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**CITY OF TORRINGTON, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**CITY OF TORRINGTON, CONNECTICUT**  
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**JUNE 30, 2015**

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## **Independent Auditors' Report**

To the Members of the City Council  
City of Torrington, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Torrington, Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Torrington, Connecticut's basic financial statements as listed in the table of contents.

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

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

#### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Torrington, Connecticut, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The net position of the City has been restated to recognize the net pension liability required in implementing GASB No. 68. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information on pages 53 through 57, and the pension schedules on pages 58 through 61 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, which 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Torrington, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Torrington, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 23, 2014, which contained unmodified opinions on the respective financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2014.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2016 on our consideration of the City of Torrington, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Torrington, Connecticut's internal control over financial reporting and compliance.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
January 14, 2016

**CITY OF TORRINGTON, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

This discussion and analysis of the City of Torrington, Connecticut's (the City) financial performance is provided by management to provide an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read this MD&A in conjunction with the transmittal letter and the City's financial statements, Exhibits I to IX. All amounts are expressed in thousands unless otherwise noted.

**Financial Highlights**

- The City's total net position decreased by \$2,053 (5%) during fiscal year 2014/2015. The net position of governmental activities decreased by \$2,177 (7%) while the net position of business type activities (WPCA) increased by \$124 (1%). An increase in both current and capital governmental activities assets was offset by an increase in total liabilities. Business activities had a slight increase in both assets and liabilities.
- Governmental activities included an increase in tax collections of \$4,875 (6%) while other program revenues including charges for services, grants, contributions and other general revenues decreased by \$686 (1%). Operating grants and contributions decreased by \$2,263 (5%) while other revenues increased \$417 (5%). Program expenses increased \$6,279 (5%) with the largest increases relating to Public Safety and Education.
- Business type revenue activity included an increase of \$179 (5%) in sewer fees and a \$908 decrease in capital contributions and investment earnings. Program expenses increased \$174 (5%) to \$3,978.
- The General Fund had budgetary surplus of \$2,113. Actual revenues were \$720 more than budgeted and expenses were \$1,393 less than budgeted.
- No portion of fund balance was appropriated to fiscal year 2014/2015.
- The unassigned balance of the General Fund for fiscal year end increased by \$2,036 to \$8,338 or 7% of general fund expenditures.
- The City Hall Renovation project has not yet been closed. Total costs to date are \$14,294 and there remains a capital project authorization of \$689.
- The City of Torrington's total bonded debt decreased by \$2,515 to \$24,405. No new bonded debt was issued. Clean Water Fund notes decreased by \$49 to \$887.
- Long term liabilities for pension and OPEB obligations increased \$7,507 due to changes in both reporting requirements and funding calculations.

**Overview of the Financial Statements**

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

## **Government-Wide Financial Statements**

The analysis of the City as a whole begins on Exhibits I and II. The statement of net position and the statement of activities report information about the City as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position the difference between assets and liabilities is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's capital assets, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two types of activities:

- *Governmental activities* - Most of the City's basic services are reported here, including education, public safety, public works, health and welfare, parks, recreation and libraries, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-type activities* - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides.

## **Fund Financial Statements**

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by Charter. However, the City Council establishes many other funds to help control and manage financial activities for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like grants received from the State and Federal Governments for education). The City's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental funds (Exhibits III and IV)* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation included with the fund financial statements.
- *Proprietary funds (Exhibits V, VI and VII)* - When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the City's other programs and activities - such as the City's Self-Insurance Internal Service Fund.

- *Fiduciary funds (Exhibits VIII and IX)* - The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 24 of this report.

**Supplementary Information** - The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 62 through 72 of this report.

**Government-Wide Financial Analysis** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$41,053 at the close of the most recent fiscal year. Of this, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City's Net Position** - The City's combined net position decreased in fiscal year 2014/2015 by \$2,053 (4.8%) to \$41,053. (See Table 1) Tables 1 and 2 focus on the net position of both the City's governmental and business-type activities.

**TABLE 1**  
**NET POSITION**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 36,653	\$ 35,523	\$ 3,177	\$ 2,387	\$ 39,830	\$ 37,910
Capital assets, net of accumulated depreciation	109,631	108,260	8,037	8,675	117,668	116,935
Total assets	146,284	143,783	11,214	11,062	157,498	154,845
Deferred outflows of resources	2,226				2,226	
Long-term debt outstanding	105,993	101,237	1,068	1,101	107,061	102,338
Other liabilities	8,911	9,267	195	134	9,106	9,401
Total liabilities	114,904	110,504	1,263	1,235	116,167	111,739
Deferred inflows of resources	2,504				2,504	
Net Position:						
Net investment in capital assets	84,491	80,901	7,149	7,739	91,640	88,640
Restricted	5	5			5	5
Unrestricted	(53,394)	(47,627)	2,802	2,088	(50,592)	(45,539)
Total Net Assets	\$ 31,102	\$ 33,279	\$ 9,951	\$ 9,827	\$ 41,053	\$ 43,106



Total net position of the City's governmental activities decreased \$2,177 (6.5%) to \$31,102. Total assets increased by \$2,501 (1.7%) from fiscal year 2013/2014. There was an increase of \$1,130 in current assets and an increase of \$1,371 in capital assets. The increase in assets along with a \$4,400 increase in liabilities and a \$278 net deferred inflow of resources resulted in a decrease of total net assets equaling \$2,177.

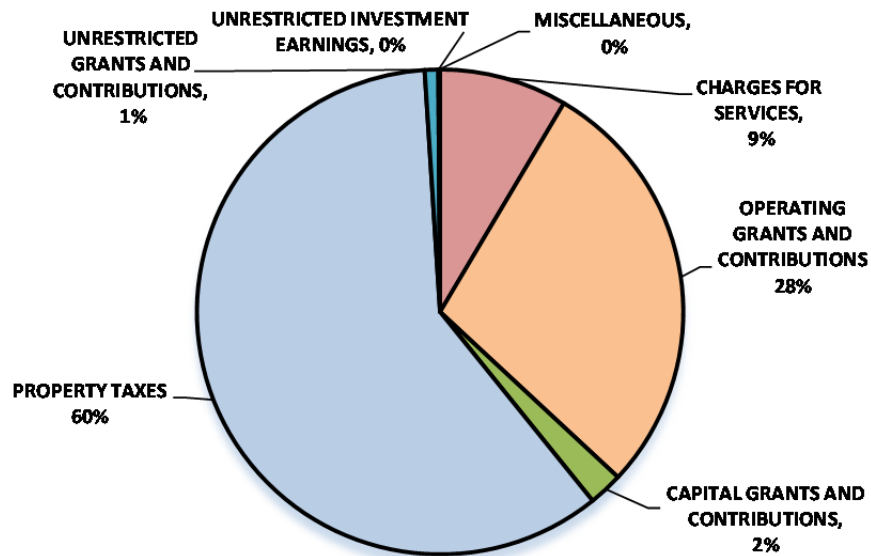
An increase in assets along with increased liabilities resulted in a \$124 (1.3%) increase to the net position of the Water Pollution Control Authority.

Unrestricted Net Position - the portion of net position that can be used to finance day to day operations for government activities is (\$53,394). This amount is a deficit because certain long term liabilities are funded when they come due rather than when they are incurred (sick, vacation, OPEB). The unrestricted portion of net position for business type activities increased \$714 (34%) to \$2,802.

**TABLE 2**  
**CHANGES IN NET POSITION**  
**(In Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Revenues:						
Program revenues:						
Charges for services:						
General government	\$ 4,742	\$ 4,569	\$	\$	\$ 4,742	\$ 4,569
Public safety	1,694	1,377			1,694	1,377
Public works	254	273			254	273
Public health and social services	522	483			522	483
Recreation	175	197			175	197
Education	825	854			825	854
Sewer			4,102	3,923	4,102	3,923
Operating grants and contributions	41,210	43,473			41,210	43,473
Capital grants and contributions	3,290	1,894		791	3,290	2,685
General revenues:						
Property taxes	86,609	81,734			86,609	81,734
Grants and contributions not restricted to specific purposes	1,308	1,544			1,308	1,544
Unrestricted investment earnings	86	46		117	86	163
Miscellaneous	81	160			81	160
Transfers	586	589			586	589
Total revenues	<u>141,382</u>	<u>137,193</u>	<u>4,102</u>	<u>4,831</u>	<u>145,484</u>	<u>142,024</u>
Program expenses:						
General government	6,708	8,773			6,708	8,773
Public safety	31,072	28,208			31,072	28,208
Public works	11,621	12,098			11,621	12,098
Public health and social services	5,251	4,959			5,251	4,959
Recreation	430	657			430	657
Education	87,379	81,294			87,379	81,294
Debt interest and costs	1,098	1,291			1,098	1,291
Sewer			3,392	3,215	3,392	3,215
Transfers			586	589	586	589
Total program expenses and transfers	<u>143,559</u>	<u>137,280</u>	<u>3,978</u>	<u>3,804</u>	<u>147,537</u>	<u>141,084</u>
Increase (Decrease) in Net Position	\$ <u>(2,177)</u>	\$ <u>(87)</u>	\$ <u>124</u>	\$ <u>1,027</u>	\$ <u>(2,053)</u>	\$ <u>940</u>

The City's total revenue increased \$3,460 (2.4%) to \$145,484 (See Table 2). Approximately 62% of the City's revenues came from property taxes and sewer user fees totaling \$90,711. Additionally, \$8,212 (5.6%) of the revenue was generated by other fees charged for services. The balance is the result of State and Federal grants and other miscellaneous revenue sources. The cost of all services increased \$6,453 (4.6%) from fiscal year 2014 to fiscal year 2015.



### Governmental Activities:

The City of Torrington's governmental activities net position decreased \$2,177 in fiscal year 2014/2015. The decrease was the net result of the following items:

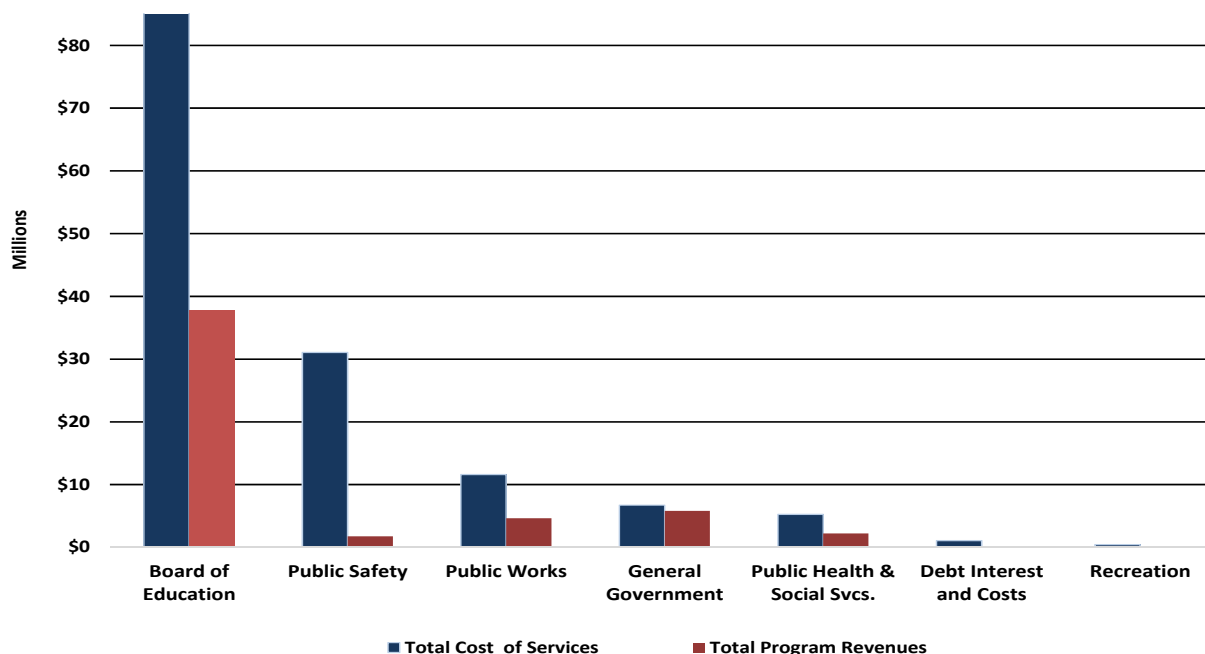
- A 6.8% increase in the 2013 Grand List along with a 1.86 mill rate increase to 36.32 mills resulted in a \$4,875 increase in property tax revenues to \$86,609.
- There was a decrease of \$2,263 in operating grants and contributions. The decrease impacted funding for public safety, public works, public health and education.
- There was an increase of \$1,396 in capital grants and contributions for public works projects including the THS Track and Field Renovation.
- Total program expenses increased \$6,279. There were cost increases of \$6,085 for education, \$2,864 for public safety and \$292 for public health. All other classifications had an aggregate reduction of \$2,962.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**  
**(In Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General government	\$ 6,708	\$ 8,773	\$ 895	\$ 3,536
Public safety	31,072	28,208	29,316	26,705
Public works	11,621	12,098	6,987	9,293
Education	87,379	81,294	49,502	40,772
All others	6,779	6,907	4,145	3,857
Totals	<u>\$ 143,559</u>	<u>\$ 137,280</u>	<u>\$ 90,845</u>	<u>\$ 84,163</u>

The total cost of governmental services increased by \$6,279 (4.6%) to \$143,559 in 2014/2015. The increased cost of governmental services along with a \$403 decrease in various program revenues resulted in a net cost increase of \$6,682 (7.9%) totaling \$90,845. (See Table 3)

### Expenses and Program Revenues - Governmental Activities



**Business Type Activities:** WPCA business-type activities revenue decreased by \$729 to \$4,102. The decrease was the result of a \$179 increase in sewer user fees along with a reduction of \$908 in capital contributions and investment earnings. Expenses increased \$174 (4.6%) to \$3,978.

