	10,637,529	10,583,384
Total net position	<u>\$ 20,704,965</u>	<u>\$ 38,630,186</u>	<u>\$ 59,335,151</u>

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

CITY OF TORRINGTON, WYOMING

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

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
Governmental activities:							
General government	\$ 1,297,217	\$ 219,404	\$ 38,240	\$ 13,654	\$ (1,025,919)	\$ -	\$ (1,025,919)
Public safety	3,691,927	108,653	275,167	-	(3,308,107)	-	(3,308,107)
Public works	914,245	-	-	-	(914,245)	-	(914,245)
Health, welfare and recreation	1,444,591	863,886	906	-	(579,799)	-	(579,799)
Transportation	747,891	209,298	-	211,346	(327,247)	-	(327,247)
Total governmental activities	<u>\$ 8,095,871</u>	<u>\$ 1,401,241</u>	<u>\$ 314,313</u>	<u>\$ 225,000</u>	<u>\$ (6,155,317)</u>	<u>\$ -</u>	<u>\$ (6,155,317)</u>
Business-type activities:							
Water	\$ 2,080,733	\$ 2,260,758	\$ -	\$ 374,283	\$ -	\$ 554,308	\$ 554,308
Sewer	1,247,473	1,603,320	-	198	-	356,045	356,045
Electrical	7,872,686	8,087,125	-	-	-	214,439	214,439
Sanitation	1,651,421	1,876,791	-	-	-	225,370	225,370
Ambulance	668,823	541,070	-	63,030	-	(64,723)	(64,723)
Total business-type activities	<u>\$ 13,521,136</u>	<u>\$ 14,369,064</u>	<u>\$ -</u>	<u>\$ 437,511</u>	<u>\$ -</u>	<u>\$ 1,285,439</u>	<u>\$ 1,285,439</u>
Total government-wide	<u>\$ 21,617,007</u>	<u>\$ 15,770,305</u>	<u>\$ 314,313</u>	<u>\$ 662,511</u>	<u>\$ (6,155,317)</u>	<u>\$ 1,285,439</u>	<u>\$ (4,869,878)</u>
General revenues:							
Taxes -							
Sales tax and uses taxes					\$ 1,319,593	\$ -	\$ 1,319,593
Property tax					325,462	-	325,462
Motor vehicle					133,890	-	133,890
Cigarette tax					43,122	-	43,122
State gas tax					247,014	-	247,014
Severance tax					220,262	-	220,262
Optional sales tax					1,165,313	3,010	1,168,323
Unrealized loss					(493,036)	-	(493,036)
Impact revenue					999,271	-	999,271
Mineral royalty					275,336	-	275,336
Miscellaneous revenue					62,243	1,896	64,139
Transfer					(8,676)	8,676	-
Unrestricted investment earnings					144,925	-	144,925
Utility franchises					68,263	-	68,263
Total general revenues					<u>\$ 4,502,982</u>	<u>\$ 13,582</u>	<u>\$ 4,516,564</u>
Change in net position					<u>\$ (1,652,335)</u>	<u>\$ 1,299,021</u>	<u>\$ (353,314)</u>
Net position at beginning of year					22,357,300	37,331,165	59,688,465
Net position at end of year					<u>\$ 20,704,965</u>	<u>\$ 38,630,186</u>	<u>\$ 59,335,151</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, 2022

	General Fund	Airport Fund	Total Governmental Funds
ASSETS			
Pooled cash and investments	\$ 2,933,097	\$ -	\$ 2,933,097
Non-pooled cash and cash equivalents	72,282	-	72,282
Investments	412,772	-	412,772
Receivables (net of allowance for uncollectibles)			
Taxes	313,795	-	313,795
Accounts receivable	11,848	11,082	22,930
Interest receivable	4,210	-	4,210
Inventory	50,371	-	50,371
Total assets	<u>\$ 3,798,375</u>	<u>\$ 11,082</u>	<u>\$ 3,809,457</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 232,071	\$ 54,009	\$ 286,080
Total liabilities	<u>\$ 232,071</u>	<u>\$ 54,009</u>	<u>\$ 286,080</u>
DEFERRED INFLOWS			
Property taxes	\$ 3,939	\$ -	\$ 3,939
Unearned revenues	1,150,266	-	1,150,266
Total deferred inflows	<u>\$ 1,154,205</u>	<u>\$ -</u>	<u>\$ 1,154,205</u>
FUND BALANCES			
Nonspendable	\$ -	\$ -	\$ -
Unassigned	2,412,102	(42,927)	2,369,175
Total fund balances	<u>\$ 2,412,102</u>	<u>\$ (42,927)</u>	<u>\$ 2,369,175</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,798,378</u>	<u>\$ 11,082</u>	<u>\$ 3,809,460</u>

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

Total fund balance per balance sheet:	\$ 2,369,175
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,958,143
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.	905,408
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.	(3,531,700)
Some revenues are not available in the current period financial statement, and, therefore, are not reported in the funds.	3,939
Net position of governmental activities	<u>\$ 20,704,965</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, 2022

	General Fund	Airport Fund	Total Governmental Funds
REVENUES			
Intergovernmental revenue	\$ 2,077,955	\$ 211,346	\$ 2,289,301
Taxes and special assessments	3,012,562	-	3,012,562
Fines and forfeitures	108,653	-	108,653
Charges for services	863,164	209,297	1,072,461
Licenses and permits	78,635	-	78,635
Other	(108,115)	-	(108,115)
Total revenues	<u>\$ 6,032,854</u>	<u>\$ 420,643</u>	<u>\$ 6,453,497</u>
EXPENDITURES			
Current			
General government	\$ 1,005,067	\$ -	\$ 1,005,067
Public safety	2,895,255	-	2,895,255
Public works	665,270	-	665,270
Health, welfare and recreation	1,638,436	-	1,638,436
Transportation	-	568,349	568,349
Capital outlay	-	39,774	39,774
Debt service -			
Principal retirement	82,862	-	82,862
Interest and fiscal charges	5,362	-	5,362
Total expenditures	<u>\$ 6,292,252</u>	<u>\$ 608,123</u>	<u>\$ 6,900,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (259,398)</u>	<u>\$ (187,480)</u>	<u>\$ (446,878)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	\$ (180,184)	\$ 171,508	\$ (8,676)
Total other financing sources and uses	<u>\$ (180,184)</u>	<u>\$ 171,508</u>	<u>\$ (8,676)</u>
Net changes in fund balances	\$ (439,582)	\$ (15,972)	\$ (455,554)
Fund balances - Beginning of year	<u>2,851,684</u>	<u>(26,955)</u>	<u>2,824,729</u>
Fund balances - End of year	<u><u>\$ 2,412,102</u></u>	<u><u>\$ (42,927)</u></u>	<u><u>\$ 2,369,175</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, 2022

