

CITY OF TORRINGTON, CONNECTICUT
FINANCIAL STATEMENTS
JUNE 30, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAcconnect.com

This page is intentionally left blank.

CITY OF TORRINGTON, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2021

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-14

Exhibit

	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Position	15
II	Statement of Activities	16
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	17-18
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	19-20
	Proprietary Funds:	
V	Statement of Net Position	21
VI	Statement of Revenues, Expenses and Changes in Fund Net Position	22
VII	Statement of Cash Flows	23
	Fiduciary Funds	
VIII	Statement of Fiduciary Net Position	24
IX	Statement of Changes in Net Position	25
	Notes to the Financial Statements	26-67
	Required Supplementary Information:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual (Non-GAAP Budgetary Basis)	68-70
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual (Non-GAAP Budgetary Basis)	71-72
RSI-3A	Schedule of Changes in Net Pension Liability and Related Ratios - Municipal Employees - Last Eight Fiscal Years	73
RSI-3B	Schedule of Changes in Net Pension Liability and Related Ratios - Police and Fire Employees - Last Eight Fiscal Years	74
RSI-4	Schedule of Employer Contributions - Pension Plans - Last Ten Fiscal Years	75
RSI-5	Schedule of Investment Returns Pension Plan - Last Eight Fiscal Years	76
RSI-6	Schedule of the City's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan - Last Seven Fiscal Years	77
RSI-7	Schedule of the City's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan - Last Four Fiscal Years	78
RSI-8	Schedule of Changes in Net OPEB Liability and Related Ratios - OPEB Plan - Last Five Fiscal Years	79
RSI-9	Schedule of Employer Contributions - OPEB Plan - Last Ten Fiscal Years	80
RSI-10	Schedule of Investment Returns OPEB Plan - Last Five Fiscal Years	81

Combining and Individual Fund Statements and Schedules:

General Fund:

A	Report of Tax Collector	82
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet	83-86
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	87-90
	Internal Service Funds:	
C-1	Combining Statement of Net Position	91
C-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	92
C-3	Combining Statement of Cash Flows	93
	Other Schedule:	
D	Statement of Debt Limitation	94



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, 2021, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2021 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Torrington, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Torrington, Connecticut's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 24, 2022

This page is intentionally left blank.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021. 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

- On a government-wide basis, the City's total net position increased by \$4,375 during fiscal year 2020/2021. The net position of governmental activities increased by \$3,934 while the net position of business type activities (WPCA) increased by \$441.
- Capital assets (net of depreciation) increased \$14,046 for governmental activities and increased \$7,358 for business type activities. The largest increases were due to various infrastructure projects.
- The City's combined net position totaled (\$33,823). Governmental activities unrestricted net position of (\$146,197) resulted primarily from a \$95,801 net investment in capital assets along with \$229,697 long term liabilities including OPEB and Pension obligations. Business type activities had unrestricted net position of \$5,436 and net capital asset investments of \$5,654.
- The City's governmental funds had a combined fund balance of \$32,778 at year end, a decrease of \$6,068. The decrease was due to bonded projects and infrastructure upgrades.
- The unassigned balance of the General Fund for fiscal year end decreased \$3,947 to \$14,038 or 10% of general fund expenditures.
- The City of Torrington's total bonded debt decreased by \$1,725 to \$27,235. No new bonds were issued in 2020/2021.

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 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 26 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 82 through 94 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, liabilities exceeded assets by \$33,823 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 \$101,455 (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.

An additional portion of the City's net position represents resources that are restricted. The remaining unrestricted balance is (\$140,760).

City's Net Position - The City's combined net position increased in fiscal year 2020/2021 \$4,375 to (\$33,823). (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)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 68,727	\$ 65,973	\$ 7,898	\$ 7,703	\$ 76,625	\$ 73,676
Capital assets, net of accumulated depreciation	142,299	128,253	25,611	18,253	167,910	146,506
Total assets	<u>211,026</u>	<u>194,226</u>	<u>33,509</u>	<u>25,956</u>	<u>244,535</u>	<u>220,182</u>
Deferred outflows of resources	<u>25,317</u>	<u>25,123</u>	<u>285</u>	<u>377</u>	<u>25,602</u>	<u>25,500</u>
Long-term debt outstanding	229,697	237,073	21,909	15,463	251,606	252,536
Other liabilities	24,402	18,119	98	53	24,500	18,172
Total liabilities	<u>254,099</u>	<u>255,192</u>	<u>22,007</u>	<u>15,516</u>	<u>276,106</u>	<u>270,708</u>
Deferred inflows of resources	<u>27,157</u>	<u>13,005</u>	<u>697</u>	<u>167</u>	<u>27,854</u>	<u>13,172</u>
Net Position:						
Net investment in capital assets	95,801	95,320	5,654	5,722	101,455	101,042
Restricted	5,483	5			5,483	5
Unrestricted	<u>(146,197)</u>	<u>(144,173)</u>	<u>5,436</u>	<u>4,928</u>	<u>(140,761)</u>	<u>(139,245)</u>
Total Net Position	<u>\$ (44,913)</u>	<u>\$ (48,848)</u>	<u>\$ 11,090</u>	<u>\$ 10,650</u>	<u>\$ (33,823)</u>	<u>\$ (38,198)</u>

Total net position of the City's governmental activities increased \$3,935 to (\$44,913). There was an increase of \$2,754 in current assets and an increase of \$14,046 in capital assets in 2020/2021. Increased asset activity, a \$1,093 decrease in long term debt and other liabilities and with an offsetting increase in net deferred inflow of resources of \$14,152 resulted in a \$3,935 net increase in total net position.