Sewer user fees increased from \$196 to \$202 for fiscal year 2014/2015. The residential rate was \$202.00/unit and the commercial rate was \$202.00 per 65,000 gallons of volume of flow.

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, uncommitted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fiscal year 2015 ended with the City's governmental funds reporting a combined ending fund balance of \$17,399 which was a \$1,696 increase over the previous year. The unassigned portion of the combined ending fund balance was \$8,173. The unassigned balance is available for spending at the government's discretion. The remaining \$9,226 fund balance is classified as either nonspendable, restricted, committed or assigned (see page 29 of financial statements for clarification) to indicate that it is not available for new spending because it has already been committed to liquidate contracts, purchase orders or other obligations.

The General Fund is the chief operating fund of the City of Torrington. At the end of fiscal year 2015, the General Fund total fund balance increased by \$1,964 to \$8,812. The unassigned portion grew by \$2,035 from \$6,302 to \$8,338. The unassigned fund balance represents 6.62% (prior year 5.04%) of total General Fund expenditures and total fund balance represents 6.99% (prior year 5.48%) of that same amount.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. WPCA activity which is recorded in the proprietary fund portion of the financial statements has already been addressed in the business-type activities.

The activity of the Internal Service Funds (self-insured health insurance and equipment maintenance chargeback fund) is also contained in the proprietary fund financial statements. The net position of the internal service funds increased in the amount \$508 (8.62%) to \$6,405.

### **General Fund Budgetary Highlights**

- \$0 fund balance appropriation
- \$1,344 transfers out for continued funding of capital projects and reserves
- Increased revenue from employee health insurance cost shares
- \$1,394 unexpended budget balances from various departments

### **Capital Assets and Debt Administration**

**Capital Assets** - The City's capital assets for its governmental and business type-activities as of June 30, 2015 total \$117,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net increase of \$732 in the City's capital assets includes asset depreciation, asset acquisition and asset disposal activity for the current year. (See Table 4)

The capital asset increase was due primarily to the net effect of the following items:

- Depreciation
- Public Safety Additions:
  - (7) Police Department Vehicles
  - (1) Fire Department Ladder Truck
- Public Works Additions:
  - (4) Vehicles
  - (4) Pieces of Large Equipment
- Public Works Deletions:
  - Sale of Water Lines to Torrington Water Company
- Public Health Additions:
  - (1) Delivery Vehicle
- Education Additions:
  - Technology Upgrades
- Construction in Progress:
  - THS Track and Field
  - Police Radio Upgrade
  - WPCA Plant Upgrade
  - Franklin Street
  - Coe Park
  - Forbes Roof
  - Vogel Energy Efficiency Project

**TABLE 4**  
**CAPITAL ASSETS AT YEAR-END (Net of Depreciation)**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,797	\$ 3,797	\$	\$	\$ 3,797	\$ 3,797
Land improvements	81	1,176	147	150	228	1,326
Buildings	60,896	62,698	520	543	61,416	63,241
Furniture and equipment	6,513	6,424	2,402	2,701	8,915	9,125
Infrastructure	17,327	17,637	4,968	5,281	22,295	22,918
Construction in progress	21,016	16,528			21,016	16,528
Total	\$ <u>109,630</u>	\$ <u>108,260</u>	\$ <u>8,037</u>	\$ <u>8,675</u>	\$ <u>117,667</u>	\$ <u>116,935</u>

**Debt** - At the end of the current fiscal year, the City had bonded debt outstanding of \$24,405 and Clean Water Notes outstanding of \$887. (See Table 5) This amount reflects a decrease of \$2,565 (9%) over fiscal year 2014. These liabilities are backed by the full faith and credit of the City. In addition to this debt, the City also had outstanding liabilities at June 30, 2015 totaling \$81,819 for compensated absences, capital leases, retirement settlements, net pension liability, landfill postclosure and other post-employment benefits.

#### **City's Outstanding Bond and Clean Water Fund Debt**

##### ***Long-Term Debt***

**TABLE 5**  
**OUTSTANDING DEBT AT YEAR-END (Net of Depreciation)**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 24,405	\$ 26,920	\$	\$	\$ 24,405	\$ 26,920
Clean Water Fund Loans			887	937	887	937
Total	\$ <u>24,405</u>	\$ <u>26,920</u>	\$ <u>887</u>	\$ <u>1,262</u>	\$ <u>25,292</u>	\$ <u>27,857</u>

No bonded debt was issued in 2014/2015. A \$52M project authorization for the Reconstruction of the Water Pollution Control Facility and Wastewater Infrastructure was approved by voters on November 4, 2014.

In May of 2012, the City was issued an "Aa3" rating from Moody's Investors Services for general obligation debt.

Additional information on the City's long-term debt can be found in Note 7 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate (not seasonally adjusted) for the City of Torrington is 5.4 % which is lower than the state rate of 5.7% and the national rate of 5.6 % (Source: CT DOL 2015)
- Population growth: Torrington .4%, State of CT .4% (Source: CERC Town Profile 2014)
- Job Growth: Torrington 2.7% (Source: CERC Town Profile 2014) State of CT 1.6% (Source: BLS 2015)

All of these factors were considered in preparing the City's budget for the 2015/2016 fiscal year.

A revaluation that was implemented for the 2014 Grand List reduced overall property assessments by 18.84%. The revaluation impact combined with revenue and expense budgets resulted in a 9.43 mill rate increase to 45.75 for fiscal year 2015/2016.

There was no designation of fund balance applied to the 2015/2016 budget.

The total budget for fiscal year 2015/2016 is \$125,690,910.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller, 140 Main Street, Torrington, CT 06790.

**CITY OF TORRINGTON, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 30,566,472	\$ 3,151,985	\$ 33,718,457
Receivables, net	5,802,190	24,743	5,826,933
Inventory	21,027		21,027
Prepaid assets	263,417		263,417
Capital assets not being depreciated	24,813,528		24,813,528
Capital assets being depreciated, net	84,817,023	8,036,790	92,853,813
Total assets	<u>146,283,657</u>	<u>11,213,518</u>	<u>157,497,175</u>
<b>Deferred Outflows of Resources:</b>			
Changes related to pension actuarial experience	<u>2,225,902</u>		<u>2,225,902</u>
<b>Liabilities:</b>			
Accounts and other payables	8,410,799	143,981	8,554,780
Unearned revenue	499,560		499,560
Noncurrent liabilities:			
Due within one year	4,143,783	60,150	4,203,933
Due in more than one year	101,849,457	1,058,439	102,907,896
Total liabilities	<u>114,903,599</u>	<u>1,262,570</u>	<u>116,166,169</u>
<b>Deferred Inflows of Resources:</b>			
Changes related to pension actuarial experience	2,025,425		2,025,425
Changes related to projected investment earnings	478,601		478,601
Total deferred inflows of resources	<u>2,504,026</u>	<u>-</u>	<u>2,504,026</u>
<b>Net Position:</b>			
Net investment in capital assets	84,490,613	7,149,316	91,639,929
Restricted for:			
Trust purposes:			
Nonexpendable	4,852		4,852
Unrestricted	<u>(53,393,531)</u>	<u>2,801,632</u>	<u>(50,591,899)</u>
Total Net Position	<u>\$ 31,101,934</u>	<u>\$ 9,950,948</u>	<u>\$ 41,052,882</u>

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 6,708,475	\$ 4,742,113	\$ 1,071,509	\$	\$ (894,853)	\$	\$ (894,853)
Public safety	31,070,515	1,694,376	28,660	31,927	(29,315,552)		(29,315,552)
Public works	11,621,498	254,265	1,229,117	3,151,616	(6,986,500)		(6,986,500)
Public health and social services	5,251,072	522,467	1,705,280		(3,023,325)		(3,023,325)
Recreation	430,233	175,274	40,527		(214,432)		(214,432)
Board of Education	87,379,252	825,104	36,945,744	106,123	(49,502,281)		(49,502,281)
Debt interest and costs	1,098,048		189,347		(908,701)		(908,701)
Total governmental activities	143,559,093	8,213,599	41,210,184	3,289,666	(90,845,644)	-	(90,845,644)
Business-type activities:							
Sewer	3,392,619	4,101,861				709,242	709,242
Total	<u>\$ 146,951,712</u>	<u>\$ 12,315,460</u>	<u>\$ 41,210,184</u>	<u>\$ 3,289,666</u>	<u>(90,845,644)</u>	<u>709,242</u>	<u>(90,136,402)</u>
General revenues:							
Property taxes					86,608,504		86,608,504
Grants and contributions not restricted to specific programs					1,308,298		1,308,298
Unrestricted investment earnings					85,690	364	86,054
Miscellaneous					80,692		80,692
Transfers					585,583	(585,583)	-
Total general revenues					<u>88,668,767</u>	<u>(585,219)</u>	<u>88,083,548</u>
Change in net assets					(2,176,877)	124,023	(2,052,854)
Net Position at Beginning of Year, as Restated					<u>33,278,811</u>	<u>9,826,925</u>	<u>43,105,736</u>
Net Position at End of Year					<u>\$ 31,101,934</u>	<u>\$ 9,950,948</u>	<u>\$ 41,052,882</u>

The accompanying notes are an integral part of the financial statements



**CITY OF TORRINGTON, CONNECTICUT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,477,800	\$ 9,165,043	\$ 22,642,843
Receivables, net	4,333,530	1,392,068	5,725,598
Due from other funds	1,098,039		1,098,039
Inventories		21,027	21,027
Total Assets	<u>\$ 18,909,369</u>	<u>\$ 10,578,138</u>	<u>\$ 29,487,507</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts and claims payable	\$ 6,301,777	\$ 728,879	\$ 7,030,656
Deferred revenue		499,560	499,560
Due to other funds	226,349	164,807	391,156
Total liabilities	<u>6,528,126</u>	<u>1,393,246</u>	<u>7,921,372</u>
Deferred inflows of resources:			
Unavailable revenue - loans receivable		511,924	511,924
Unavailable revenue - sewer receivables		85,869	85,869
Unavailable revenue - school construction payments	3,569,053		3,569,053
Total deferred inflows of resources	<u>3,569,053</u>	<u>597,793</u>	<u>4,166,846</u>
Fund balances:			
Nonspendable		21,027	21,027
Restricted		3,000,544	3,000,544
Committed	243,703	5,730,335	5,974,038
Assigned	230,674		230,674
Unassigned	8,337,813	(164,807)	8,173,006
Total fund balances	<u>8,812,190</u>	<u>8,587,099</u>	<u>17,399,289</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,909,369</u>	<u>\$ 10,578,138</u>	<u>\$ 29,487,507</u>

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**CITY OF TORRINGTON, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2015**

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Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net assets (Exhibit I) are  
different because of the following:

Fund balances - total governmental funds	\$ 17,399,289
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 220,627,765	
Less accumulated depreciation	<u>(110,997,214)</u>	
Net capital assets		109,630,551

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are not recorded in the funds:

School building grant receivable	3,569,053
Sewer receivable	85,869
Loans receivable	511,924

Deferred outflows related to pension actuarial experience	2,225,902
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Internal service funds are used by management to charge the costs of  
risk management to individual funds. The assets and liabilities of  
the internal service funds are reported with governmental activities  
in the statement of net assets.