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

Net change in fund balance - total governmental funds \$ (455,554)

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 (518,797)

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) 82,862

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	\$ 7,054	
Net pension benefit obligation	<u>(418,744)</u>	(411,690)

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 (1,783)

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. (347,373)

Changes in net position of governmental activities \$ (1,652,335)

(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, 2022

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
ASSETS							
Current assets							
Pooled cash and investments	\$ 2,137,375	3,492,432	\$ 5,115,383	1,471,449	-	\$ 12,216,639	\$ -
Non-pooled cash and cash equivalents	-	82,143	-	124,113	19,785	226,041	1,308,862
Investments	-	-	262,500	-	-	262,500	-
Receivables (net of allowance for uncollectibles)							
Accounts receivable	227,485	145,378	682,074	177,758	328,113	1,560,808	-
Unbilled services	99,871	-	377,659	-	-	477,530	-
Inventory, at cost	68,767	-	335,613	-	-	404,380	-
Total current assets	<u>\$ 2,533,498</u>	<u>\$ 3,719,953</u>	<u>\$ 6,773,229</u>	<u>\$ 1,773,320</u>	<u>\$ 347,898</u>	<u>\$ 15,147,898</u>	<u>\$ 1,308,862</u>
Non-current assets							
Capital assets							
Land	\$ 42,726	\$ 15,737	\$ 71,045	\$ 213,125	\$ -	\$ 342,633	\$ -
Buildings and improvements	22,242,331	12,421,455	19,924,261	1,024,069	564,277	56,176,393	-
Machinery and equipment	785,087	1,130,658	1,379,901	3,712,418	646,387	7,654,451	-
Construction in progress	6,000	754,145	-	-	-	760,145	-
Accumulated depreciation	(11,277,894)	(6,806,178)	(11,004,199)	(3,722,572)	(972,688)	(33,783,531)	-
Total capital assets net of accumulated depreciation	<u>\$ 11,798,250</u>	<u>\$ 7,515,817</u>	<u>\$ 10,371,008</u>	<u>\$ 1,227,040</u>	<u>\$ 237,976</u>	<u>\$ 31,150,091</u>	<u>\$ -</u>
Total non-current assets	<u>\$ 11,798,250</u>	<u>\$ 7,515,817</u>	<u>\$ 10,371,008</u>	<u>\$ 1,227,040</u>	<u>\$ 237,976</u>	<u>\$ 31,150,091</u>	<u>\$ -</u>
Total assets	<u>\$ 14,331,748</u>	<u>\$ 11,235,770</u>	<u>\$ 17,144,237</u>	<u>\$ 3,000,360</u>	<u>\$ 585,874</u>	<u>\$ 46,297,989</u>	<u>\$ 1,308,862</u>
DEFERRED OUTFLOW OF RESOURCES							
Retirement contributions	\$ 28,558	\$ 20,422	\$ 56,838	\$ 43,048	\$ 22,938	\$ 171,804	\$ -
Change in proportionate share of colle- tive deferred outflow of resources	14,634	10,465	29,126	22,058	(4,924)	71,359	-
Proportionate share of change in estimated experience versus actual	4,128	2,952	8,216	6,223	3,742	25,261	-
Deferred outflow due to assumption changes	20,175	14,428	40,155	30,412	16,299	121,469	-
Total deferred outflow of resources	<u>\$ 67,495</u>	<u>\$ 48,267</u>	<u>\$ 134,335</u>	<u>\$ 101,741</u>	<u>\$ 38,055</u>	<u>\$ 389,893</u>	<u>\$ -</u>

(Continued)

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

	Business-type Activities Enterprise Funds						Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund	Total	
LIABILITIES							
Current liabilities							
Accounts payable	\$ 29,965	\$ 8,501	\$ 453,828	\$ 9,593	\$ 2,089	\$ 503,976	\$ -
Accrued liabilities	23,362	7,870	63,880	14,287	12,500	121,899	-
Customer deposits	5,908	-	206,792	-	-	212,700	403,454
Current portion of long-term debt	160,909	19,000	205,000	60,862	-	445,771	-
Total current liabilities	<u>\$ 220,144</u>	<u>\$ 35,371</u>	<u>\$ 929,500</u>	<u>\$ 84,742</u>	<u>\$ 14,589</u>	<u>\$ 1,284,346</u>	<u>\$ 403,454</u>
Non-current liabilities							
Notes and lease obligations payable	\$ 692,232	\$ -	\$ -	\$ 140,431	\$ -	\$ 832,663	\$ -
Bonds payable	-	954,000	925,000	-	-	1,879,000	-
Net pension liability	249,324	178,296	496,225	375,824	206,507	1,506,176	-
Landfill closure and postclosure costs	-	-	-	1,570,979	-	1,570,979	-
Total non-current liabilities	<u>\$ 941,556</u>	<u>\$ 1,132,296</u>	<u>\$ 1,421,225</u>	<u>\$ 2,087,234</u>	<u>\$ 206,507</u>	<u>\$ 5,788,818</u>	<u>\$ -</u>
Total liabilities	<u>\$ 1,161,700</u>	<u>\$ 1,167,667</u>	<u>\$ 2,350,725</u>	<u>\$ 2,171,976</u>	<u>\$ 221,096</u>	<u>\$ 7,073,164</u>	<u>\$ 403,454</u>
DEFERRED INFLOWS							
Proportionate share of change in investment earnings							
Total deferred inflow of resources	<u>\$ 164,058</u>	<u>\$ 117,322</u>	<u>\$ 326,523</u>	<u>\$ 247,297</u>	<u>\$ 129,332</u>	<u>\$ 984,532</u>	<u>\$ -</u>
NET POSITION							
Net investment in capital assets	\$ 10,945,109	\$ 6,542,817	\$ 9,241,008	\$ 1,025,747	\$ 237,976	\$ 27,992,657	\$ -
Unrestricted	2,128,376	3,456,231	5,360,316	(342,919)	35,525	10,637,529	905,408
Total net position	<u>\$ 13,073,485</u>	<u>\$ 9,999,048</u>	<u>\$ 14,601,324</u>	<u>\$ 682,828</u>	<u>\$ 273,501</u>	<u>\$ 38,630,186</u>	<u>\$ 905,408</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, 2022