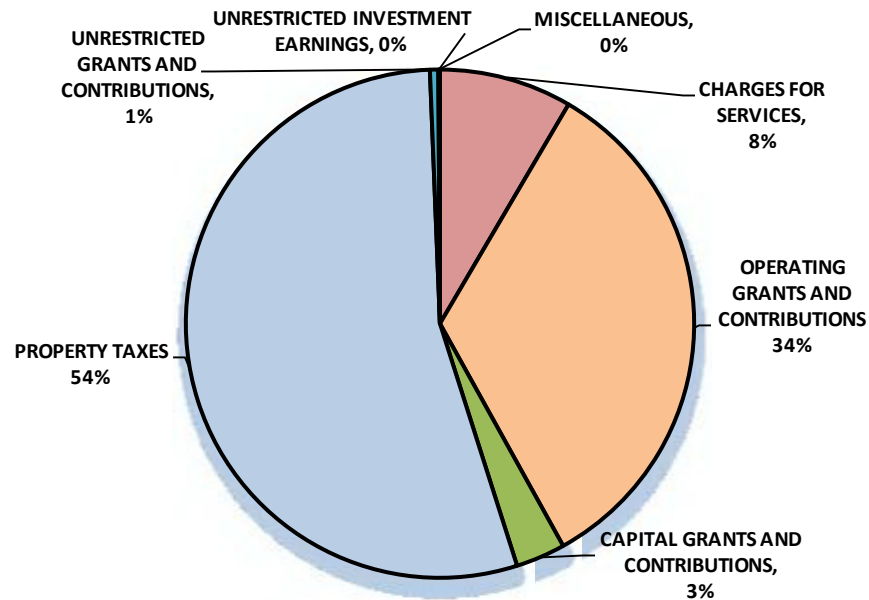
An increase in assets of \$7,553 along with a \$6,491 increase in liabilities and net deferred inflow/outflow of resources of (\$530) resulted in a \$440 increase to the net position of the Water Pollution Control Authority.

Unrestricted Net Position - the portion of net position that can be used to finance day to day operations for government activities is (\$146,197). 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 is \$5,436.

TABLE 2
CHANGE IN NET POSITION
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services:						
General government	\$ 5,695	\$ 4,590	\$	\$	\$ 5,695	\$ 4,590
Public safety	2,266	2,218			2,266	2,218
Public works	105	71			105	71
Public health and social services	481	400			481	400
Recreation	60	112			60	112
Education	568	359			568	359
Sewer			5,585	6,296	5,585	6,296
Operating grants and contributions	58,502	50,917	29		58,531	50,917
Capital grants and contributions	5,502	7,135			5,502	7,135
General revenues:						
Property taxes	94,828	93,355			94,828	93,355
Grants and contributions not restricted to specific purposes	936	818			936	818
Unrestricted investment earnings	99	601	1	70	100	671
Miscellaneous	81	30			81	30
Transfers	832	932			832	932
Total revenues	<u>169,955</u>	<u>161,538</u>	<u>5,615</u>	<u>6,366</u>	<u>175,570</u>	<u>167,904</u>
Program expenses:						
General government	11,362	10,457			11,362	10,457
Public safety	28,118	30,815			28,118	30,815
Public works	9,566	12,462			9,566	12,462
Public health and social services	4,534	4,361			4,534	4,361
Recreation	829	636			829	636
Education	110,634	98,496			110,634	98,496
Debt interest and costs	978	805			978	805
Sewer			4,342	5,204	4,342	5,204
Transfers			832	932	832	932
Total program expenses and transfers	<u>166,021</u>	<u>158,032</u>	<u>5,174</u>	<u>6,136</u>	<u>171,195</u>	<u>164,168</u>
Increase (Decrease) in Net Position	\$ <u>3,934</u>	\$ <u>3,506</u>	\$ <u>441</u>	\$ <u>230</u>	\$ <u>4,375</u>	\$ <u>3,736</u>

The City's total revenue increased \$7,666 (including transfers) to \$175,570. (See Table 2) Approximately 54% of the City's revenues came from property taxes totaling \$94,828. Additionally, \$14,760 (8%) 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 \$7,027 (4%) from fiscal year 2020 to fiscal year 2021.



Governmental Activities:

The City of Torrington's governmental activities net position increased \$3,934 in fiscal year 2020/2021. The increase was the net result of the following items:

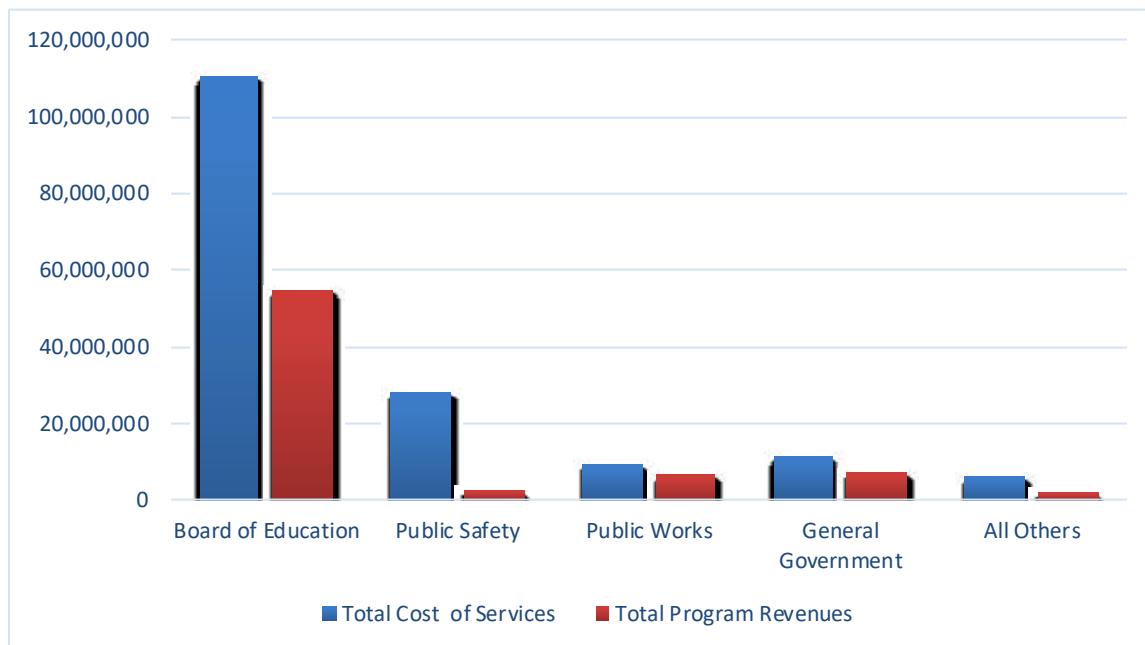
- A 1.6% increase in the 2019 Grand List that resulted in a \$1,472 increase in property tax revenues to \$94,828.
- An increase of \$7,614 in operating grants and contributions relating to education.
- There was a decrease of \$1,633 in capital grants and contributions relating primarily to public works projects.
- Total program expenses increased \$7,989. Increases in education \$12,138 and general government \$905, were offset by a \$5,593 decrease in public safety and public works.

TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 11,362	\$ 10,458	\$ 3,974	\$ 5,345
Public safety	28,118	30,816	25,741	28,466
Public works	9,566	12,462	2,794	3,216
Education	110,634	98,496	55,806	51,737
All others	6,341	5,800	4,527	3,466
Totals	<u>\$ 166,021</u>	<u>\$ 158,032</u>	<u>\$ 92,842</u>	<u>\$ 92,230</u>

The total cost of governmental services increased \$7,989 to \$166,021 in 2020/2021. The cost of services net of \$64,004 grants and contributions and charges for services of \$9,175 resulted in \$612 increase to net cost of services to \$92,842. (See Table 3)

Expenses and Program Revenues - Governmental Activities



Business-Type Activities: WPCA business-type activities revenue decreased \$751 to \$5,615. The decrease was the result of a \$711 decrease in sewer user fees along with a decrease of \$69 in investment earnings. Expenses and transfers decreased by \$962 to \$5,174.

Sewer user fees stayed flat for fiscal year 2020/2021. The residential rate was \$274.00/unit and the rate for all other users was \$274.00 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 2021 ended with the City's governmental funds reporting a combined ending fund balance of \$32,778. The unassigned portion of the combined ending fund balance was \$6,748. The unassigned balance is available for spending at the government's discretion. The remaining \$26,030 fund balance is classified as either nonspendable, restricted, committed or assigned (see page 32 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 2021, the General Fund total fund balance decreased by \$1,499 to \$17,479. The unassigned portion decreased by \$3,947 from \$17,984 to \$14,037. The unassigned fund balance represents 10% (prior year 13%) of total General Fund expenditures and total fund balance represents 12.5% (prior year 14%) 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 \$1,643 to \$9,908.

General Fund Budgetary Highlights

On a budgetary basis, expenditures and other financing uses exceeded revenues and other financing sources by \$147. Revenues and transfers were short of budgetary estimates by \$1,136 however total expenditures and other financing uses were \$989 less than budgeted.

Revenues:

Property tax collections (excluding MVS) were \$59 greater than budgeted due to assessor adjustments for late submissions of income and expense reports.

Total intergovernmental revenue was \$92 more than budgeted primarily due to underfunded education grant revenue (\$126) and other federal and state grants \$219.

Public Safety revenue for police outside duty exceeded budget estimates by \$882 and related expenses exceeded estimates by \$604.

Education revenues exceeded budget estimates by \$463.

Investment income of \$95 was \$55 less than estimated.

Although budgeted, there was no use of fund balance.

Expenditures:

Police department wages had a residual balance of \$440 primarily due to vacancies resulting in \$127 of overtime expenses in excess of budget.

Education surplus of \$890 – savings related to transportation and vacancies resulting from the impact COVID-19 and changes in operations.

Bond redemption expenses were less than budgeted due to Clean Water Fund Loan estimates.