6,405,214

Long-term liabilities, including bonds payable, are not due and payable  
in the current period and, therefore, are not reported in the funds:

Bonds payable	(24,405,000)
Interest payable on bonds	(228,602)
Deferred inflows related to pension actuarial experience	(2,025,425)
Deferred inflows related to project investment earnings	(478,601)
Early retirement settlements	(5,236,051)
Net pension liability	(39,800,412)
Net OPEB obligation	(31,833,700)
Landfill closure and postclosure	(356,000)
Compensated absences	(4,093,744)
Capital lease obligation	<u>(268,333)</u>

Net Position of Governmental Activities (Exhibit I)	<u><u>\$ 31,101,934</u></u>
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The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 86,608,504	\$	\$ 86,608,504
Sewer line fees		69,010	69,010
Intergovernmental	34,990,554	10,529,273	45,519,827
Charges for services	4,953,207		4,953,207
Investment income	80,407	548	80,955
Program income		1,611,208	1,611,208
Other revenues	1,424,065	1,266,175	2,690,240
Total revenues	<u>128,056,737</u>	<u>13,476,214</u>	<u>141,532,951</u>
Expenditures:			
Current:			
General government	4,692,951	1,161,942	5,854,893
Public safety	15,854,335	96,651	15,950,986
Public works	7,927,776	1,031,831	8,959,607
Public health and social services	2,807,502	2,445,436	5,252,938
Pension and miscellaneous	13,871,507		13,871,507
Recreation	281,530	144,711	426,241
Education	76,790,078	5,685,095	82,475,173
Other	9,282		9,282
Capital outlay		5,216,643	5,216,643
Debt service	3,808,649		3,808,649
Total expenditures	<u>126,043,610</u>	<u>15,782,309</u>	<u>141,825,919</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,013,127</u>	<u>(2,306,095)</u>	<u>(292,968)</u>
Other Financing Sources (Uses):			
Transfers in	1,501,272	2,767,811	4,269,083
Transfers out	(1,549,930)	(729,673)	(2,279,603)
Total other financing sources (uses)	<u>(48,658)</u>	<u>2,038,138</u>	<u>1,989,480</u>
Net Change in Fund Balances	1,964,469	(267,957)	1,696,512
Fund Balances at Beginning of Year	<u>6,847,721</u>	<u>8,855,056</u>	<u>15,702,777</u>
Fund Balances at End of Year	<u>\$ 8,812,190</u>	<u>\$ 8,587,099</u>	<u>\$ 17,399,289</u>

(Continued on next page)

**CITY OF TORRINGTON, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,696,512
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	7,196,796
Depreciation expense	(5,410,392)

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources:

Change in net assets differs from the change in fund balance by the cost of the assets sold	(415,437)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

Housing loan receivable-accrual basis change	(15,681)
Sewer receivable - accrual basis change	(1,087)
School building grants	(726,932)

Deferred outflows related to actuarial experience	2,225,902
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,515,000
Capital lease payments	170,240

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(195,251)
Net OPEB obligation	(4,481,000)
Net pension liability	(3,024,700)
Deferred inflows related to projected investment earnings	(478,601)
Deferred inflows related to pension actuarial experience	(2,025,425)
Landfill closure and postclosure	40,000
Early retirement settlements	219,582
Accrued interest	25,361

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities.

	508,236
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (2,176,877)</u>
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The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	<b>Business-Type Activities WPCA Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 3,151,985	\$ 7,923,629
Due from other funds		226,349
Receivables, net	24,743	76,592
Prepaid expenses		263,417
Capital assets, net of accumulated depreciation	8,036,790	
Total assets	<u>11,213,518</u>	<u>8,489,987</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts and other payables	143,981	1,151,541
Due to other funds		933,232
Notes payable	50,278	
Compensated absences	9,872	
Total current liabilities	<u>204,131</u>	<u>2,084,773</u>
Noncurrent liabilities:		
Bonds and notes payable	837,196	
Compensated absences	221,243	
Total noncurrent liabilities	<u>1,058,439</u>	<u>-</u>
Total liabilities	<u>1,262,570</u>	<u>2,084,773</u>
<b>Net Position:</b>		
Net investment in capital assets	7,149,316	
Unrestricted	<u>2,801,632</u>	<u>6,405,214</u>
Total Net Position	<u>\$ 9,950,948</u>	<u>\$ 6,405,214</u>

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities</b> <b>WPCA</b> <b>Enterprise Fund</b>	<b>Governmental Activities</b> <b>Internal</b> <b>Service Funds</b>
Operating Revenues:		
Charges for services	\$ 3,564,847	\$ 20,829,743
Other	537,014	298,627
Total operating revenues	<u>4,101,861</u>	<u>21,128,370</u>
Operating Expenses:		
Payroll and employee benefits	1,381,656	756,589
Professional services	7,738	
Repairs and maintenance	44,263	346,009
Materials and supplies	116,632	25,271
Utilities	372,321	655,609
Other operating expense	545,896	2,662
Insurance and program services	91,502	17,434,832
Administrative expense	120,513	
Depreciation	693,727	
Total operating expenses	<u>3,374,248</u>	<u>19,220,972</u>
Operating Income	727,613	1,907,398
Nonoperating revenue (expense):		
Interest expense	(18,371)	
Income on investments	364	4,735
Income Before Transfers	709,606	1,912,133
Transfers Out	<u>(585,583)</u>	<u>(1,403,897)</u>
Change in Net Assets	124,023	508,236
Net Position at Beginning of Year	<u>9,826,925</u>	<u>5,896,978</u>
Net Position at End of Year	\$ <u><u>9,950,948</u></u>	\$ <u><u>6,405,214</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities WPCA Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,564,847	\$ 21,110,961
Cash payments to employees for services	(1,473,158)	
Cash payments to supplies for goods and services	(1,130,423)	
Cash received from other sources	538,370	
Cash payments for insurance claims and premiums		(18,783,675)
Net cash provided by operating activities	<u>1,499,636</u>	<u>2,327,286</u>
Cash Flows from Noncapital Financing Activities:		
Transfers out	<u>(585,583)</u>	<u>(1,403,897)</u>
Cash Flows from Capital Financing Activities:		
Acquisitions of capital assets	(55,036)	
Principal payments	(49,284)	
Interest paid	(18,371)	
Net cash used in capital financing activities	<u>(122,691)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>364</u>	<u>4,735</u>
Net Increase in Cash and Cash Equivalents	791,726	928,124
Cash and Cash Equivalents at Beginning of Year	<u>2,360,259</u>	<u>6,995,505</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,151,985</u>	<u>\$ 7,923,629</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 727,613	\$ 1,907,398
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	693,727	
(Increase) decrease in accounts receivable	1,356	(39,238)
(Increase) decrease in prepaid expenses		(20,084)
Increase (decrease) in due to other funds		619,732
Increase (decrease) in accounts payable	76,940	(227,673)
Increase (decrease) in due from other funds		87,151
Net Cash Provided by Operating Activities	<u>\$ 1,499,636</u>	<u>\$ 2,327,286</u>

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 106,069	\$ 669,025
Investments:		
Bond funds	287	
Mutual funds - fixed income	29,404,445	
Mutual funds - equities	60,223,213	
Receivables:		
Other	8,716	
	<u>89,742,730</u>	<u>\$ 669,025</u>
Total assets		
	89,742,730	\$ <u>669,025</u>
<b>Liabilities:</b>		
Accounts and other payables	28,290	\$ <u>669,025</u>
	<u>28,290</u>	
<b>Net Position:</b>		
Held in Trust for Pension Benefits	\$ <u>89,714,440</u>	

The accompanying notes are an integral part of the financial statements



**CITY OF TORRINGTON, CONNECTICUT  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2015**

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Additions:

Contributions:

Employer	\$ 6,056,863
Employee	<u>1,074,822</u>
Total contributions	<u>7,131,685</u>

Investment income:

Interest and dividends	8
Net appreciation in fair value of investments	<u>1,906,989</u>
Net investment income	<u>1,906,997</u>

Total additions	<u>9,038,682</u>
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Deductions:

Benefits payments and withdrawals	8,078,744
Administration	<u>81,907</u>

Total deductions	<u>8,160,651</u>
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Net Increase	878,031
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Net Position Held in Trust for Pension Benefits at Beginning of Year	<u>88,836,409</u>
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Net Position Held in Trust for Pension Benefits at End of Year	<u>\$ 89,714,440</u>
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The accompanying notes are an integral part of the financial statements

# **CITY OF TORRINGTON, CONNECTICUT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Torrington, Connecticut (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the City are described below.

#### **A. Reporting Entity**

The City was incorporated as a City in 1740 and chartered as a City in 1923. The City covers an area of 40 square miles and is located in Litchfield County. The City is governed under the provision of its charter and the Connecticut General Statutes. The City operates under a Mayor and a City Council that consists of six members.

The City provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education and general administrative services to its residents. The accompanying financial statements conform to accounting principles generally accepted in the United States of America as applicable to governments.

#### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## CITY OF TORRINGTON, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City 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 claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

The City reports the following major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The City reports the following major proprietary fund:

The *Water Pollution Control Authority (WPCA)* fund is used to account for activities that are funded by charging rates designed to cover the operations of the WPCA, including related capital assets.

Additionally, the City reports the following fund types:

The *Internal Service Funds* account for employee health insurance as well as maintenance provided to departments of the City and Board of Education.

The *Pension Trust Funds* account for the activities of the Public Employees' Retirement System, which accumulates resources for pension benefit payments to qualified City employees and Board of Education custodians.

*Agency Funds* account for monies held as a custodian for outside groups and agencies.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between certain City functions because the 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 property taxes.

## **CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses 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 City's enterprise funds, and of the City's internal service funds, are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

### **D. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the City are reported at fair value.

### **E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade receivables are shown net of an allowance for uncollectibles.

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are billed and due July 1 and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of one and one-half percent per month.

### **F. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **CITY OF TORRINGTON, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Land improvements	20
Building and building improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20
Licensed vehicles	8

Property, plant and equipment owned by the City's proprietary funds (WPCA) are recorded at acquisition cost, or if contributed property, at fair market value at the time of contribution.

Depreciation has been calculated on each class of depreciable property using the straight-line method, over the estimated useful lives ranging from 5 to 50 years.

#### **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions in the government-wide statement of net position. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The City reports a deferred inflow of resources related to pensions. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all

## **CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the City reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: school construction grants, special assessments and long-term loans. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

### **I. Compensated Absences**

Employees are paid by a prescribed formula for absences due to vacation or sickness. The obligation for vacation pay vests when earned. Unused sick leave may be accumulated for future absences in accordance with employee contracts and employment policies but does not vest until the employee reaches retirement age. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or expected to be paid with available resources. The liability for the remainder of the vacation and sick leave including an estimate of the nonvested portion, expected to be paid in the future from governmental funds, is accounted for within the liabilities section of the government-wide financial statements. The vesting method using historical data used to calculate the liability.

Vested sick leave and accumulated vacation leave of the City's proprietary fund is recorded as an expense and liability within the fund, as the benefits accrue to employees.

### **J. Net Pension Liability**

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

### **K. Net OPEB Obligations**

The net OPEB obligation represents the cumulative difference between the annual OPEB cost and the City's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent liabilities, accordingly, in the government-wide financial statements.

### **L. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**M. Fund Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

**Net Investment in Capital Assets**

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Restricted**

Net position is restricted because it is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The City currently has no assets under restriction.

**Unrestricted**

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

**Nonspendable Fund Balance**

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

**Restricted Fund Balance**

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

**Committed Fund Balance**

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (City Council).

**Assigned Fund Balance**

This balance represents amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts by the City Charter.