	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	\$ 2,260,758	\$ 1,580,536	\$ 8,023,338	\$ 1,863,045	\$ 541,070	\$ 14,268,747	\$ 1,512,391
Miscellaneous	-	22,784	63,787	13,746	-	100,317	-
Total operating revenue	<u>\$ 2,260,758</u>	<u>\$ 1,603,320</u>	<u>\$ 8,087,125</u>	<u>\$ 1,876,791</u>	<u>\$ 541,070</u>	<u>\$ 14,369,064</u>	<u>\$ 1,512,391</u>
OPERATING EXPENSES							
Salaries and benefits	\$ 443,290	\$ 276,669	\$ 746,891	\$ 718,625	\$ 386,273	\$ 2,571,748	\$ -
Public works	829,327	599,354	6,384,736	723,830	-	8,537,247	-
Health, welfare and recreation	22,755	-	-	-	209,094	231,849	-
Claims paid	-	-	-	-	-	-	1,860,256
Depreciation	759,788	352,583	676,872	205,264	73,456	2,067,963	-
Total operating expenses	<u>\$ 2,055,160</u>	<u>\$ 1,228,606</u>	<u>\$ 7,808,499</u>	<u>\$ 1,647,719</u>	<u>\$ 668,823</u>	<u>\$ 13,408,807</u>	<u>\$ 1,860,256</u>
OPERATING INCOME (LOSS)	<u>\$ 205,598</u>	<u>\$ 374,714</u>	<u>\$ 278,626</u>	<u>\$ 229,072</u>	<u>\$ (127,753)</u>	<u>\$ 960,257</u>	<u>\$ (347,865)</u>
NON-OPERATING REVENUES (EXPENSES)							
Grants	\$ 374,283	\$ 198	\$ -	\$ -	\$ 63,030	\$ 437,511	\$ -
Optional 1 cent tax	1,505	1,505	-	-	-	3,010	-
Interest income	-	-	49	-	1,847	1,896	492
Interest expense	(25,573)	(18,867)	(64,187)	(3,702)	-	(112,329)	-
INCOME (LOSS) BEFORE TRANSFERS	<u>\$ 555,813</u>	<u>\$ 357,550</u>	<u>\$ 214,488</u>	<u>\$ 225,370</u>	<u>\$ (62,876)</u>	<u>\$ 1,290,345</u>	<u>\$ (347,373)</u>
Transfers	-	-	-	-	8,676	8,676	\$ -
INCOME (LOSS) AFTER TRANSFERS	<u>\$ 555,813</u>	<u>\$ 357,550</u>	<u>\$ 214,488</u>	<u>\$ 225,370</u>	<u>\$ (54,200)</u>	<u>\$ 1,299,021</u>	<u>\$ (347,373)</u>
CHANGES IN NET POSITION - Profit/(loss)	\$ 555,813	\$ 357,550	\$ 214,488	\$ 225,370	\$ (54,200)	\$ 1,299,021	\$ (347,373)
NET POSITION - Beginning of year	12,517,672	9,641,498	14,386,836	457,458	327,701	37,331,165	1,252,781
NET POSITION - End of year	<u>\$ 13,073,485</u>	<u>\$ 9,999,048</u>	<u>\$ 14,601,324</u>	<u>\$ 682,828</u>	<u>\$ 273,501</u>	<u>\$ 38,630,186</u>	<u>\$ 905,408</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, 2022