Capital Assets and Debt Administration

Capital Assets - The City's capital assets for its governmental and business type-activities as of June 30, 2021, total \$167,910 (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 \$21,404 in the City's capital assets includes asset depreciation, asset acquisition and asset disposal activity for the current year. (See Table 4)

The most significant capital asset activity included:

- Depreciation
- General Government
 - On-line permitting software
 - Acquisition of 62 acres (former UCONN property) University Drive
- Public Safety Additions:
 - Crime Van
 - Fire Apparatus
 - Communications upgrades (mobile repeater)
 - PD Uniforms/Protective Gear
- Public Works Additions:
 - Paving of various Roads and Parking Lots
 - Vehicle Replacements – Engineering Dept.
- Public Health Additions:
 - Meals on Wheels deliver van
 - Assisted Medical Transport Program Van
- Education Additions:
 - Technology Upgrades
 - TMS Roof Project
 - Building Improvements
 - THS Renovations
- Construction in Progress:
 - WPCA Upgrade
 - Besse Pond Splash Pad
 - Road & Sidewalk Reconstruction
 - Sewer extension projects

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 4,063	\$ 4,063	\$	\$	\$ 4,063	\$ 4,063
Land improvements	4,737	5,054	16	17	4,753	5,071
Buildings	60,861	63,218	531	553	61,392	63,771
Furniture and equipment	3,921	4,181	438	636	4,359	4,817
Infrastructure	11,297	12,207	6,257	6,811	17,554	19,018
Construction in progress	57,420	39,530	18,369	10,236	75,789	49,766
Total	\$ 142,299	\$ 128,253	\$ 25,611	\$ 18,253	\$ 167,910	\$ 146,506

Debt - At the end of the current fiscal year, the City had bonded debt outstanding of \$27,235 and Clean Water Notes outstanding of \$37,590. (See Table 5) This amount reflects an increase of \$13,273 over fiscal year 2020. The increase included new debt of \$16,267 offset by current year bond payments of \$2,995. New debt includes Clean Water Fund permanent loan obligation of \$16,267. These liabilities are backed by the full faith and credit of the City.

City's Outstanding Bond and Clean Water Fund Debt

Long-Term Debt

TABLE 5
OUTSTANDING DEBT AT YEAR-END
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 27,235	\$ 28,960	\$	\$	\$ 27,235	\$ 28,960
Clean Water Fund Loans	17,633	10,062	19,957	12,530	37,590	22,592
Total	\$ 44,868	\$ 39,022	\$ 19,957	\$ 12,530	\$ 64,825	\$ 51,552

On November 6, 2018 voters approved a referendum authorizing \$39,000 of bonded debt.

The City was assigned a "AA-" stable outlook rating from S&P Global Ratings in April 2020.

The City's overall statutory debt limit of \$653,485 which is equal to seven times the prior year annual receipts from taxation is significantly in excess of the City's outstanding 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 in June of 2020 was 8.6% which was higher than the state rate of 8.1% and national rate of 8.4%. (Source: CT DOL 2020)
- Population growth: Torrington 1.5%, State of CT .1%. (Source: CERC Town Profile 2021)

These factors were considered in preparing the City's budget for the 2021/2022 fiscal year.

The total budget for fiscal year 2021/2022 is \$135,649, an increase of \$2,432 or 2.0% over the prior year.

Mill rate excluding motor vehicles was unchanged at 46.17. Motor vehicle mill rate remained at 45.

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.

This page is intentionally left blank.

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 51,309,161	\$ 7,478,550	\$ 58,787,711
Investments	7,020,105		7,020,105
Receivables, net	9,900,584	419,609	10,320,193
Inventory	11,868		11,868
Prepaid expenses	485,000		485,000
Capital assets not being depreciated	61,482,702	18,369,429	79,852,131
Capital assets being depreciated, net	80,816,337	7,241,566	88,057,903
Total assets	<u>211,025,757</u>	<u>33,509,154</u>	<u>244,534,911</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	233,268		233,268
Deferred outflows related to Pensions	3,359,381	107,029	3,466,410
Deferred outflows related to OPEB	21,724,154	177,859	21,902,013
Total deferred outflows of resources	<u>25,316,803</u>	<u>284,888</u>	<u>25,601,691</u>
Liabilities:			
Accounts and other payables	13,567,920	97,522	13,665,442
Loans Payable	3,283,215		3,283,215
Unearned revenue	7,550,709		7,550,709
Noncurrent liabilities:			
Due within one year	4,509,059	991,160	5,500,219
Due in more than one year	225,187,859	20,917,957	246,105,816
Total liabilities	<u>254,098,762</u>	<u>22,006,639</u>	<u>276,105,401</u>
Deferred Inflows of Resources:			
Deferred inflow of resources related to pension	12,444,476	576,337	13,020,813
Deferred inflow of resources related to OPEB	14,712,607	120,454	14,833,061
Total deferred inflows of resources	<u>27,157,083</u>	<u>696,791</u>	<u>27,853,874</u>
Net Position:			
Net investment in capital assets	95,801,395	5,654,004	101,455,399
Restricted for:			
Grants	5,477,532		5,477,532
Trust purposes:			
Nonexpendable	3,500		3,500
Expendable	1,383		1,383
Unrestricted	(146,197,095)	5,436,608	(140,760,487)
Total Net Position	<u>\$ (44,913,285)</u>	<u>\$ 11,090,612</u>	<u>\$ (33,822,673)</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, 2021**