**Unassigned Fund Balance**

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**CITY OF TORRINGTON, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS**

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

General budget policies are as follows:

The City adheres to the following procedures in establishing the budgetary data included in the general fund financial statements. On or before February 15 of each year, every department, board or commission of the City shall furnish to the City Council an estimate of the amount of money required for its business for the ensuing year. On or before March 20 of each year, the Board of Finance reviews the budgets submitted by the City Council. The Board of Education shall submit its proposed budget to the Board of Finance on or before the 15th day of April.

The Board of Finance/City Council held public hearings on the budget in May to obtain taxpayer comments. In mid-May, a joint meeting of the City Council and Board of Finance is held to make final recommendations on the budget. Prior to June 1, the Board of Finance votes final approval of the proposed budget and adopts the budget ordinance.

- Upon request by the City Council, the Board of Finance may authorize the transfer of any unencumbered appropriation from one department to another during the year. The Board of Finance may approve additional appropriations up to \$100,000. Additional appropriations of over \$100,000 must be approved by voter referendum whenever there is no offsetting revenue source to the appropriation so that it falls below this threshold. Additional appropriations totaled \$227,100 for the year ended June 30, 2015, none of which required a referendum.
- Formal budgetary integration is employed as a management control device during the year.
- The Board of Education, which is not a separate legal entity but a function of the City, is authorized under State law to make any transfers required within its budget at its discretion. Any additional appropriations must have Board of Education and Board of Finance approval.

**B. Deficit Fund Equity and Accumulated Deficits**

The City Hall Renovations Fund had an accumulated deficit of \$164,807 at June 30, 2015. The fund balance deficit will be funded with permanent financing of ongoing projects.

The Maintenance Fund had a net asset deficit of \$388,193 as of June 30, 2015, which will be funded by future General Fund contributions.

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are



**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Deposits**

**Deposit Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposit will not be returned. The City does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$32,491,860 of the City's bank balance of \$33,248,668 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 29,210,340
Uninsured and collateral held by the pledging bank's trust department, not in the City's name	<u>3,281,520</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>32,491,860</u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2015, the City's cash equivalents amounted to \$3,198,640. All cash equivalents are invested in Bank of America Money Market Fund, which is not rated.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Investments**

As of June 30, 2015, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Less Than 1	Investment Maturities (Years)	
				1-10	More Than 10
Interest-bearing investments:					
Government-backed fixed income funds	AAA	\$ 287	\$	15	\$ 272
Other investments:					
Mutual funds fixed	N/A	29,404,445			
Mutual funds equity	N/A	60,223,213			
Total Investments		\$ 89,627,945			

**Interest Rate Risk**

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk - Investments**

As indicated above, State Statutes limit the investment options of cities and towns. The City investment policy states that assets shall be invested in a manner consistent with generally accepted fiduciary standards. Assets are to be diversified in order to minimize the impact of large losses in individual investments. Investments held by the City are mutual fund type investments, which are not rated.

**Concentration of Credit Risk**

The City's investment policy does not limit an investment in any one issuer in excess of five percent of the City's total investments.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the City or that sells investments to or buys them for the City), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**4. RECEIVABLES**

Receivables as of year end for the City's individual major funds and nonmajor, internal service and fiduciary funds in the aggregate are as follows:

	General	WPCA	Nonmajor and Other	Total
Receivables:				
Accounts	\$ 306,509	\$ 24,743	\$ 196,081	\$ 527,333
Intergovernmental	4,027,021		769,371	4,796,392
Loans			511,924	511,924
Net Total Receivables	\$ 4,333,530	\$ 24,743	\$ 1,477,376	\$ 5,835,649

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,797,034	\$	\$	\$ 3,797,034
Construction in progress	<u>16,528,164</u>	<u>4,788,128</u>	<u>299,798</u>	<u>21,016,494</u>
Total capital assets not being depreciated	<u>20,325,198</u>	<u>4,788,128</u>	<u>299,798</u>	<u>24,813,528</u>
Capital assets being depreciated:				
Land improvements	5,783,169	215,416	1,220,600	4,777,985
Building and system	87,726,844	131,213		87,858,057
Furniture and equipment	28,123,000	2,361,837	576,674	29,908,163
Infrastructure	<u>73,270,032</u>			<u>73,270,032</u>
Total capital assets being depreciated	<u>194,903,045</u>	<u>2,708,466</u>	<u>1,797,274</u>	<u>195,814,237</u>
Less accumulated depreciation for:				
Land improvements	4,606,823	91,395	1,268	4,696,950
Building and system	25,028,753	1,932,886		26,961,639
Furniture and equipment	21,699,600	2,270,151	575,074	23,394,677
Infrastructure	<u>55,633,483</u>	<u>1,115,960</u>	<u>805,495</u>	<u>55,943,948</u>
Total accumulated depreciation	<u>106,968,659</u>	<u>5,410,392</u>	<u>1,381,837</u>	<u>110,997,214</u>
Total capital assets being depreciated, net	<u>87,934,386</u>	<u>(2,701,926)</u>	<u>415,437</u>	<u>84,817,023</u>
Governmental Activities Capital Assets, Net	<u>\$ 108,259,584</u>	<u>\$ 2,086,202</u>	<u>\$ 715,235</u>	<u>\$ 109,630,551</u>
Business-type activities:				
Capital assets being depreciated:				
Land improvements	\$ 824,300	\$	\$	\$ 824,300
Building and system	919,250			919,250
Furniture and equipment	11,531,399	55,044		11,586,443
Infrastructure	<u>7,579,715</u>			<u>7,579,715</u>
Total capital assets being depreciated	<u>20,854,664</u>	<u>55,044</u>	<u>-</u>	<u>20,909,708</u>
Less accumulated depreciation for:				
Land improvements	674,074	3,063		677,137
Building and system	376,539	22,543		399,082
Furniture and equipment	8,829,746	355,367		9,185,113
Infrastructure	<u>2,298,822</u>	<u>312,764</u>		<u>2,611,586</u>
Total accumulated depreciation	<u>12,179,181</u>	<u>693,737</u>	<u>-</u>	<u>12,872,918</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,675,483</u>	<u>\$ (638,693)</u>	<u>\$ -</u>	<u>\$ 8,036,790</u>
Governmental Activities Capital Assets, Net	<u>\$ 116,935,067</u>	<u>\$ 1,447,509</u>	<u>\$ 715,235</u>	<u>\$ 117,667,341</u>

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 211,573
Public safety	1,189,935
Public works	1,620,958
Health and safety	38,559
Recreation	3,992
Education	<u>2,345,375</u>
Total Depreciation Expense - Governmental Activities	\$ <u>5,410,392</u>
Business-type activities:	
Water	\$ <u>693,737</u>

**Construction Commitments**

The status of appropriation for current capital projects as of June 30, 2015 is presented below:

	<u>Project Authorization</u>	<u>Expenditures</u>	<u>Balance</u>
City Hall Renovations	\$ 14,982,597	\$ 14,293,999	\$ 688,598

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Due to/from primary government:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 164,807
Internal Service Fund	General Fund	226,349
General Fund	Internal Service Fund	<u>933,232</u>
		\$ <u>1,324,388</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

Interfund transfers:

	<b>Transfers In</b>		<b>Total</b>
	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Transfers Out</b>
Transfers out:			
General Fund	\$	\$ 1,549,930	\$ 1,549,930
Nonmajor Governmental	101,272	628,401	729,673
WPCA		585,583	585,583
Internal Service Fund	1,400,000	3,897	1,403,897
Total Transfers In	\$ <u>1,501,272</u>	\$ <u>2,767,811</u>	\$ <u>4,269,083</u>

The above transfers represent normal budgetary and other recurring transfers.

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Governmental Activities:					
General obligation bonds	\$ 26,920,000	\$	\$ 2,515,000	\$ 24,405,000	\$ 2,525,000
Capital lease obligation	438,573		170,240	268,333	97,171
Net pension liability	36,775,712	4,675,210	1,650,510	39,800,412	
Landfill postclosure costs	396,000		40,000	356,000	40,000
OPEB obligation	27,352,700	4,481,000		31,833,700	
Retirement settlements	5,455,633	58,361	277,943	5,236,051	1,134,054
Compensated absences	3,898,493	210,224	14,973	4,093,744	347,558
Governmental Activity Long-Term Liabilities	\$ <u>101,237,111</u>	\$ <u>9,424,795</u>	\$ <u>4,668,666</u>	\$ <u>105,993,240</u>	\$ <u>4,143,783</u>
Business-type activities:					
Clean Water Fund loans	\$ 936,758	\$	\$ 49,284	\$ 887,474	\$ 50,278
Compensated absences	213,422	17,693		231,115	9,872
Business-type activities Long-Term Liabilities	\$ <u>1,150,180</u>	\$ <u>17,693</u>	\$ <u>49,284</u>	\$ <u>1,118,589</u>	\$ <u>60,150</u>

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Bonds Payable**

A summary of general obligation bonds and notes outstanding for governmental and proprietary funds at June 30, 2015 is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance Outstanding June 30, 2015
Bonds payable:					
2006 General Obligation Bonds, Industrial Park	10/26/06	2020	3.75-5.0%	\$ 600,000	\$ 300,000
2006 General Obligation Bonds, 1999 Refunding, Schools	10/26/06	2020	3.75-5.0%	13,915,000	6,800,000
2006 General Obligation Bonds, Torrington School	10/26/06	2027	3.75-5.0%	7,855,000	5,545,000
2003 General Obligation Bonds, Middle Schools	02/15/03	2013	2.0-4.0%	7,095,000	
2003 General Obligation Bonds, Sewer	02/15/03	2013	2.0-4.0%	435,000	
2003 General Obligation Bonds, Sewer	02/15/03	2013	2.0-4.0%	2,880,000	
2010 General Obligation Bonds, School	12/01/10	2031	3.0-4.5%	2,150,000	1,760,000
2010 General Obligation Bonds, Build America Bonds	12/01/10	2031	2.6-6.9%	11,855,000	10,000,000
Total Bonds Payable					\$ 24,405,000
Notes Payable:					
Clean Water Fund Notes	03/01/11	2031	2.00%	1,123,491	\$ 887,474

The annual requirements to amortize bonds payable and clean water fund notes for governmental and proprietary funds as of June 30, 2015 are as follows:

Year Ending June 30,	General Obligation Bonds			Clean Water Fund Loans		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 2,525,000	1,184,156	3,709,156	\$ 50,278	17,291	67,569
2017	2,530,000	1,067,212	3,597,212	51,293	16,276	67,569
2018	2,545,000	945,506	3,490,506	52,327	15,241	67,568
2019	2,560,000	820,393	3,380,393	53,383	14,185	67,568
2020	2,570,000	692,700	3,262,700	54,461	13,107	67,568
2021-2025	6,130,000	2,399,437	8,529,437	289,245	48,595	337,840
2026-2030	4,810,000	868,830	5,678,830	319,651	18,192	337,843
2031	735,000	24,038	759,038	16,836	56	16,892
Total	\$ 24,405,000	\$ 8,002,272	\$ 32,407,272	\$ 887,474	\$ 142,943	\$ 1,030,417

The City is to receive \$1,741,523 and \$3,569,054 in federal and state funding from Build America bonds and school construction grants, respectively, related to this debt.

The City's indebtedness does not exceed the legal debt limitations as required by the Connecticut General Statutes as reflected in the following schedule (in thousands):

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 194,481	\$ 11,995	\$ 182,486
Schools	388,962	10,455	378,507
Sewer	324,135	887	323,248
Urban renewal	280,917		280,917
Pension deficit	259,308		259,308

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$605,052. At June 30, 2015, authorized and unissued bonds for general purposes, school or sewers amounted to \$1,614.

**Landfill Post-Closure Costs**

State and federal laws and regulations require landfill closures to meet certain standards. The City landfill has been closed. Estimated monitoring costs for the next 12 years at approximately \$40,000 per year are \$356,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. The estimated liability is recorded within the City's debt.

**Capital Leases**

The City entered into capital leases for the purchase of a tanker, the City's financial management system upgrade, and police radios. These leases are included within the City's capital assets as of June 30, 2015. The total cost of the leases was \$217,422, \$307,876 and \$297,160, respectively. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

<u><b>Year Ending June 30,</b></u>	
2016	\$ 103,456
2017	59,432
2018	59,432
2019	59,432
Less amounts representing interest	<u>(13,419)</u>
Present Value of Future Minimum Lease Payments	\$ <u><u>268,333</u></u>

A summary of assets acquired through capital leases is as follows as of June 30, 2015:

Cost	\$ 948,847
Accumulated depreciation	<u>(475,470)</u>
Net Leased Equipment	\$ <u><u>473,377</u></u>

**Retirement Settlements**

This amount represents scheduled payouts as well as eligible payouts to Board of Education retirees who have and are expected to take advantage of the City's retirement program. The amount is based on percentages applied to salaries after an employee meets certain age and years of service requirements.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**8. RISK MANAGEMENT**

The City is exposed to various risks of loss including torts; public official liabilities; police liability; heart and hypertension claims; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for all risks of loss except medical benefits. The City established an internal service fund, health insurance fund, to account for and finance the retained risk of loss for the City's medical benefits claims.