	Business-type Activities Enterprise Funds					Total	Governmental Activities - Internal Service Fund
	Water Fund	Sewer Fund	Electric Fund	Sanitation Fund	Ambulance Fund		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,273,973	\$ 1,577,470	\$ 8,083,497	\$ 1,871,570	\$ 510,741	\$ 14,317,251	\$ 1,512,391
Payments to employees and employee benefits	(522,148)	(302,634)	(799,132)	(756,303)	(409,718)	(2,789,935)	-
Payments to vendors	(837,033)	(726,007)	(6,430,903)	(836,822)	(202,385)	(9,033,150)	-
Payments for insurance premiums and claims	-	-	-	-	-	-	(1,775,323)
Other receipts (payments)	25,727	8,491	63,811	-	62,854	160,883	-
Net cash provided (used) by operating activities	<u>\$ 940,519</u>	<u>\$ 557,320</u>	<u>\$ 917,273</u>	<u>\$ 278,445</u>	<u>\$ (38,508)</u>	<u>\$ 2,655,049</u>	<u>\$ (262,932)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition, disposal and construction of capital assets	\$ (645,083)	\$ (394,013)	\$ (344,711)	\$ (125,328)	\$ (15,741)	\$ (1,524,876)	\$ -
Optional sales tax	1,505	1,505	-	-	-	3,010	-
Contribution in aid of construction	374,283	198	-	-	-	374,481	-
Net cash used for capital and related financing activities	<u>\$ (269,295)</u>	<u>\$ (392,310)</u>	<u>\$ (344,711)</u>	<u>\$ (125,328)</u>	<u>\$ (15,741)</u>	<u>\$ (1,147,385)</u>	<u>\$ -</u>
CASH FLOWS FROM NONOPERATING FINANCING ACTIVITIES							
Principal payments on capital leases and other long-term debt	\$ (184,081)	\$ (32,209)	\$ (194,951)	\$ (59,928)	\$ -	\$ (471,169)	\$ -
Acquisition, disposal and construction of capital long-term debt interest	(25,573)	(18,867)	(64,187)	(3,702)	-	(112,329)	-
Net cash used for nonoperating financing activities	<u>\$ (209,654)</u>	<u>(51,076)</u>	<u>\$ (259,138)</u>	<u>(63,630)</u>	<u>\$ -</u>	<u>(583,498)</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest income received	\$ -	\$ -	\$ 49	\$ -	\$ 1,847	\$ 1,896	\$ 492
Net increase (decrease) in cash and cash equivalents	\$ 461,570	\$ 113,934	\$ 313,473	\$ 89,487	\$ (52,402)	\$ 926,062	\$ (262,440)
Cash and cash equivalents - Beginning of year	1,675,805	3,460,641	4,801,910	1,506,075	72,187	11,516,618	1,571,302
Cash and cash equivalents - End of year	<u>\$ 2,137,375</u>	<u>\$ 3,574,575</u>	<u>\$ 5,115,383</u>	<u>\$ 1,595,562</u>	<u>\$ 19,785</u>	<u>\$ 12,442,680</u>	<u>\$ 1,308,862</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	\$ 205,598	\$ 374,714	\$ 278,626	\$ 229,072	\$ (127,753)	\$ 960,257	\$ (347,865)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation	\$ 759,788	\$ 352,583	\$ 676,872	\$ 187,200	\$ 73,456	\$ 2,049,899	\$ -
(Increase)/ decrease in -							
Receivables	21,263	(17,358)	43,647	(5,222)	41,201	83,531	-
Inventory	9,885	-	(321)	-	-	9,564	-
(Increase)/decrease in -							
Accounts payable	10,670	(128,401)	(16,869)	(40,193)	(1,968)	(176,761)	-
Claims payable	-	-	-	-	-	-	84,933
Deposits	-	-	16,537	-	-	16,537	-
Accrued expenses	(10,093)	(2,198)	(1,724)	(3,994)	(3,697)	(21,706)	-
Retainage payable	-	(22)	-	-	-	(22)	-
Net pension	(56,592)	(21,998)	(79,495)	(88,418)	(19,747)	(266,250)	-
Total adjustments	\$ 734,921	\$ 182,606	\$ 638,647	\$ 49,373	\$ 89,245	\$ 1,694,792	\$ 84,933
Net cash provided by (used for) operating activities	\$ 940,519	\$ 557,320	\$ 917,273	\$ 278,445	\$ (38,508)	\$ 2,655,049	\$ (262,932)

(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).

.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.

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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Full-time employees with ten (10) years of service with the City of Torrington and upon their retirement will choose one of the two options below. Once a retiring employee's choice is made, it is irrevocable and cannot be changed at a later date. If an employee chooses option one (1) and decides to discontinue participating in the City's health insurance plan before the balance in their fund is zero (0), the balance in the fund is forfeited back to the City's health insurance reserve.

1. Sick leave hours are multiplied by the employee's rate of pay and that dollar amount is put in a special fund, the monthly cost of the retiring employee's health insurance is then deducted until their account is zero (0); or
2. The retiring employee can "cash out" their sick leave at 50% of the value, not to exceed \$5,000.

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, 2022, 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.

Change in accounting principles

During the fiscal year the City adopted Government Accounting Standards Board (GASB) Statement No. 87 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The adoption of this new accounting pronouncement did not require a restatement of the City's June 30, 2021 net position.

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, 2022 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	\$ 7,571,915	\$ 7,366,243	\$ 3,094,097	\$ 4,346,764	\$ -	\$ -
Money Market Accounts	167,099	167,099	167,099	-	-	-
FFCB Bonds	162,578	145,845	-	-	-	145,845
GNMA Bonds	74,440	26,511	-	56	338	26,117
TVA Bonds	242,040	235,399	-	-	-	235,399
FHL Bonds	2,000	2,018	-	-	-	2,018
Total	<u>\$ 8,220,072</u>	<u>\$ 7,943,115</u>	<u>\$ 3,261,196</u>	<u>\$ 4,346,820</u>	<u>\$ 338</u>	<u>\$ 409,379</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, 2022, 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, 2022, 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, 2022.

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

	General Fund				Airport	Total
	General	Golf	Pool	Cemetery	Fund	
Accounts receivable	\$ 7,676	\$ 3,766	\$ -	\$ 400	\$ 11,081	\$ 22,923

Proprietary Funds

	Water	Sewer	Electric	Sanitation	Ambulance	Total
	Fund	Fund	Fund	Fund	Fund	
Accounts receivable	\$ 230,875	\$ 145,762	\$ 701,229	\$ 177,050	\$ 447,878	\$ 1,702,794
Allowance for uncollectible	(3,390)	(384)	(19,155)	708	(119,765)	(141,986)
Net receivables	<u>\$ 227,485</u>	<u>\$ 145,378</u>	<u>\$ 682,074</u>	<u>\$ 177,758</u>	<u>\$ 328,113</u>	<u>\$ 1,560,808</u>

Accounts receivable	\$ 1,725,717
Allowance for uncollectible	<u>(141,986)</u>
Net receivables	<u>\$ 1,583,731</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, 2022.