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	\$ 11,361,981	\$ 5,695,069	\$ 1,341,506	\$ 351,653	\$ (3,973,753)	\$	\$ (3,973,753)
Public safety	28,117,885	2,265,555	56,315	54,820	(25,741,195)		(25,741,195)
Public works	9,565,628	104,942	1,571,250	5,095,643	(2,793,793)		(2,793,793)
Public health and social services	4,534,123	480,636	1,272,900		(2,780,587)		(2,780,587)
Recreation	829,060	60,459			(768,601)		(768,601)
Board of Education	110,633,649	567,742	54,260,132		(55,805,775)		(55,805,775)
Debt interest and costs	977,578				(977,578)		(977,578)
Total governmental activities	166,019,904	9,174,403	58,502,103	5,502,116	(92,841,282)	-	(92,841,282)
Business-type activities:							
Sewer	4,342,492	5,585,437	29,156			1,272,101	1,272,101
Total	\$ 170,362,396	\$ 14,759,840	\$ 58,531,259	\$ 5,502,116	(92,841,282)	1,272,101	(91,569,181)
General revenues:							
Property taxes					94,827,795		94,827,795
Grants and contributions not restricted to specific programs					935,705		935,705
Unrestricted investment earnings					98,841	1,188	100,029
Miscellaneous					80,824		80,824
Transfers					832,358	(832,358)	-
Total general revenues					96,775,523	(831,170)	95,944,353
Change in net position					3,934,241	440,931	4,375,172
Net Position at Beginning of Year, as restated					(48,847,526)	10,649,681	(38,197,845)
Net Position at End of Year					\$ (44,913,285)	\$ 11,090,612	\$ (33,822,673)

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

	<u>General</u>	<u>Bonded Projects</u>	<u>WPCA Infrastructure Projects</u>	<u>American Rescue Plan Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 15,408,670	\$ 5,630,519	\$	\$ 5,037,671	\$ 14,226,110	\$ 40,302,970
Investments	7,020,105					7,020,105
Receivables, net	3,791,926		612,076		5,485,181	9,889,183
Due from other funds		724,361			812,000	1,536,361
Inventory					11,868	11,868
Total Assets	<u>\$ 26,220,701</u>	<u>\$ 6,354,880</u>	<u>\$ 612,076</u>	<u>\$ 5,037,671</u>	<u>\$ 20,535,159</u>	<u>\$ 58,760,487</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and claims payable	\$ 7,738,355	\$ 603,299	\$ 2,201,067	\$	\$ 1,091,828	\$ 11,634,549
Performance bonds	191,202					191,202
Unearned revenue		244,729		5,037,671	2,268,309	7,550,709
Due to other funds	812,000		724,361			1,536,361
Loans Payable			3,283,215			3,283,215
Total liabilities	<u>8,741,557</u>	<u>848,028</u>	<u>6,208,643</u>	<u>5,037,671</u>	<u>3,360,137</u>	<u>24,196,036</u>
Deferred inflows of resources:						
Unavailable revenue - grants			266,765		1,519,567	1,786,332
Fund balances:						
Nonspendable					15,368	15,368
Restricted					5,478,915	5,478,915
Committed		5,506,852			11,587,452	17,094,304
Assigned	3,441,256					3,441,256
Unassigned	14,037,888		(5,863,332)		(1,426,280)	6,748,276
Total fund balances	<u>17,479,144</u>	<u>5,506,852</u>	<u>(5,863,332)</u>	<u>-</u>	<u>15,655,455</u>	<u>32,778,119</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,220,701</u>	<u>\$ 6,354,880</u>	<u>\$ 612,076</u>	<u>\$ 5,037,671</u>	<u>\$ 20,535,159</u>	<u>\$ 58,760,487</u>

(Continued on next page)

CITY OF TORRINGTON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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

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

Fund balances - total governmental funds	\$ 32,778,119
--	---------------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 283,248,156	
Less accumulated depreciation	<u>(140,949,117)</u>	
Net capital assets		142,299,039

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

Grant receivables - accrual basis change	1,786,332
Deferred outflows related to pensions	3,359,381
Deferred outflows related to OPEB	21,724,154

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 position.

9,908,521

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	(27,235,000)
Clean water fund loans payable	(17,632,807)
Interest payable on bonds	(148,098)
Bond premiums	(1,843,962)
Deferred inflows related to pensions	(12,444,476)
Deferred inflows related to OPEB	(14,712,607)
Deferred charge on refunding	233,268
Early retirement settlements	(2,301,330)
Net pension liability	(34,849,579)
Net OPEB obligation	(140,876,432)
Heart and Hypertension	(1,138,960)
Landfill closure and postclosure	(116,000)
Compensated absences	<u>(3,702,848)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ (44,913,285)</u>
---	------------------------