A third party administers the medical insurance plan for which the City pays a fee. The medical insurance fund provides coverage for most City employees. The City purchases individual stop loss coverage for claims over \$250,000. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no reduction in insurance coverage from that in the prior year.

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims, July 1	\$ 1,342,983	\$ 2,416,241
Incurred claims (including IBNR)	17,341,832	14,397,878
Claim payments	<u>(17,539,904)</u>	<u>(15,471,136)</u>
Unpaid Claims, June 30	\$ <u>1,144,911</u>	\$ <u>1,342,983</u>

The claim reserves reported are based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

**9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**A. Plan Description and Benefits Provided**

The City is the administrator of two single-employer, contributory, defined benefit pension plans. Plan provisions are established and amended by the plans' Boards of Trustees. The plans cover substantially all full-time employees except professional personnel at the Board of Education. The pension plans are part of the City's financial reporting entity and are accounted for in the pension trust funds as the Police and Firemen's Retirement, and the Municipal Employees' Retirement. Separate financial statements are not issued.

Management of the plans rests with the Board of Trustees. The Police and Firemen's Retirement Plan Board of Trustees consists of the mayor, city treasurer, the four members of the board of public safety, one member of the regular fire department to be chosen biennially by the members of the regular fire department and one member of the police department to be chosen biennially by the members of the regular police department. The Municipal Employees' Retirement Plan Board of Trustees is made up of ten members consisting of the mayor, city treasurer, the six members of the board of councilmen, one street department employee and one city hall employee, which are chosen biennially by the employees participating in the benefits.



## **CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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### **Police and Firemen's Retirement**

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is considered to be part of the City's financial reporting entity and is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, death, and disability benefits through a single-employer contributory defined benefit plan. All regular employees of the Police Department and regular employees of the Fire Department hired before June 8, 2009 are participants of the Plan. The retirement benefit is calculated at 2% of the member's highest 1-year compensation during the final 5 years of employment multiplied by years of service. Effective September 8, 2000, all police members who have not yet reached the 25th anniversary of date of hire shall have years of service (including any buyback service) maximized at 27 years. In addition, effective September 8, 2005, the benefit for police members shall be based on a salary that is the average annual compensation during the 3-year period immediately preceding separation from service. Also, effective September 8, 2000, police members may buy back City service, for benefit accrual purposes only, during the year following September 8, 2000 or during the first year of employment for police hired after that date subject to the restrictions in the Plan. Normal Retirement Age is 55 with 10 years of service or following the completion of 25 years of continuous service. Participants are 100% vested in their accrued benefit after 10 years of service. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increase. Effective May 5, 2008, participants are required to contribute 8% of their gross pay and the yearly credit was raised to 2.5% up to a maximum of 27 years of credited service.

The retirement age assumption for policemen is the earlier of (a) 25 years of service but not before age 53 and age 57 to the earlier of 25 years of service but not before 51 and age 57. The July 1, 2008 valuation no longer assumed that final pay for firemen would be increased by 10% and 4% for police due to inclusion of accrued vacation time, since accrued vacation is now excluded from pension calculations.

Effective May 5, 2008 for police members, the percentage for the yearly credit is 2.5% as shown above; however, the service is maximized at 27 years, a 10-years of service requirement was added to the disability benefit, and they must contribute 8% of compensation for a maximum of 27 years. For the period May 5, 2008 through May 4, 2011, no more than 5 police members may retire annually under this provision.

### **Municipal Employees' Retirement**

The City is the administrator of a single-employer public employee retirement system (PERS) established and administered by the City to provide pension benefits for its employees. The PERS is included in the City's financial reports as a pension trust fund. The Plan provides normal retirement, early retirement, termination and death benefits through a single employer contributory defined benefit plan. All members of Public Works Employees' and City Hall and School Maintenance and Custodial Employees' Local #1579 and their supervisory employees hired prior to September 2, 2008 are members of the Plan. New employees are no longer eligible for this plan. The retirement benefit for all aforementioned employees other than supervisory employees is calculated at 2% of the participant's average monthly earnings during the final 3 years of employment multiplied by years of service with a minimum annual benefit of \$240 per year of service, maximum 35 years. Benefits for supervisory employees are based the highest of the last 3 years of annual gross earnings. Normal Retirement Age is age 65 or following age 60 with 25 years of service. Participants are 100% vested in their accrued

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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benefit after 5 years of continuous service as long as their employee contributions remain in the fund upon termination. Member's contributions are returnable on termination or death while active or retired (less any benefits paid) provided in each case that no death benefits are otherwise payable. Benefits and contributions are established by the City and may be amended by the City. The City has not given any post-retirement benefit increases.

There were no major plan changes for the July 1, 2014 actuarial valuation.

The membership of the plan consisted of the following at July 1, 2014, the date of the latest actuarial valuation:

	<u><b>Police and Firemen</b></u>	<u><b>Municipal Employees</b></u>
Retirees, disabled employees and beneficiaries currently receiving benefits	175	123
Terminated plan members entitled to benefits but not yet receiving them	3	10
Current active members	<u>103</u>	<u>125</u>
Total	<u><u>281</u></u>	<u><u>258</u></u>

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

**Method Used to Value Investments**

Investments are reported at market value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

**C. Funding Policy**

**Police and Firemen's Retirement**

Member contributions of 8% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

**Municipal Employees' Retirement**

Member contributions of 5% of gross weekly earnings are required. The City is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined through biennial valuations.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**D. Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees by a majority vote of its members. It is the policy of the Trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Trustees' adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Municipal Employees</u>	<u>Police and Firemen</u>
Fixed income	35.00 %	35.00 %
Domestic equities	42.50	42.50
International equities	17.50	17.50
Global REIT	5.00	5.00
Total	<u>100.00</u>	<u>100.00</u>

**Rate of Return**

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.06% for the Municipal Employees' Plan and 2.22% for the Police and Firemen's Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**E. Net Pension Liability of the City**

The components of the net pension liability of the City at June 30, 2015, were as follows:

	<u>Municipal Employees</u>	<u>Police and Firemen</u>
Total pension liability	\$ 44,621,540	\$ 84,893,312
Plan fiduciary net position	<u>36,102,124</u>	<u>53,612,316</u>
Net Pension Liability	<u>\$ 8,519,416</u>	<u>\$ 31,280,996</u>
Plan fiduciary net position as a percentage of the total pension liability	80.91%	63.15%

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Mortality Rates were based on 1994 Uninsured Pensions Tables for Males and Females, projected 10 years beyond the valuation date with Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.8 %
International equity	8.25
Fixed income	3.5
Real estate	6.75
Cash	2.25

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Police and Firemen's Retirement Plan**

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 80,070,392	\$ 53,464,606	\$ 26,605,786
Changes for the year:			
Service cost	1,562,617		1,562,617
Interest on total pension liability	5,915,425		5,915,425
Differences between expected and actual experience	2,967,870		2,967,870
Employer contributions		3,926,071	(3,926,071)
Member contributions		712,134	(712,134)
Net investment income		1,178,199	(1,178,199)
Benefit payments, including refund to employee contributions	(5,622,992)	(5,622,992)	-
Administrative expenses		(45,702)	45,702
Net changes	4,822,920	147,710	4,675,210
Balances as of June 30, 2015	\$ 84,893,312	\$ 53,612,316	\$ 31,280,996

**Municipal Employees' Retirement Plan**

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2014	\$ 45,541,729	\$ 35,371,803	\$ 10,169,926
Changes for the year:			
Service cost	847,373		847,373
Interest on total pension liability	3,388,757		3,388,757
Differences between expected and actual experience			-
Changes in assumptions	(2,700,567)		(2,700,567)
Employer contributions		2,130,792	(2,130,792)
Member contributions		362,688	(362,688)
Net investment income		728,798	(728,798)
Benefit payments, including refund to employee contributions	(2,455,752)	(2,455,752)	-
Administrative expenses		(36,205)	36,205
Net changes	(920,189)	730,321	(1,650,510)
Balances as of June 30, 2015	\$ 44,621,540	\$ 36,102,124	\$ 8,519,416

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

		<b>1% Decrease 6.50%</b>	<b>Current Discount Rate 7.50%</b>	<b>1% Increase 8.50%</b>
Municipal Employees:				
City's Net Pension Liability	\$	13,361,588	\$ 8,519,416	\$ 4,374,771
Police and Firemen:				
City's Net Pension Liability	\$	40,728,709	\$ 31,280,996	\$ 23,314,931

**F. Financial Information for the Separate Plans**

	<b>Police and Firemen</b>	<b>Municipal Employees</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 80,062	\$ 26,007	\$ 106,069
Investments	53,543,457	36,084,488	89,627,945
Receivables	5,212	3,504	8,716
Total assets	53,628,731	36,113,999	89,742,730
Liabilities:			
Accounts and other payables	16,415	11,875	28,290
Net Assets Held in Trust for Pension Benefits	\$ 53,612,316	\$ 36,102,124	\$ 89,714,440
Contributions:			
Employer	\$ 3,926,071	\$ 2,130,792	\$ 6,056,863
Employee	712,134	362,688	1,074,822
Total contributions	4,638,205	2,493,480	7,131,685
Investment income:			
Interest and dividends	6	2	8
Net appreciation in fair value of investments	1,178,193	728,796	1,906,989
Total additions	5,816,404	3,222,278	9,038,682
Deductions:			
Benefit payments and withdrawals	5,622,992	2,455,752	8,078,744
Administration	45,702	36,205	81,907
Total deductions	5,668,694	2,491,957	8,160,651
Net increase	147,710	730,321	878,031
Net Assets Held in Trust for Pension Benefits at Beginning of Year	53,464,606	35,371,803	88,836,409
End of Year	\$ 53,612,316	\$ 36,102,124	\$ 89,714,440

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

**G. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City recognized pension expense of \$9,359,687. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		<b>Police and Firemen</b>	
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	2,225,902	\$
Net difference between projected and actual earning on pension plan investments			381,569
Total	\$	<u>2,225,902</u>	<u>\$ 381,569</u>

		<b>Municipal Employees</b>	
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$		\$ 2,025,425
Net difference between projected and actual earning on pension plan investments			97,032
Total	\$	<u>-</u>	<u>\$ 2,122,457</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Year Ending June 30**

2016	\$	(407,522)
2017		(407,522)
2018		(407,520)
2019		944,440

**H. Board of Education Employees' Retirement**

The City also administers a defined benefit pension plan for five retirees of its Board of Education. This plan is not included within the City's pension trust fund reporting.

The most recent actuarial valuation for this Board of Education pension plan was as of June 30, 1970 and current actuarially determined pension information has not been obtained. The City's contribution to this pension plan is primarily based on a "pay-as-you-go" method whereby the City contributes only those funds expected to be needed in the current year. The City's contribution for the pension plan for the year ended June 30, 2015 totaled \$24,442.

## **CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS**

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### **I. Teachers Retirement**

#### **Plan Description**

Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

#### **Benefit Provisions**

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

##### *Normal Retirement*

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

##### *Early Retirement*

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

##### *Disability Retirement*

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

#### **Contributions**

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

##### *Employer (School Districts)*

School District employers are not required to make contributions to the plan.

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

##### *Employees*

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.



**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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

At June 30, 2015, the City reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the City as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the City	<u>74,613,949</u>
Total	\$ <u>74,613,949</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2015, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2015, the City recognized pension expense and revenue of \$5,598,179 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	100.0%	

**Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The City's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information**

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the City has no obligation to contribute to the plan.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**10. OTHER POSTEMPLOYMENT BENEFITS**

**A. Plan Description**

The City, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses. The City's Post-Retirement Medical Program (RMP) covers City, Board of Education, Police and Fire employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits under the City's self-insured medical benefits program. The percentage contribution of the employees and retirees for these benefits vary and are detailed with the City's various bargaining agreements. The City does not issue a separate standalone financial statement for this program.