<u>Bank Balance</u>	
Secured by FDIC Insurance	\$ 8,890,736
Secured by security pledged to District	8,257,365
Other	71,398
	<u>\$ 17,219,499</u>

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7. FIXED ASSETS

Capital asset activity during 2022 was as follows:

	Balance June 30, 2021	Additions	Transfers/ Deletions	Balance June 30, 2022
Government activities:				
Land	\$ 1,106,857	\$ -	\$ -	\$ 1,106,857
Building and improvements	19,500,582	6,724,423	-	26,225,005
Machinery and equipment	7,098,949	555,622	(194,226)	7,460,345
Streets	4,870,303	65,625	-	4,935,928
Construction in progress	6,611,857	131,583	(6,733,290)	10,150
	<u>\$ 39,188,548</u>	<u>\$ 7,477,253</u>	<u>\$ (6,927,516)</u>	<u>\$ 39,738,285</u>
Accumulated depreciation	<u>\$ 17,711,612</u>	<u>\$ 1,262,756</u>	<u>\$ (194,226)</u>	<u>\$ 18,780,142</u>
Business-type activities:				
Land	\$ 342,633	\$ -	\$ -	\$ 342,633
Building and improvements	54,486,161	1,690,232	-	56,176,393
Machinery and equipment	7,639,648	32,867	(18,064)	7,654,451
Construction in progress	940,305	997,366	(1,177,526)	760,145
	<u>\$ 63,408,747</u>	<u>\$ 2,720,465</u>	<u>\$ (1,195,590)</u>	<u>\$ 64,933,622</u>
Accumulated depreciation	<u>\$ 31,733,632</u>	<u>\$ 2,067,963</u>	<u>\$ (18,064)</u>	<u>\$ 33,783,531</u>

Depreciation expense was charged to function as follows:

Governmental activities:		
General government		\$ 182,206
Public safety		196,815
Public works		354,973
Health, welfare and recreation		185,071
Transportation		343,691
Total governmental activities		<u>\$ 1,262,756</u>
Business-type activities:		
Water Fund		\$ 759,787
Sewer Fund		352,583
Electric Fund		676,872
Sanitation Fund		205,264
Ambulance Fund		73,457
Total business-type activities		<u>\$ 2,067,963</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, 2022.

NOTE 8. GOVERNMENTAL ACTIVITIES LONG-TERM DEBT

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

	Balance June 30, 2022	Estimated Current
<u>General Fund</u>		
Financing lease with Wyoming Association of Municipalities for the purchas of equipment: 0.00% interest; matures January 2027; quarterly payment of \$650	\$ 12,350	\$ 2,600
Financing lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest ; average annually payments of \$30,233; matures August 2025	99,556	30,101
Financing lease with Platte Valley Bank for the purchase of equipment: 2.76% interest, matures October 2025; average annually payment of \$15,091	87,127	39,070
Total General Fund	\$ 199,033	\$ 71,771

A summary of changes in the governmental activities long-term debt for the year ended June 30, 2022, is presented below:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Lease purchase obligations	\$ 281,894	\$ -	\$ 82,861	\$ 199,033

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:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 71,771	\$ 3,754	\$ 75,525
2024	74,433	2,182	76,615
2025	40,441	639	53,707
2026	10,438	30	10,467
2027	1,950	-	1,950
	<u>\$ 199,033</u>	<u>\$ 6,605</u>	<u>\$ 218,264</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:

<u>Water Fund</u>	<u>Balance June 30, 2022</u>	<u>Estimated Current</u>
State of Wyoming, Wyoming State Loan and Investment Board for financing raw water project; 2.5% interest rate annual payments of \$6,144; matures May 1, 2024	11,755	5,851
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	7,352	1,157
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	4,407	693
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	519,041	99,296
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	198,882	31,296
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	77,271	12,205
Financing lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest rate; average annual payment \$10,566; matures August 2025	34,433	10,411
Total Water Fund	<u>\$ 853,141</u>	<u>\$ 160,909</u>

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

	<u>Balance June 30, 2022</u>	<u>Estimated Current</u>
Sewer Fund		
U.S. Department of Agriculture for sewer improvements, 1.875% interest rate; annual payments vary but average of \$37,568; matures April 12, 2058	\$ 973,000	\$ 19,000
Electric Fund		
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	\$ 1,130,000	\$ 205,000
Sanitation Fund		
Financing lease with Wyoming Bank & Trust for the purchase of equipment: 1.55% interest rate; average annually payment \$61,128; matures August 2025	\$ 201,293	\$ 60,862
Total Proprietary Funds	<u>\$ 3,158,420</u>	<u>\$ 445,771</u>
Comprised of:		
Current portion of long-term debt	\$ 445,771	
Notes and lease obligation payable	1,738,663	
Bonds payable	973,000	
	<u>\$ 3,157,434</u>	

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, 2022 follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Water Fund-				
SLIB loans	\$ 992,532	\$ -	\$ 173,824	\$ 818,708
Lease purchase obligations	44,684		10,251	34,433
	<u>1,037,216</u>	<u>-</u>	<u>184,075</u>	<u>853,141</u>
Sewer				
Revenue bond payables	992,000	-	19,000	973,000
Lease purchase obligations	13,180	-	13,180	-
	<u>1,005,180</u>	<u>-</u>	<u>32,180</u>	<u>973,000</u>
Electric-				
Revenue bond	1,325,000	-	195,000	1,130,000
Sanitation-				
Lease purchase obligations	261,221	-	59,928	201,293
	<u>\$ 3,773,853</u>	<u>\$ -</u>	<u>\$ 458,003</u>	<u>\$ 3,157,434</u>

Summary

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

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, 2022 no funds had been drawn from the loan.

Year ended June 30,	Principal	Interest	Total
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	428,621	28,050	456,671
2028 & after	921,684	291,589	1,213,273
	<u>3,157,434</u>	<u>597,473</u>	<u>3,754,907</u>

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.

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.

The Wyoming State Legislature has established the following benefits for participants of the Public Employee Pension Plan, the Law Enforcement Pension Plan and the Volunteer Firefighter, EMT and Search and Rescue Pension Plan.

Public Employee Pension Plan:

Tier 1 - The Public Employee Pension 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.

Tier 2 - The Public Employee Pension 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.

This 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. The State Legislature must grant any cost-of-living adjustment provided to retirees. In addition, a cost-of-living adjustment (COLA) will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Participants terminating prior to normal retirement can elect to withdraw their contributions and 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)

Law Enforcement Pension Plan:

The Law Enforcement Pension Plan allows for normal retirement at age 60 with four years of service, or at any age with twenty years of service.

This plan provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. The State Legislature must grant any cost-of-living adjustment provided to retirees. 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.

Participants may withdraw from the Plan at any time and receive refunds of participant contributions and accumulated interest.