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, 2021

	<u>General</u>	<u>Bonded Projects</u>	<u>WPCA Infrastructure Projects</u>	<u>American Rescue Plan Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 94,827,795	\$	\$	\$	\$	\$ 94,827,795
Intergovernmental	36,279,807	137,113	3,603,049		12,945,205	52,965,174
Charges for services	7,443,256				1,731,147	9,174,403
Investment income	95,369	1,519			1,130	98,018
Other revenues	50,572				34,508	85,080
Total revenues	<u>138,696,799</u>	<u>138,632</u>	<u>3,603,049</u>	<u>-</u>	<u>14,711,990</u>	<u>157,150,470</u>
Expenditures:						
Current:						
General government	6,283,074				1,965,312	8,248,386
Public safety	18,092,642				291,494	18,384,136
Public works	7,338,348				370,857	7,709,205
Public health and social services	2,948,686				1,686,071	4,634,757
Pension and miscellaneous	16,761,656					16,761,656
Recreation	329,444				346,796	676,240
Education	85,208,339				9,548,182	94,756,521
Capital outlay		5,877,011	17,459,863		4,201,627	27,538,501
Debt service	3,609,186					3,609,186
Total expenditures	<u>140,571,375</u>	<u>5,877,011</u>	<u>17,459,863</u>	<u>-</u>	<u>18,410,339</u>	<u>182,318,588</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,874,576)</u>	<u>(5,738,379)</u>	<u>(13,856,814)</u>	<u>-</u>	<u>(3,698,349)</u>	<u>(25,168,118)</u>
Other Financing Sources (Uses):						
Issuance of bonds			16,266,978	-		16,266,978
Transfers in	2,665,486		390,000		2,866,133	5,921,619
Transfers out	(2,290,026)	(158,749)			(640,486)	(3,089,261)
Total other financing sources	<u>375,460</u>	<u>(158,749)</u>	<u>16,656,978</u>	<u>-</u>	<u>2,225,647</u>	<u>19,099,336</u>
Net Change in Fund Balances	(1,499,116)	(5,897,128)	2,800,164	-	(1,472,702)	(6,068,782)
Fund Balances at Beginning of Year, as restated	<u>18,978,260</u>	<u>11,403,980</u>	<u>(8,663,496)</u>	<u>-</u>	<u>17,128,157</u>	<u>38,846,901</u>
Fund Balances at End of Year	<u>\$ 17,479,144</u>	<u>\$ 5,506,852</u>	<u>\$ (5,863,332)</u>	<u>\$ -</u>	<u>\$ 15,655,455</u>	<u>\$ 32,778,119</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, 2021

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)	\$ (6,068,782)
---	----------------

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	27,522,800
Depreciation expense	(5,337,018)

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 position differs from the change in fund balance by the cost of the assets sold	(6,679)
Change in net position differs from the change in fund balance by the amount transferred to business-type activities	(8,133,489)

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:

Grants receivable - accrual basis change	889,221
Change in deferred outflows related to OPEB	957,495
Change in deferred outflows related to pensions	(731,560)

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:

Proceeds from notes	(16,266,978)
Bond principal payments	1,725,000
Capital lease payments	64,954
Notes payments	562,432
Note payable transferred to business-type activities	8,133,489

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 I didn't as

Deferred amounts in refunding	(32,111)
Compensated absences	76,111
Bond premium amortizations	304,015
Net OPEB obligation	(1,706,791)
Net pension liability	13,509,263
Deferred inflows related to pensions	(10,529,715)
Deferred inflows related to OPEB	(3,622,598)
Landfill closure and postclosure	40,000
Early retirement settlements	776,543
Heart and hypertension	158,200
Accrued interest	7,318

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.

	1,643,121
--	-----------

Change in Net Position of Governmental Activities (Exhibit II)

	\$ 3,934,241
--	--------------

The accompanying notes are an integral part of the financial statements

CITY OF TORRINGTON, CONNECTICUT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
Assets:		
Cash and cash equivalents	\$ 7,478,550	\$ 11,006,191
Receivables, net	419,609	11,401
Prepaid expenses		485,000
Capital assets, nondepreciable	18,369,429	
Capital assets, net of accumulated depreciation	7,241,566	
Total assets	<u>33,509,154</u>	<u>11,502,592</u>
Deferred Outflows of Resources:		
Deferred outflows of resources related to pensions	107,029	
Deferred outflows of resources related to OPEB	177,859	
Total Deferred Outflows of Resources	<u>284,888</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts and other payables	97,522	1,594,071
Notes payable	916,840	
Compensated absences	74,320	
Total current liabilities	<u>1,088,682</u>	<u>1,594,071</u>
Noncurrent liabilities:		
Bonds and notes payable	19,040,151	
Compensated absences	168,841	
Net pension liability	555,591	
Net OPEB liability	1,153,374	
Total noncurrent liabilities	<u>20,917,957</u>	<u>-</u>
Total liabilities	<u>22,006,639</u>	<u>1,594,071</u>
Deferred Inflows of Resources:		
Deferred inflows of resources related to pensions	576,337	
Deferred inflows of resources related to OPEB	120,454	
Total deferred inflows of resources	<u>696,791</u>	<u>-</u>
Net Position:		
Net investment in capital assets	5,654,004	
Unrestricted	5,436,608	9,908,521
Total Net Position	<u>\$ 11,090,612</u>	<u>\$ 9,908,521</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, 2021

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
Operating Revenues:		
Charges for services	\$ 4,769,265	\$ 25,708,232
Other	816,172	808,545
Total operating revenues	<u>5,585,437</u>	<u>26,516,777</u>
Operating Expenses:		
Payroll and employee benefits	1,465,605	1,037,725
Repairs and maintenance	63,819	166,769
Materials and supplies	181,475	48,835
Utilities	496,161	316,034
Other operating expense	675,418	137,627
Insurance and program services	102,355	21,167,489
Depreciation	963,245	
Total operating expenses	<u>3,948,078</u>	<u>22,874,479</u>
Operating Income	1,637,359	3,642,298
Nonoperating Revenue (Expense):		
Intergovernmental revenue	29,156	
Income on investments	1,188	823
Interest expense	<u>(394,414)</u>	
Income Before Transfers	1,273,289	3,643,121
Transfers:		
Transfers In	428,159	
Transfers Out	<u>(1,260,517)</u>	<u>(2,000,000)</u>
Total Transfers	(832,358)	(2,000,000)
Change in Net Position	440,931	1,643,121
Net Position at Beginning of Year	<u>10,649,681</u>	<u>8,265,400</u>
Net Position at End of Year	<u>\$ 11,090,612</u>	<u>\$ 9,908,521</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, 2021