At July 1, 2014, plan membership consisted of the following:

	<b>Post- Retirement Medical Program</b>
Retired members	384
Spouses of retired members	217
Active plan members	927
	<hr/>
	1,495
	<hr/>

**B. Funding Policy**

The City funding and payment of postemployment benefits are accounted for in the General Fund on a pay-as-you-go basis. The City has not established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The City is currently developing a funding strategy to provide for normal cost and the amortization of the accrued liability. Although a trust fund has yet to be established to exclusively control the funding and reporting of postemployment benefits, the City anticipates a commitment to fund normal cost and a long-term approach to the amortization of the actuarial accrued liability.

The City's funding strategy for postemployment obligations are based upon characteristics of benefits on nine distinct groups of employees established within their respective collective bargaining units and/or contracts and include the following:

- City Hall employees and Public Works Employees contribute an average 12% of the contribution for medical and dental coverage to age 65 with none at ages 65 and older. They are eligible to receive medical coverage under various CIGNA medical plans and an Anthem dental plan to age 65. At age 65, if eligible, they are enrolled in an Anthem Medicare supplemental plan. They also receive life insurance benefits of \$10,000 - \$15,000 at no cost to the retiree.
- Police and Fire employees who meet certain criteria for retirement are eligible to receive medical coverage under various CIGNA medical plans and an Anthem dental plan to age 65. At age 65, if eligible, they are enrolled in an Anthem Medicare supplemental plan. They also receive life insurance benefits of \$3,000 at no cost to the retiree. Eligibility for normal retirement or early retirement is age 55 with 10 years of service or they qualify under disability retirement.

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- City supervisory employees who meet certain criteria for retirement are eligible to receive medical coverage under various Anthem medical plans, dependent on whether they are under or over age 65, dental coverage only until they reach age 65 as well as life insurance benefits of \$5,000 at a contribution rate of 5% or 10% of the contribution with no contribution over age 65. Eligibility for normal retirement or early retirement is age 55 with 10 years of service or they qualify under disability retirement.
- Teachers are eligible for medical and dental coverage if they retire under the State Teacher's Plan and must contribute 100% of the cost for this coverage.
- BOE Cafeteria employees are eligible for medical and dental coverage if they retire at age 60 with 10 years of service or qualify under disability retirement and must contribute 100% of the cost for this coverage.
- BOE Custodians who retire age 55 with 20 years or qualify under disability retirement can receive dental coverage to age 65 and medical coverage for ages 65 and over and must contribute 7% of the contribution. They may also receive life insurance benefits of \$5,000.
- BOE Nurses and paraprofessionals who retire age 60 with 10 years of service or qualify under disability retirement can receive medical benefits with a 25% contribution rate up to age 65 with their spouse at 100%, dental coverage at 25% of the contribution only until they reach the age of 65 and life insurance benefits of \$5,000.

**C. Annual OPEB Cost and Net OPEB Obligations**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

		<b>Post- Retirement Medical Program</b>
Annual required contribution (ARC)	\$	8,175,400
Interest on net OPEB obligation		1,641,200
Adjustment to annual required contribution		<u>(1,874,800)</u>
Annual OPEB cost		7,941,800
Contributions made		<u>(3,460,800)</u>
Increase in net OPEB obligation		4,481,000
Net OPEB obligation, beginning of year		<u>27,352,700</u>
Net OPEB Obligation, End of Year	\$	<u><u>31,833,700</u></u>

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is presented below.

<b>Fiscal Year Ended</b>		<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>		<b>Net OPEB Obligation</b>
6/30/15	\$	7,941,800	\$ 3,460,800	44%	\$	31,833,700
6/30/14		7,807,700	2,962,800	38%		27,352,700
6/30/13		7,446,300	3,278,900	44%		22,507,800

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (OAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>OAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/10		\$ 68,120,000	\$ 68,120,000	0%	\$ 50,158,119	136.00%
7/1/12		71,919,500	71,919,500	0%	50,189,100	143.30%
7/1/14		102,954,00	102,954,000	0%	50,846,100	202.00%

**Schedule of Employer Contribution**

<b>Fiscal Year</b>		<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/13	\$	7,603,000	43.1%
6/30/14		7,999,900	37.0%
6/30/15		8,175,400	42.0%

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used, with level percentage amortization over a 30-year period. The plan assumes an interest rate of 3.5% (a change from prior valuation of 6%) and a salary increase rate of 5% per year.

**CITY OF TORRINGTON, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**

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**11. FUND BALANCE CLASSIFICATIONS**

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Inventory	\$	\$ 21,027	\$ 21,027
Restricted for:			
Trust purposes		4,852	4,852
Grants		2,995,692	2,995,692
Committed to:			
Revaluation	243,703		243,703
Education		458,970	458,970
Capital projects		5,134,622	5,134,622
Health and social services		136,743	136,743
Assigned to:			
Education	205,855		205,855
General government	13,280		13,280
Public works	11,539		11,539
Unassigned	<u>8,337,813</u>	<u>(164,807)</u>	<u>8,173,006</u>
Total Fund Balances	\$ <u>8,812,190</u>	\$ <u>8,587,099</u>	\$ <u>17,399,289</u>

Encumbrances outstanding at year end of \$230,674 are reported as assigned fund balance.

**12. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27:

Net position balance at June 30, 2014, as previously reported	\$ 68,907,757
Adjustments:	
Eliminate net pension obligation reported per GASB No. 27	1,146,766
Record starting net pension liability per GASB No. 68	<u>(36,775,712)</u>
Net Position Balance at July 1, 2014, as Restated	\$ <u>33,278,811</u>

**13. CONTINGENT LIABILITIES**

The City is a party to various legal proceedings which involve claims against the City. In those cases where a loss is probable and measurable, a liability has been recorded. It is the opinion of City management and the City attorney that the ultimate resolution of remaining litigation will not have a material effect on the financial position of the City.

**CITY OF TORRINGTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance -</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive</b>
				<b>(Negative)</b>
Property Taxes:				
Property taxes	\$ 85,872,051	\$ 85,872,051	\$ 85,568,497	\$ (303,554)
Motor vehicle supplemental tax	850,000	850,000	1,040,007	190,007
Total property taxes	<u>86,722,051</u>	<u>86,722,051</u>	<u>86,608,504</u>	<u>(113,547)</u>
Intergovernmental:				
Board of Education Grants:				
Nonpublic transportation	41,675	41,675	34,013	(7,662)
Education cost sharing	24,565,539	24,565,539	24,473,175	(92,364)
Public transportation	403,637	403,637	409,244	5,607
Special education	1,464,018	1,464,018	1,463,323	(695)
Nonpublic health and welfare	39,191	39,191	37,187	(2,004)
Total Board of Education grants	<u>26,514,060</u>	<u>26,514,060</u>	<u>26,416,942</u>	<u>(97,118)</u>
Federal and State Grants:				
Elderly exemptions	4,000	4,000	2,000	(2,000)
Circuit breaker	341,000	341,000	327,978	(13,022)
In lieu of taxes	550,000	550,000	578,381	28,381
Disabled persons	8,188	8,188	7,165	(1,023)
Additional veterans' grant	29,000	29,000	31,532	2,532
Pequot fund grant	262,117	262,117	257,271	(4,846)
Enterprise zone	25,000	25,000	55,420	30,420
Street lights	1,045	1,045	1,045	-
Torrington High School	320,728	320,728	320,728	-
Southwest school	354,904	354,904	356,959	2,055
Vogel elementary school	230,776	230,776	230,775	(1)
State- Property Tax Relief	100,000	100,000		(100,000)
Municipal Aid Adjustment	139,839	139,839	47,506	(92,333)
MRSA Bonded Distribution	569,326	569,326	569,326	-
Build American Bonds Subsidy	189,551	189,551	189,347	(204)
Total federal and state grants	<u>3,125,474</u>	<u>3,125,474</u>	<u>2,975,433</u>	<u>(150,041)</u>
Total Intergovernmental	<u>29,639,534</u>	<u>29,639,534</u>	<u>29,392,375</u>	<u>(247,159)</u>

(Continued on next page)

**CITY OF TORRINGTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
General Government:				
Building fees	\$ 737,500	\$ 312,500	\$ 352,509	\$ 40,009
Planning and zoning fees	35,000	35,000	23,972	(11,028)
City real estate	19,000	19,000	15,827	(3,173)
City clerk	538,000	962,000	929,308	(32,692)
Insurance payments	2,550,258	2,550,258	2,586,408	36,150
Telephone access lines	100,000	100,000	106,447	6,447
CRRA refund	35,000	35,000	59,504	24,504
Miscellaneous income	151,650	152,650	634,596	481,946
Parking authority	65,000	65,000	48,750	(16,250)
Probate	20,854	20,854	19,249	(1,605)
Total general government	<u>4,252,262</u>	<u>4,252,262</u>	<u>4,776,570</u>	<u>524,308</u>
Public Safety:				
Canine - Hotchkiss trust	2,500	2,500	2,500	-
Miscellaneous	20,000	20,000	16,665	(3,335)
Fire:				
Outside duty	2,000	2,000		(2,000)
Insurance payments	65,000	65,000	107,370	42,370
Police:				
Tickets and permits	171,000	183,100	176,957	(6,143)
Outside duty	250,000	465,000	622,300	157,300
Insurance payments	80,000	80,000	230,293	150,293
Testing	5,000	5,000	6,810	1,810
Total public safety	<u>595,500</u>	<u>822,600</u>	<u>1,162,895</u>	<u>340,295</u>
Public Works:				
Street openings	2,500	2,500		(2,500)
Engineering	250	250	98	(152)
Street department miscellaneous	20,000	20,000	19,980	(20)
Water division fees	150,000	150,000	142,869	(7,131)
Landfill - tire income			700	700
Miscellaneous	10,000	10,000	4,675	(5,325)
Recycling income	100	100	81	(19)
Insurance payments	15,000	15,000	71,911	56,911
Free-waste receptacles	25,000	25,000	15,038	(9,962)
Total public works	<u>222,850</u>	<u>222,850</u>	<u>255,352</u>	<u>32,502</u>
Investment Income	<u>50,000</u>	<u>50,000</u>	<u>80,376</u>	<u>30,376</u>
Recreation:				
Swimming fees	<u>15,000</u>	<u>15,000</u>	<u>13,509</u>	<u>(1,491)</u>

(Continued on next page)



**CITY OF TORRINGTON, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Education:				
Tuition	\$	\$	\$ 62,823	\$ 62,823
Other reimbursements	115,500	115,500	106,123	(9,377)
Total education	<u>115,500</u>	<u>115,500</u>	<u>168,946</u>	<u>53,446</u>
Total revenues	121,612,697	121,839,797	122,458,527	618,730
Other Financing Sources:				
Operating transfer in	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,501,272</u>	<u>101,272</u>
Total Revenue and Other Financing Sources	\$ <u>123,012,697</u>	\$ <u>123,239,797</u>	123,959,799	\$ <u>720,002</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,598,179	
Revaluation fund interest income			<u>31</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ <u>129,558,009</u>	

**CITY OF TORRINGTON, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Budgeted Amounts</b>			<b>Variance - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
General Government:				
Assessor	\$ 338,576	\$ 340,596	\$ 336,698	\$ 3,898
Board of tax review	5,600	5,590	3,431	2,159
Boards and agencies	320,959	320,360	319,680	680
Building	339,303	348,672	333,376	15,296
City real estate	135,120	134,849	95,363	39,486
City and town clerk	802,886	802,006	688,297	113,709
Comptroller	353,868	336,219	318,578	17,641
Corporate counsel	193,742	196,958	183,847	13,111
Election	72,250	72,250	49,387	22,863
Mayor	222,149	223,900	221,738	2,162
Personnel	229,139	266,675	266,672	3
Planning and zoning	225,931	232,061	223,647	8,414
Purchasing	112,237	113,417	107,604	5,813
Registrars	93,689	94,444	84,614	9,830
Services for the elderly	322,740	320,890	309,606	11,284
Treasurer	64,289	64,170	63,881	289
Data processing	794,170	793,823	712,832	80,991
Economic development	72,290	73,507	72,590	917
Probate	39,240	39,240	37,547	1,693
Citywide	1,759,489	146,086	140,334	5,752
Total general government	6,497,667	4,925,713	4,569,722	355,991
Public Safety:				
Civil preparedness	36,167	36,104	27,065	9,039
Fire	4,679,236	4,976,175	4,868,786	107,389
Police	8,162,157	8,532,459	8,158,945	373,514
Public safety miscellaneous	1,959,343	2,174,343	2,262,321	(87,978)
Canine Control	203,325	228,295	223,993	4,302
Traffic	274,421	310,109	308,330	1,779
Total public safety	15,314,649	16,257,485	15,849,440	408,045
Public works:				
Administration	137,488	146,178	146,993	(815)
City hall	194,015	193,336	162,247	31,089
Engineering	542,280	552,440	508,906	43,534
Landfill	975,000	973,188	885,305	87,883
Parks	920,369	978,104	975,583	2,521
San sewer / St lights	438,348	437,477	316,246	121,231
Streets	4,075,730	5,010,747	4,939,485	71,262
Total public works	7,283,230	8,291,470	7,934,765	356,705
Public Health and Social Services:				
Health	2,873,245	2,873,235	2,807,502	65,733