Volunteer Firefighter, EMT and Search and Rescue Pension Plan:

The Volunteer Firefighter, EMT and Search and Rescue Pension Plan allows for normal retirement at age 60 with five years of service.

This plan provides retirement and death benefits according to predetermined amounts primarily determined by entry age and years of service of the participant.

Participants may withdraw from the Plan at any time and receive refunds of participant contributions and accumulated interest.

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	9.25%	9.37%
Law Enforcement	8.60%	8.60%
Volunteer EMT Pension Plan	18.75/ month	

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.

Contribution rates are established by Title 9, Chapter 3 of the Wyoming State Statutes. The City's contribution to the System for the year ended June 30, 2022, are equal to the required contributions for the year follows:

Public Employee Pension Plan	\$ 666,468
Law Enforcement Pension Plan	229,084
Volunteer EMT Pension Plan	450
	\$ 896,002

CITY OF TORRINGTON, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. PENSION PLAN (Continued)

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

At June 30, 2022, the City reported a liability for its proportionate share of the net pension liability as follows:

Public Employee Pension Plan	\$ 2,918,114
Law Enforcement Pension Plan	2,238,010
Volunteer EMT Pension Plan	10,176
	<u>\$ 5,166,300</u>

The net pension liability was measured as of December 31, 2021, 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, 2021 and 2020, the City's proportion was:

	<u>December 31,</u> 2021	<u>December 31,</u> 2020
Public Employee Pension Plan	0.19139%	0.18368%
Law Enforcement Pension Plan	0.78654%	0.71683%
Volunteer EMT Pension Plan	0.08086%	0.11726%

For the year ended June 30, 2022, 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	\$ (337,931)
Law Enforcement Pension Plan	509,003
Volunteer EMT Pension Plan	(18,572)
	<u>\$ 152,500</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, 2023. 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>
2023	\$ 682,400	\$ 618,935
2024	666,987	984,388
2025	601,531	590,725
2026	126,274	455,744
	<u>\$ 2,077,192</u>	<u>\$ 2,649,792</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.

Public Employee Pension Plan

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 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:	6.80%
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:	Pub-2010 General Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with the MP-2020 ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 103%
Pre-retirement mortality:	Pub-2010 General Active Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale 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)

Law Enforcement Employee Pension Plan

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	24 years
Asset valuation method:	5-year smoothed market
Inflation:	2.25%
Salary increases:	3.00% to 7.00% including inflation
Payroll growth rate:	2.50%
Cost of living increase:	0.00%
Investment rate of return:	6.80%
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:	Pub-2010 Safety Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%
Pre-retirement mortality:	Pub-2010 Safety Active Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

Volunteer Firefighter Employee Pension Plan

Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	27 years
Asset valuation method:	5-year smoothed market
Inflation:	2.25%
Salary increases:	0.00%
Investment rate of return:	6.80%
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:	Pub-2010 Safety Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 103%
Pre-retirement mortality:	Pub-2010 Safety Active Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale. 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, 2020 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 6.80% (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 for the fiscal year 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%	-0.50%	-0.50%
Fixed income	21.00%	1.32%	1.63%
Equity	48.50%	5.63%	7.54%
Marketable securities	19.00%	3.74%	4.63%
Private markets	9.50%	4.84%	5.99%
Total	<u>100.00%</u>	<u>4.17%</u>	<u>5.44%</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 6.80% 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

The following discount rates were used to measure the total pension liability for the all plans that the City participates in:

Public Employee Plan and Volunteer Firefighter EMT Plan	6.80%
Law Enforcement Plan	5.17%

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 6.80%, the municipal bond rate is 1.84% (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	Current Discount Rate	1% Increase
	5.80%	6.80%	7.80%
City's proportionate share of net pension liability for:			
<u>Public Employee Plan</u>	<u>\$ 5,383,885</u>	<u>\$ 2,918,114</u>	<u>\$ 874,130</u>
<u>Volunteer EMT Pension Plan</u>	<u>\$ 22,045</u>	<u>\$ 10,176</u>	<u>\$ 395</u>
	<u>4.17%</u>	<u>5.17%</u>	<u>6.17%</u>
<u>Law Enforcement Pension Plan</u>	<u>\$ 3,672,236</u>	<u>\$ 2,238,010</u>	<u>\$ 1,089,255</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	\$ 50,371
	<u>\$ 50,371</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, 2022 is as follows:

Claims incurred but not reported June 30, 2021	\$ 318,521
Claims incurred June 30, 2022	(1,775,323)
Claims paid	<u>1,860,256</u>
Total	<u><u>\$ 403,454</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 \$48,472 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	\$ -	\$ (180,184)
Airport Fund	171,508	-
Ambulance Fund	8,676	-
	\$ 180,184	\$ (180,184)