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 4,379,090	\$ 26,515,518
Cash payments to employees for services	(1,926,083)	
Cash payments to supplies for goods and services	(1,373,085)	
Cash received from other sources	816,172	
Cash payments for insurance claims and premiums		(22,880,095)
Grant proceeds	29,156	
Net cash provided by (used in) operating activities	<u>1,925,250</u>	<u>3,635,423</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in	428,159	
Transfers out	(1,260,517)	(2,000,000)
Net cash provided by (used in) noncapital financing activities	<u>(832,358)</u>	<u>(2,000,000)</u>
Cash Flows from Capital Financing Activities:		
Acquisitions of capital assets	(188,085)	
Principal payments	(706,843)	
Interest paid	(394,414)	
Net cash provided by (used in) capital financing activities	<u>(1,289,342)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest received on investments	<u>1,188</u>	<u>823</u>
Net Increase in Cash and Cash Equivalents	(195,262)	1,636,246
Cash and Cash Equivalents at Beginning of Year	<u>7,673,812</u>	<u>9,369,945</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,478,550</u>	<u>\$ 11,006,191</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Operating income (loss)	\$ 1,637,359	\$ 3,642,298
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	963,245	
Grant proceeds	29,156	
(Increase) decrease in accounts receivable	(390,175)	8,864
(Increase) decrease in prepaid expenses		(6,499)
(Increase) decrease in deferred outflows related to Pensions	48,579	
(Increase) decrease in deferred outflows related to OPEB	43,586	
Increase (decrease) in accounts payable	43,788	(9,240)
Increase (decrease) in from other funds		(54,891)
Increase (decrease) in due to other funds		54,891
Increase (decrease) in compensated absences	29,762	
Increase (decrease) in net pension liabilities	(679,617)	
Increase (decrease) in net OPEB liabilities	(330,662)	
Increase (decrease) in deferred inflows related to Pensions	528,033	
Increase (decrease) in deferred inflows related to OPEB	<u>2,196</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,925,250</u>	<u>\$ 3,635,423</u>
Noncash activity:		
Asset transfer from Government Activities	\$ 8,133,489	
Debt transfer from Government Activities	(8,133,489)	

The accompanying notes are an integral part of the financial statements

CITY OF TORRINGTON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Pension and OPEB Trust Funds
Assets:	
Cash and cash equivalents	\$ 499,494
Investments:	
U.S. Government securities	142
Mutual funds - fixed income	127,639,494
Receivables:	
Other	<u>6</u>
Total Assets	<u>128,139,136</u>
Liabilities:	
Accounts and other payables	<u>16,800</u>
Net Position:	
Held in Trust for Pension Benefits	126,992,120
Held in Trust for OPEB Benefits	<u>1,130,216</u>
Total Net Position	\$ <u><u>128,122,336</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF TORRINGTON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Pension and OPEB Trust Funds
Additions:	
Contributions:	
Employer	\$ 10,736,986
Employee	<u>1,026,834</u>
Total contributions	<u>11,763,820</u>
Investment income:	
Interest and dividends	218,093
Net appreciation in fair value of investments	<u>24,994,328</u>
Net investment income	<u>25,212,421</u>
Total additions	<u>36,976,241</u>
Deductions:	
Benefits payments and withdrawals	14,433,032
Administration	110,352
Student activities	<u></u>
Total deductions	<u>14,543,384</u>
Change in Net Position	22,432,857
Net Position at Beginning of Year	<u>105,689,479</u>
Net Position at End of Year	<u><u>\$ 128,122,336</u></u>

The accompanying notes are an integral part of the financial statements

This page is intentionally left blank.

CITY OF TORRINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component units as detailed below.

Fiduciary Component Units

The City has established two single-employer defined benefit pension plans and a postretirement health care benefits (OPEB) plans to provide retirement benefits and post-retirement health care benefits primary to employees and their beneficiaries. The City performs the duties of a governing board for the Pension and OPEB plans and is required to make contributions to the pension and OPEB plans and can impose its will.

The financial statements of the fiduciary component units are reported as Pension and OPEB Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component units.

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.

CITY OF TORRINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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, fiduciary funds, including fiduciary component units, 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 fiduciary 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.

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 120 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.

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 *Bonded Projects Fund* is used to account for capital projects that are funded by government obligation bonds.

The *WPCA Infrastructure Projects* is used to account for major projects for the City's sewer infrastructure.

The *American Rescue Plan Act Fund* is used to account for revenues and expenditures of the American Rescue Plan Act (ARPA) grant.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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 and OPEB Trust Funds* account for the fiduciary activities of the City's defined benefit pension and OPEB plans, which accumulates resources for pension benefit payments to qualified employees upon retirement.

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.

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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. Prepaid Items

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.

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 acquisition 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:

Assets	Years
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 a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions and other inputs. These amounts are deferred and included in pension and OPEB 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 and OPEB plan (active employees and inactive employees) or in the case of the difference in projected and actual earnings on pension and OPEB plan investments, in a systematic and rational method over a closed five-year period.