(Continued on next page)

**CITY OF TORRINGTON, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Pension and Miscellaneous:				
Pension and benefits	\$ 12,438,160	\$ 12,114,647	\$ 12,097,315	\$ 17,332
Insurance	1,507,521	1,504,720	1,467,735	36,985
Tax collector contract	429,250	426,952	306,457	120,495
Total pension and miscellaneous	<u>14,374,931</u>	<u>14,046,319</u>	<u>13,871,507</u>	<u>174,812</u>
Recreation	<u>328,361</u>	<u>307,410</u>	<u>281,530</u>	<u>25,880</u>
Board of Education	<u>70,932,574</u>	<u>71,164,136</u>	<u>71,164,136</u>	<u>-</u>
Second Part Budget:				
Contingency	<u>200,000</u>	<u>165,989</u>	<u>8,837</u>	<u>157,152</u>
Debt Service:				
Bond redemption	2,515,000	2,515,000	2,515,000	-
Interest	<u>1,295,152</u>	<u>1,295,152</u>	<u>1,293,649</u>	<u>1,503</u>
Total debt service	<u>3,810,152</u>	<u>3,810,152</u>	<u>3,808,649</u>	<u>1,503</u>
Total expenditures	<u>121,614,809</u>	<u>121,841,909</u>	<u>120,296,088</u>	<u>1,545,821</u>
Other Financing Uses:				
Operating Transfers Out:				
Capital reserve	298,938	298,938	298,938	-
Revaluation	40,000	40,000	40,000	-
Vehicle replacement	700,000	700,000	700,000	-
Other Capital Projects	304,956	304,956	304,956	-
Other Special Revenue	<u>53,994</u>	<u>53,994</u>	<u>206,036</u>	<u>(152,042)</u>
Total other financing uses	<u>1,397,888</u>	<u>1,397,888</u>	<u>1,549,930</u>	<u>(152,042)</u>
Total Expenditures and Other Financing Sources	<u>\$ 123,012,697</u>	<u>\$ 123,239,797</u>	121,846,018	<u>\$ 1,393,779</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut on-behalf payments to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted.

5,598,179

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.

(107,532)

The Board of Education does not budget for accrued payroll services or early retirement settlements at year end. The accrued liabilities are charged to the subsequent year's budget.

These amounts are recorded as a current year expenditure for financial statement purposes.

122,775

Revaluation Fund Transfer combined and eliminated for financial reporting purposes

134,100

Total Expenditures and Other Financing Sources as Reported on the Statement of

Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV) \$ 127,593,540

**CITY OF TORRINGTON, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TWO FISCAL YEARS**

	<b>Municipal Employees</b>		<b>Police and Firemen</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Total pension liability:				
Service cost	\$ 847,373	\$ 1,202,952	\$ 1,562,617	\$ 1,723,995
Interest	3,388,757	3,262,727	5,915,425	5,749,660
Differences between expected and actual experience	(2,700,565)		2,967,870	
Changes of assumptions	(2)			
Benefit payments, including refunds of member contributions	(2,455,752)	(2,404,584)	(5,622,992)	(4,599,662)
Net change in total pension liability	(920,189)	2,061,095	4,822,920	2,873,993
Total pension liability - beginning	45,541,729	43,480,634	80,070,392	77,196,399
Total pension liability - ending	44,621,540	45,541,729	84,893,312	80,070,392
Plan fiduciary net position:				
Contributions - employer	2,130,792	1,562,782	3,926,071	3,397,552
Contributions - member	362,688	382,126	712,134	701,624
Net investment income	728,798	5,031,302	1,178,199	7,807,382
Benefit payments, including refunds of member contributions	(2,455,752)	(2,404,584)	(5,622,992)	(4,599,662)
Administrative expense	(36,205)	(28,368)	(45,702)	(33,907)
Net change in plan fiduciary net position	730,321	4,543,258	147,710	7,272,989
Plan fiduciary net position - beginning	35,371,803	30,828,545	53,464,606	46,191,617
Plan fiduciary net position - ending	36,102,124	35,371,803	53,612,316	53,464,606
Net Pension Liability - Ending	\$ 8,519,416	\$ 10,169,926	\$ 31,280,996	\$ 26,605,786
Plan fiduciary net position as a percentage of the total pension liability	80.91%	77.67%	63.15%	66.77%
Covered-employee payroll	\$ 7,508,384	\$ 7,675,621	\$ 10,060,356	\$ 9,349,008
Net pension liability as a percentage of covered-employee payroll	113.47%	132.50%	310.93%	284.58%

**CITY OF TORRINGTON, CONNECTICUT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Municipal Employees:</b>										
Actuarially determined contribution	\$ 969,714	\$ 969,714	\$ 1,051,488	\$ 1,051,488	\$ 1,125,528	\$ 1,125,528	\$ 1,374,634	\$ 1,374,634	\$ 1,775,712	\$ 1,756,607
Contributions in relation to the actuarially determined contribution	<u>1,071,682</u>	<u>1,120,229</u>	<u>1,185,979</u>	<u>1,197,536</u>	<u>1,257,993</u>	<u>1,271,233</u>	<u>1,444,183</u>	<u>1,447,879</u>	<u>1,562,782</u>	<u>2,130,792</u>
Contribution Deficiency (Excess)	\$ <u>(101,968)</u>	\$ <u>(150,515)</u>	\$ <u>(134,491)</u>	\$ <u>(146,048)</u>	\$ <u>(132,465)</u>	\$ <u>(145,705)</u>	\$ <u>(69,549)</u>	\$ <u>(73,245)</u>	\$ <u>212,930</u>	\$ <u>(374,185)</u>
Covered-employee payroll	\$	\$	\$	\$	\$ 8,178,483	\$ 8,178,483	\$ 8,481,377	\$ 8,481,377	\$ 7,675,621	\$ 7,508,384
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	15.54%	17.03%	17.07%	20.36%	28.38%
<b>Police and Firemen:</b>										
Actuarially determined contribution	\$ 2,337,011	\$ 2,377,011	\$ 2,523,618	\$ 2,523,618	\$ 2,801,257	\$ 2,801,257	\$ 3,308,035	\$ 3,357,655	\$ 3,827,288	\$ 3,861,898
Contributions in relation to the actuarially determined contribution	<u>2,337,011</u>	<u>2,349,011</u>	<u>2,524,618</u>	<u>2,536,618</u>	<u>2,801,257</u>	<u>2,813,257</u>	<u>3,325,432</u>	<u>3,322,432</u>	<u>3,397,552</u>	<u>3,926,071</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>28,000</u>	\$ <u>(1,000)</u>	\$ <u>(13,000)</u>	\$ <u>-</u>	\$ <u>(12,000)</u>	\$ <u>(17,397)</u>	\$ <u>35,223</u>	\$ <u>429,736</u>	\$ <u>(64,173)</u>
Covered-employee payroll	\$ 7,935,981	\$ 7,935,981	\$ 8,178,483	\$ 8,178,483	\$ 9,579,705	\$ 9,579,705	\$ 9,912,397	\$ 10,061,083	\$ 9,349,008	\$ 10,060,356
Contributions as a percentage of covered-employee payroll	29.45%	29.60%	30.87%	31.02%	29.24%	29.37%	33.55%	33.02%	36.34%	39.03%

Valuation date: July 1, 2014  
Measurement date: June 30, 2015  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the beginning of the plan year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	30-year period as a level dollar amount
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	3.0%
Salary increases	3% (due to inflation) plus merit component based on age
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Mortality	1994 Uninsured Pensions Tables for Males and Females, projected 10 years beyond the valuation date with Scale AA

**CITY OF TORRINGTON, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
LAST TWO FISCAL YEARS**

---

	<b>2015</b>	<b>2014</b>
Municipal Employees:		
Annual money-weighted rate of return, net of investment expense	2.06%	16.13%
Police and Firemen:		
Annual money-weighted rate of return, net of investment expense	2.22%	16.42%

**CITY OF TORRINGTON, CONNECTICUT**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**TEACHERS RETIREMENT PLAN**  
**LAST FISCAL YEAR**

---

	<b>2015</b>
City's proportion of the net pension liability (asset)	0.00%
City's proportionate share of the net pension liability (asset)	\$ -
State's proportionate share of the net pension liability (asset) associated with the City	<u>74,613,949</u>
Total	<u>\$ 74,613,949</u>
City's covered-employee payroll	\$ 26,695,538
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

**CITY OF TORRINGTON, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 13,477,800	\$ 11,857,734
Receivables:		
Intergovernmental	4,027,021	4,762,035
Other	306,509	364,990
Due from other funds	<u>1,098,039</u>	<u>211,667</u>
Total Assets	<u>\$ 18,909,369</u>	<u>\$ 17,196,426</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 6,301,777	\$ 6,052,720
Due to other funds	<u>226,349</u>	
Total liabilities	<u>6,528,126</u>	<u>6,052,720</u>
Deferred inflows of resources:		
Unavailable revenue - school construction payments	<u>3,569,053</u>	<u>4,295,985</u>
Fund balance:		
Committed	243,703	337,772
Assigned	230,674	207,895
Unassigned	<u>8,337,813</u>	<u>6,302,054</u>
Total fund balance	<u>8,812,190</u>	<u>6,847,721</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 18,909,369</u>	<u>\$ 17,196,426</u>



**CITY OF TORRINGTON, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2015**

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Total Rate Bill on Grant List on October 1, 2013	\$ 85,568,497
Add:	
Supplemental motor vehicle tax	<u>1,040,007</u>
Received from tax collector during the year ended June 30, 2015	86,608,504
Deduct:	
Lawful corrections and abatements	<u>(174,549)</u>
Net Revenues from Taxation	\$ <u><u>86,433,955</u></u>

**CITY OF TORRINGTON, CONNECTICUT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Special Revenue Funds					
	National School Lunch Program	Nutrition Program	Town Aid Roads	Small Cities Block Grants	Federal and State Educational Grants	Other Special Revenue Funds
<b>ASSETS</b>						
Cash	\$ 272,289	\$ 16,836	\$ 560,995	\$ 339,502	\$ 843,581	\$ 2,102,432
Receivables:						
Loans				448,632		63,292
Intergovernmental	196,768	152,422			139,152	170,075
Other						
Inventory	21,027					
Total Assets	<u>\$ 490,084</u>	<u>\$ 169,258</u>	<u>\$ 560,995</u>	<u>\$ 788,134</u>	<u>\$ 982,733</u>	<u>\$ 2,335,799</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 10,087	\$ 32,515	\$ 313,249	\$	\$ 164,267	\$ 191,518
Due to other funds						
Unearned revenue				152,303	242,151	96,557
Total liabilities	<u>10,087</u>	<u>32,515</u>	<u>313,249</u>	<u>152,303</u>	<u>406,418</u>	<u>288,075</u>
Deferred inflows of resources:						
Unavailable revenue - loans receivable				448,632		63,292
Unavailable revenue - sewer receivables						
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>448,632</u>	<u>-</u>	<u>63,292</u>
Fund balances:						
Nonspendable	21,027					
Restricted			247,746	187,199	576,315	1,984,432
Committed	458,970	136,743				
Assigned						
Total fund balances	<u>479,997</u>	<u>136,743</u>	<u>247,746</u>	<u>187,199</u>	<u>576,315</u>	<u>1,984,432</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 490,084</u>	<u>\$ 169,258</u>	<u>\$ 560,995</u>	<u>\$ 788,134</u>	<u>\$ 982,733</u>	<u>\$ 2,335,799</u>