This transfer is to cover deficit balances incurred by the airport fund and ambulance 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, 2021. 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. All bids received for the project exceeded the City's available project funding, therefore additional funding is needed. The resolution authorizes the submission of an application to the State Loan and Investment Board for an increase to CW189 for a new total loan amount of \$7,000,000 through the State Revolving Fund.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes and special assessments				
Sales taxes	\$ 1,120,706	\$ 1,120,706	\$ 1,305,012	\$ 184,306
Optional sales tax	952,883	952,883	1,136,576	183,693
Property taxes	329,118	329,118	327,656	(1,462)
Lottery taxes	40,121	40,121	28,736	(11,385)
Vehicle registration	100,000	100,000	131,705	31,705
Total taxes and special assessments	<u>\$ 2,542,828</u>	<u>\$ 2,542,828</u>	<u>\$ 2,929,685</u>	<u>\$ 386,857</u>
Licenses and permits				
Clerk licenses and permits	\$ 30,000	\$ 30,000	\$ 36,605	\$ 6,605
Building permits	8,000	8,000	42,033	34,033
Total licenses and permits	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 78,638</u>	<u>\$ 40,638</u>
Fines and forfeitures				
Police fines - municipal court	\$ 123,000	\$ 123,000	\$ 105,367	\$ (17,633)
911 income	115,000	115,000	126,691	11,691
	<u>\$ 238,000</u>	<u>\$ 238,000</u>	<u>\$ 232,058</u>	<u>\$ (5,942)</u>
Intergovernmental revenue				
Mineral royalties	\$ 270,000	\$ 270,000	\$ 275,336	\$ 5,336
Severance tax	240,000	240,000	220,262	(19,738)
Cigarette tax	42,394	42,394	40,349	(2,045)
Wyoming gaming commission	-	-	21,047	21,047
State gas tax	249,977	249,977	247,104	(2,873)
Grants	42,570	42,570	13,654	(28,916)
CARES act revenue	830,000	830,000	575,839	(254,161)
Lease purchase	227,000	227,000	-	(227,000)
Community grants	-	-	38,240	38,240
Police dept grants	81,144	81,144	101,583	20,439
Supplemental local gov funding	994,718	994,718	999,271	4,553
Total intergovernmental revenue	<u>\$ 2,977,803</u>	<u>\$ 2,977,803</u>	<u>\$ 2,532,685</u>	<u>\$ (445,118)</u>
Charges for services				
Miscellaneous service charges	\$ 163,035	\$ 163,035	\$ 174,184	\$ 11,149
Golf course	267,027	267,027	351,920	84,893
Pool	37,000	37,000	45,121	8,121
Cemetery	55,000	55,000	61,470	6,470
Total charges for services	<u>\$ 522,062</u>	<u>\$ 522,062</u>	<u>\$ 632,695</u>	<u>\$ 110,633</u>
Miscellaneous revenue				
Investment interest	\$ 90,000	\$ 90,000	\$ 140,788	\$ 50,788
Industrial park	15,000	15,000	20,987	5,987
Other income	42,070	42,070	49,642	7,572
Total miscellaneous revenue	<u>\$ 147,070</u>	<u>\$ 147,070</u>	<u>\$ 211,417</u>	<u>\$ 64,347</u>
Utilities revenue				
Administrative fees	\$ 2,048,319	\$ 2,048,319	\$ 1,759,201	\$ (289,118)
Cable television franchise	15,000	15,000	14,983	(17)
Natural gas franchise	40,000	40,000	43,880	3,880
Public Access Fee Income	373,206	373,206	387,894	14,688
Telecommunication franchise	6,000	6,000	7,000	1,000
Telephone franchise	2,400	2,400	2,400	-
Total utilities revenue	<u>\$ 2,484,925</u>	<u>\$ 2,484,925</u>	<u>\$ 2,215,358</u>	<u>\$ (269,567)</u>
Total revenue	<u>\$ 8,950,688</u>	<u>\$ 8,950,688</u>	<u>\$ 8,832,536</u>	<u>\$ (118,152)</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES:				
General government				
Mayor and council	\$ 460,221	\$ 460,221	\$ 402,336	\$ 57,885
Judicial	258,007	258,007	239,022	18,985
Clerk	955,340	955,340	934,940	20,400
Maintenance	156,505	156,505	87,391	69,114
Lincoln Community Complex	324,942	324,942	284,384	40,558
Special community projects	113,042	113,042	92,451	20,591
Total general government	<u>\$ 2,268,057</u>	<u>\$ 2,268,057</u>	<u>\$ 2,040,524</u>	<u>\$ 227,533</u>
Public safety				
Police department	\$ 2,766,699	\$ 2,766,699	\$ 2,659,110	\$ 107,589
Fire department	290,535	290,535	254,157	36,378
Engineering	462,095	462,095	445,953	16,142
Total public safety	<u>\$ 3,519,329</u>	<u>\$ 3,519,329</u>	<u>\$ 3,359,220</u>	<u>\$ 160,109</u>
Public works				
Streets	\$ 845,889	\$ 845,889	\$ 670,102	\$ 175,787
Shop	268,362	268,362	253,963	14,399
Storm drain maintenance	8,265	8,265	5,784	2,481
Industrial park	600,000	600,000	13,394	586,606
Capital outlay	293,570	293,570	33,670	259,900
Total public works	<u>\$ 2,016,086</u>	<u>\$ 2,016,086</u>	<u>\$ 976,913</u>	<u>\$ 1,039,173</u>
Health, welfare and recreation				
Parks	\$ 365,368	\$ 365,368	\$ 360,080	\$ 5,288
Museum	132,055	132,055	109,041	23,014
Homesteaders' museum - Kelly Trust	47,500	47,500	3,194	44,306
Golf course	732,485	732,485	728,473	4,012
Pool	206,347	206,347	181,172	25,175
Cemetery	277,087	277,087	259,601	17,486
Total health, welfare and recreation	<u>\$ 1,760,842</u>	<u>\$ 1,760,842</u>	<u>\$ 1,641,561</u>	<u>\$ 119,281</u>
Total expenditures	<u>\$ 9,564,314</u>	<u>\$ 9,564,314</u>	<u>\$ 8,018,218</u>	<u>\$ 1,546,096</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (613,626)	\$ (613,626)	\$ 814,318	\$ 1,427,944
OTHER FINANCING SOURCES				
Transfers from/ (to) other funds	<u>1,060,058</u>	<u>1,060,058</u>	<u>(180,184)</u>	<u>(1,240,242)</u>
NET CHANGES IN FUND BALANCE	<u>\$ 446,432</u>	<u>\$ 446,432</u>	<u>\$ 634,134</u>	<u>\$ 187,702</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Gas tax	\$ 2,700	\$ 2,700	\$ 2,888	\$ 188
Grants	264,447	264,447	212,172	(52,275)
Fee service	29,064	29,064	28,500	(564)
Fuel retail	150,000	150,000	167,795	17,795
Miscellaneous income	200	200	10,115	9,915
Total revenues	<u>\$ 446,411</u>	<u>\$ 446,411</u>	<u>\$ 421,470</u>	<u>\$ (24,941)</u>
EXPENDITURES:				
Transportation	\$ 560,457	\$ 560,457	\$ 608,950	\$ (48,493)
Capital outlay	150,000	150,000	-	150,000
Total expenditures	<u>\$ 710,457</u>	<u>\$ 710,457</u>	<u>\$ 608,950</u>	<u>\$ 101,507</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (264,046)	\$ (264,046)	\$ (187,480)	\$ 76,566
OTHER FINANCING SOURCES				
Transfers from/(to) other funds	203,346	203,346	171,508	(31,838)
NET CHANGES IN FUND BALANCE	<u>\$ (60,700)</u>	<u>\$ (60,700)</u>	<u>\$ (15,972)</u>	<u>\$ 44,728</u>
FUND BALANCE (Non-GAAP) - Beginning			<u>\$ (26,955)</u>	
FUND BALANCE (Non-GAAP) - Ending			<u>\$ (42,927)</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	\$ 6,032,854	\$ 1,759,202	\$ 1,040,480	\$ 8,832,536
Expenditures and proceeds of capital leases	6,920,617	(1,759,202)	\$ 2,856,803	8,018,218
Transfers	(505,576)	-	-	(505,576)
Net changes	<u>\$ (1,393,339)</u>	<u>\$ -</u>	<u>\$ (1,816,323)</u>	<u>\$ 308,742</u>
<u>Airport Fund</u>				
Revenues	\$ 420,643	\$ -	\$ 827	\$ 421,470
Expenditures and proceeds of capital leases	933,515	-	\$ (324,565)	608,950
Transfers	496,900	-	-	496,900
Net changes	<u>\$ (15,972)</u>	<u>\$ -</u>	<u>\$ 325,392</u>	<u>\$ 309,420</u>

CITY OF TORRINGTON, WYOMING

SCHEDULE OF CONTRIBUTIONS - WYOMING RETIREMENT SYSTEM
FOR THE YEARS ENDED JUNE 30, 2015 - 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<u>Public Employee Plan</u>								
Contractually required contributions	\$ 666,468	\$ 619,264	\$ 592,296	\$ 560,705	\$ 522,999	\$ 501,271	\$ 511,170	\$ 460,494
Contribution in relation to the contractually required contributions	666,468	619,264	592,296	560,705	541,842	482,428	511,170	460,494
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ 18,843	\$ (18,843)	\$ -	\$ -
City's covered employee payroll	\$ 3,578,898	\$ 3,417,572	\$ 3,361,500	\$ 3,289,814	\$ 3,143,192	\$ 3,016,073	\$ 3,076,230	\$ 2,901,662
Contributions as a percentage of covered payroll	18.62%	18.12%	17.62%	17.04%	16.64%	16.62%	16.62%	15.87%
<u>Law Enforcement Plan</u>								
Contractually required contributions	\$ 229,084	\$ 216,961	\$ 215,519	\$ 201,356	\$ 190,388	\$ 177,398	\$ 182,721	\$ 174,089
Contribution in relation to the contractually required contributions	229,084	216,961	215,519	201,356	197,626	170,160	182,721	174,089
Contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ 7,238	\$ (7,238)	\$ -	\$ -
City's covered employee payroll	\$ 1,331,888	\$ 1,261,401	\$ 1,253,020	\$ 1,170,658	\$ 1,106,908	\$ 1,031,384	\$ 1,062,326	\$ 1,015,145
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.15%
<u>Volunteer Firefighter & EMT Pension Plan</u>								
Contractually required contributions	\$ 450	\$ 544	\$ 660	\$ 720	\$ 600	\$ 600	\$ 615	\$ 850
Contribution in relation to the contractually required contributions	450	544	660	720	600	600	615	850
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, 2015 - 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Proportionate share of net pension liability %								
Public Employee Pension Plan	0.19139%	0.18368%	0.18523%	0.18333%	0.17543%	0.15957%	0.16774%	0.16676%
Law Enforcement Pension Plan	0.71683%	0.71683%	0.74312%	0.68810%	0.67165%	0.61120%	0.65324%	0.66628%
Volunteer Firefighter & EMT Pension Plan	0.08086%	0.11726%	0.19807%	0.17071%	0.17232%	0.17105%	0.19219%	4.62459%
Proportionate share of net pension liability \$								
Public Employee Pension Plan	\$ 2,918,114	\$ 3,992,066	\$ 4,352,701	\$ 5,585,968	\$ 3,998,709	\$ 3,857,613	\$ 3,907,327	\$ 2,942,850
Law Enforcement Pension Plan	\$ 2,238,010	\$ 488,321	\$ 640,559	\$ 1,665,711	\$ 577,918	\$ 461,406	\$ 490,714	\$ 196,309
Volunteer Firefighter & EMT Pension Plan	\$ 10,176	\$ 26,906	\$ 55,432	\$ 60,756	\$ 49,292	\$ 54,302	\$ 60,907	\$ 6,924
Covered payroll								
Public Employee Pension Plan	\$ 3,578,898	\$ 3,417,572	\$ 3,361,500	\$ 3,289,814	\$ 3,143,192	\$ 3,016,073	\$ 3,076,230	\$ 2,901,662
Law Enforcement Pension Plan	\$ 1,331,888	\$ 1,261,401	\$ 1,253,020	\$ 1,170,658	\$ 1,106,908	\$ 1,031,384	\$ 1,062,326	\$ 1,015,145
Volunteer Firefighter & EMT Pension Plan	NA	NA	NA	NA	NA	NA	N/A	N/A
Proportionate share of net pension liability as a percentage of covered payroll								
Public Employee Pension Plan	81.54%	116.81%	129.49%	169.80%	127.22%	127.90%	127.02%	101.42%
Law Enforcement Pension Plan	168.03%	38.71%	51.12%	142.29%	52.21%	44.74%	46.19%	19.34%
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 the total plan liability								
Public Employee Pension Plan	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%
Law Enforcement Pension Plan	75.62%	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%
Volunteer Firefighter & EMT Pension Plan	89.62%	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

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, 2022, 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 17, 2023.

Report on 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 2022-001 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., CPAs

March 17, 2023

CITY OF TORRINGTON, WYOMING
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2022-001 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.

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.

CITY OF TORRINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

PRIOR YEAR FINDINGS

2021-001 Ongoing comment and condition reflected as Finding 2022-001 in current year.