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**CITY OF TORRINGTON, CONNECTICUT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	Capital Projects							Total Nonmajor Governmental Funds
	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserve Fund	Torrington School	City Hall Renovations	Other Capital Projects	Permanent Fund Captain Bessie	
<b>ASSETS</b>								
Cash	\$ 1,533,450	\$ 742,980	\$ 1,417,735	\$ 631	\$	\$ 1,329,760	\$ 4,852	\$ 9,165,043
Receivables:								
Loans								511,924
Intergovernmental						110,954		769,371
Other	85,869					24,904		110,773
Inventory								21,027
Total Assets	<u>\$ 1,619,319</u>	<u>\$ 742,980</u>	<u>\$ 1,417,735</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 1,465,618</u>	<u>\$ 4,852</u>	<u>\$ 10,578,138</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$	\$	\$ 7,750	\$	\$	\$ 9,493	\$	\$ 728,879
Due to other funds					164,807			164,807
Unearned revenue						8,549		499,560
Total liabilities	<u>-</u>	<u>-</u>	<u>7,750</u>	<u>-</u>	<u>164,807</u>	<u>18,042</u>	<u>-</u>	<u>1,393,246</u>
Deferred inflows of resources:								
Unavailable revenue - loans receivable								511,924
Unavailable revenue - sewer receivables	85,869							85,869
Total deferred inflows of resources	<u>85,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>597,793</u>
Fund balances:								
Nonspendable								21,027
Restricted							4,852	3,000,544
Committed	1,533,450	742,980	1,409,985	631		1,447,576		5,730,335
Assigned					(164,807)			(164,807)
Total fund balances	<u>1,533,450</u>	<u>742,980</u>	<u>1,409,985</u>	<u>631</u>	<u>(164,807)</u>	<u>1,447,576</u>	<u>4,852</u>	<u>8,587,099</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,619,319</u>	<u>\$ 742,980</u>	<u>\$ 1,417,735</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ 1,465,618</u>	<u>\$ 4,852</u>	<u>\$ 10,578,138</u>

**CITY OF TORRINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					
	National School Lunch Program	Nutrition Program	Town Aid Roads	Small Cities Block Grants	Federal and State Educational Grants	Other Special Revenue Funds
Revenues:						
Sewer line fees	\$	\$	\$	\$	\$	\$
Intergovernmental	1,210,980	1,043,052	465,796	264,674	3,490,469	1,429,627
Investment income		4	44	22		86
Program income	731,101	345,855				534,252
Other revenues		83,749		30,115	73,434	856,007
Total revenues	<u>1,942,081</u>	<u>1,472,660</u>	<u>465,840</u>	<u>294,811</u>	<u>3,563,903</u>	<u>2,819,972</u>
Expenditures:						
General government				299,100		857,722
Public safety						96,651
Public works			439,027			592,804
Public health and social services		1,460,781				984,655
Recreation						144,711
Education	1,983,418				3,658,753	42,924
Capital outlay						
Total expenditures	<u>1,983,418</u>	<u>1,460,781</u>	<u>439,027</u>	<u>299,100</u>	<u>3,658,753</u>	<u>2,719,467</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(41,337)</u>	<u>11,879</u>	<u>26,813</u>	<u>(4,289)</u>	<u>(94,850)</u>	<u>100,505</u>
Other Financing Sources (Uses):						
Operating transfers in				189,721		532,674
Operating transfers out				(190,851)		(478,680)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,130)</u>	<u>-</u>	<u>53,994</u>
Net Change in Fund Balances	(41,337)	11,879	26,813	(5,419)	(94,850)	154,499
Fund Balances at Beginning of Year	<u>521,334</u>	<u>124,864</u>	<u>220,933</u>	<u>192,618</u>	<u>671,165</u>	<u>1,829,933</u>
Fund Balances at End of Year	<u>\$ 479,997</u>	<u>\$ 136,743</u>	<u>\$ 247,746</u>	<u>\$ 187,199</u>	<u>\$ 576,315</u>	<u>\$ 1,984,432</u>

(Continued on next page)

**CITY OF TORRINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Capital Projects							
	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserves Fund	Torrington School	City Hall Renovations	Other Capital Projects	Permanent Fund Captain Bessie	Total Nonmajor Governmental Funds
Revenues:								
Sewer line fees	\$ 69,010	\$	\$	\$	\$	\$	\$	\$ 69,010
Intergovernmental						2,624,675		10,529,273
Investment income	135	125	132					548
Program income								1,611,208
Other revenues		31,927	13,227			177,716		1,266,175
Total revenues	69,145	32,052	13,359	-	-	2,802,391	-	13,476,214
Expenditures:								
General government					5,120			1,161,942
Public safety								96,651
Public works								1,031,831
Public health and social services								2,445,436
Recreation								144,711
Education								5,685,095
Capital outlay	760,736	1,397,992	211,612			2,846,303		5,216,643
Total expenditures	760,736	1,397,992	211,612	-	5,120	2,846,303	-	15,782,309
Excess (Deficiency) of Revenues over Expenditures	(691,591)	(1,365,940)	(198,253)	-	(5,120)	(43,912)	-	(2,306,095)
Other Financing Sources (Uses):								
Operating transfers in	650,290	785,652	304,518			304,956		2,767,811
Operating transfers out						(60,142)		(729,673)
Total other financing sources (uses)	650,290	785,652	304,518	-		244,814	-	2,038,138
Net Change in Fund Balances	(41,301)	(580,288)	106,265	-	(5,120)	200,902	-	(267,957)
Fund Balances at Beginning of Year	1,574,751	1,323,268	1,303,720	631	(159,687)	1,246,674	4,852	8,855,056
Fund Balances at End of Year	\$ 1,533,450	\$ 742,980	\$ 1,409,985	\$ 631	\$ (164,807)	\$ 1,447,576	\$ 4,852	\$ 8,587,099

**CITY OF TORRINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2015**

	<b>Self Insurance Fund</b>	<b>Maintenance Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 7,923,629	\$	\$ 7,923,629
Due from other funds	226,349		226,349
Prepays	263,417		263,417
Receivables, net	22,226	54,366	76,592
Total assets	<u>8,435,621</u>	<u>54,366</u>	<u>8,489,987</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts and other payables	1,144,911	6,630	1,151,541
Due to other funds	497,303	435,929	933,232
Total liabilities	<u>1,642,214</u>	<u>442,559</u>	<u>2,084,773</u>
<b>Net Position:</b>			
Unrestricted	<u>6,793,407</u>	<u>(388,193)</u>	<u>6,405,214</u>
Total Net Position	<u>\$ 6,793,407</u>	<u>\$ (388,193)</u>	<u>\$ 6,405,214</u>

**CITY OF TORRINGTON, CONNECTICUT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Self Insurance Fund</b>	<b>Maintenance Fund</b>	<b>Total</b>
Operating Revenues:			
Charges for services	\$ 19,115,125	\$ 1,714,618	\$ 20,829,743
Other	298,627		298,627
Total operating revenues	<u>19,413,752</u>	<u>1,714,618</u>	<u>21,128,370</u>
Operating Expenses:			
Payroll and employee benefits		756,589	756,589
Repairs and maintenance		346,009	346,009
Materials and supplies		25,271	25,271
Utilities		655,609	655,609
Other operating expense		2,662	2,662
Insurance and program services	17,434,832		17,434,832
Total operating expenses	<u>17,434,832</u>	<u>1,786,140</u>	<u>19,220,972</u>
Operating Income (Loss)	1,978,920	(71,522)	1,907,398
Nonoperating Revenue:			
Income on investments	<u>4,735</u>		<u>4,735</u>
Income (Loss) Before Transfers	1,983,655	(71,522)	1,912,133
Transfers Out	<u>(1,400,000)</u>	<u>(3,897)</u>	<u>(1,403,897)</u>
Change in Net Assets	583,655	(75,419)	508,236
Net Position at Beginning of Year	<u>6,209,752</u>	<u>(312,774)</u>	<u>5,896,978</u>
Net Position at End of Year	<u>\$ 6,793,407</u>	<u>\$ (388,193)</u>	<u>\$ 6,405,214</u>

**CITY OF TORRINGTON, CONNECTICUT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Self Insurance Fund</b>	<b>Maintenance Fund</b>	<b>Total</b>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 19,413,752	\$ 1,697,209	\$ 21,110,961
Cash payments for insurance claims and premiums	<u>(17,090,363)</u>	<u>(1,693,312)</u>	<u>(18,783,675)</u>
Net cash provided by operating activities	<u>2,323,389</u>	<u>3,897</u>	<u>2,327,286</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) other funds, net	<u>(1,400,000)</u>	<u>(3,897)</u>	<u>(1,403,897)</u>
Cash Flows from Investing Activities:			
Interest received on investments	<u>4,735</u>		<u>4,735</u>
Net Increase in Cash and Cash Equivalents	928,124	-	928,124
Cash and Cash Equivalents at Beginning of Year	<u>6,995,505</u>		<u>6,995,505</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,923,629</u>	<u>\$ -</u>	<u>\$ 7,923,629</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 1,978,920	\$ (71,522)	\$ 1,907,398
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Increase in accounts receivables	(21,829)	(17,409)	(39,238)
Increase in prepaid expenses	(20,084)		(20,084)
Decrease in accounts payable	(198,072)	(29,601)	(227,673)
Decrease in due from other funds	87,151		87,151
Increase in due to other funds	<u>497,303</u>	<u>122,429</u>	<u>619,732</u>
Net Cash Provided by Operating Activities	<u>\$ 2,323,389</u>	<u>\$ 3,897</u>	<u>\$ 2,327,286</u>



**CITY OF TORRINGTON, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>423,897</u>	\$ <u>428,237</u>	\$ <u>493,640</u>	\$ <u>358,494</u>
Liabilities:				
Due to student groups and others	\$ <u>423,897</u>	\$ <u>428,237</u>	\$ <u>493,640</u>	\$ <u>358,494</u>
<b>Performance Bonds</b>				
Assets:				
Cash and cash equivalents	\$ <u>321,175</u>	\$ <u>171,766</u>	\$ <u>268,433</u>	\$ <u>224,508</u>
Liabilities:				
Due to student groups and others	\$ <u>321,175</u>	\$ <u>171,766</u>	\$ <u>268,433</u>	\$ <u>224,508</u>
<b>Other Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>76,760</u>	\$ <u>27,104</u>	\$ <u>17,841</u>	\$ <u>86,023</u>
Liabilities:				
Due to student groups and others	\$ <u>76,760</u>	\$ <u>27,104</u>	\$ <u>17,841</u>	\$ <u>86,023</u>
<b>TOTAL</b>				
Assets:				
Cash and cash equivalents	\$ <u>821,832</u>	\$ <u>627,107</u>	\$ <u>779,914</u>	\$ <u>669,025</u>
Liabilities:				
Due to student groups and others	\$ <u>821,832</u>	\$ <u>627,107</u>	\$ <u>779,914</u>	\$ <u>669,025</u>

**CITY OF TORRINGTON, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2015**  
**(In Thousands)**

Total cash collections for the year ended June 30, 2015:	
Taxes, interest and lien fees	\$ 86,434
Reimbursement for revenue loss on:	
Tax relief for elderly - elderly freeze	<u>2</u>
Base	<u>\$ 86,436</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitations:					
2-1/4 times base	\$ 194,481	\$	\$	\$	\$
4-1/2 times base		388,962			
3-3/4 times base			324,135		
3-1/4 times base				280,917	
3 times base					<u>259,308</u>
Total debt limitation	<u>194,481</u>	<u>388,962</u>	<u>324,135</u>	<u>280,917</u>	<u>259,308</u>
Indebtedness:					
Bonds and notes payable	11,100	13,305			
Clean water fund loans			887		
Bonds authorized and unissued	895	719			
School construction grant receivable		<u>(3,569)</u>			
Total indebtedness	<u>11,995</u>	<u>10,455</u>	<u>887</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of					
Outstanding and Authorized Debt	<u>\$ 182,486</u>	<u>\$ 378,507</u>	<u>\$ 323,248</u>	<u>\$ 280,917</u>	<u>\$ 259,308</u>

Note 1: In no case shall total debt service exceed seven times annual receipts from taxation (\$605,052).