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 deferred inflows of resources related to pensions and OPEB in the government-wide statement of net position. A deferred inflow of resources related to pension and OPEB results from changes in the City's proportionate share in liability. These amounts are deferred and included in pension and OPEB 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). 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 grants receivable. 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 Other Post-Employment Benefit (OPEB) Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB 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.

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.

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."

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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.

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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. There were additional appropriations of \$640,485 for the fiscal year ended June 30, 2021.

- Budget overruns were shown in the following departments:

Department	Amount
City Clerk	\$ 121,261
Public Safety miscellaneous	589,953

- 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 WPCA Infrastructure Projects Fund, Federal and State Educational Grants Fund, Torrington School and BOE Capital Reserve had an accumulated deficit of \$5,863,332, \$845, \$1,311,315 and \$49,145, respectively at June 30, 2021. The fund balance deficits will be funded with permanent financing of ongoing projects and grant receipts from the State respectively.

The Maintenance Fund had a net position deficit of \$312,863 as of June 30, 2021, 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 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.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). 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*, \$55,252,830 of the City's bank balance of \$56,368,558 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 49,615,974
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,636,856</u>
Total Amount Subject to Custodial Risk	<u>\$ 55,252,830</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, 2021, the City's cash equivalents amounted to \$12,058,191. The following table provides a summary of the Town's cash equivalents, excluding U.S. Government guaranteed obligations, which are currently not rated:

Wells Fargo	\$ 283,638
Bank of America	11,445,073
JP Morgan	327,612
Charles Schwab	<u>1,868</u>
	<u>\$ 12,058,191</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Investments

As of June 30, 2021, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	More Than 10
Interest-bearing investments:					
Certificate of deposits		\$ 7,020,105	\$ 7,020,105	\$	
U.S. Government Securities	Aaa	142		142	
Other investments:					
Mutual funds	N/A	127,639,494			
Total Investments		\$ 134,659,741			

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The City has the following recurring fair value measurements as of June 30, 2021:

	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:	\$	\$	\$	\$
U.S. Government securities	142		142	
Mutual funds	<u>127,639,494</u>	<u>127,639,494</u>		
Total investments by fair value level	127,639,636	<u>\$ 127,639,494</u>	<u>\$ 142</u>	<u>\$ -</u>
Other investments measured at amortized cost:				
Certificate of deposits	<u>7,020,105</u>			
Total	<u>\$ 134,659,741</u>			

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 Infrastructure Projects	WPCA	Nonmajor and Other	Total
Receivables:					
Accounts	\$ 3,361,295	\$	\$ 419,609	\$ 116,887	\$ 3,897,791
Intergovernmental	430,631	612,076		2,498,886	3,541,593
Loans				2,989,815	2,989,815
Gross receivables	<u>3,791,926</u>	<u>612,076</u>	<u>419,609</u>	<u>5,605,588</u>	<u>10,429,199</u>
Less allowance for uncollectibles:				(109,000)	(109,000)
Net Total Receivables	<u>\$ 3,791,926</u>	<u>\$ 612,076</u>	<u>\$ 419,609</u>	<u>\$ 5,496,588</u>	<u>\$ 10,320,199</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,062,534	\$	\$	\$ 4,062,534
Construction in progress	39,530,244	26,023,413	8,133,489	57,420,168
Total capital assets not being depreciated	<u>43,592,778</u>	<u>26,023,413</u>	<u>8,133,489</u>	<u>61,482,702</u>
Capital assets being depreciated:				
Land improvements	10,714,099	75,518		10,789,617
Building and system	103,075,924	151,605		103,227,529
Machinery and equipment	33,334,937	1,272,264	543,857	34,063,344
Infrastructure	73,684,964			73,684,964
Total capital assets being depreciated	<u>220,809,924</u>	<u>1,499,387</u>	<u>543,857</u>	<u>221,765,454</u>
Less accumulated depreciation for:				
Land improvements	5,659,306	393,260		6,052,566
Building and system	39,857,942	2,508,325		42,366,267
Machinery and equipment	29,153,738	1,525,345	537,178	30,141,905
Infrastructure	61,478,291	910,088		62,388,379
Total accumulated depreciation	<u>136,149,277</u>	<u>5,337,018</u>	<u>537,178</u>	<u>140,949,117</u>
Total capital assets being depreciated, net	<u>84,660,647</u>	<u>(3,837,631)</u>	<u>6,679</u>	<u>80,816,337</u>
Governmental Activities Capital Assets, Net	<u>\$ 128,253,425</u>	<u>\$ 22,185,782</u>	<u>\$ 8,140,168</u>	<u>\$ 142,299,039</u>
	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 10,235,940	\$ 8,133,489	\$	\$ 18,369,429
Capital assets being depreciated:				
Land improvements	704,086			704,086
Buildings and improvements	1,110,740			1,110,740
Machinery and equipment	11,965,152	188,085		12,153,237
Infrastructure	11,189,051			11,189,051
Total capital assets being depreciated	<u>24,969,029</u>	<u>188,085</u>	<u>-</u>	<u>25,157,114</u>
Less accumulated depreciation for:				
Land improvements	686,840	1,705		688,545
Buildings and improvements	557,503	22,179		579,682
Machinery and equipment	11,329,448	385,975		11,715,423
Infrastructure	4,378,512	553,386		4,931,898
Total accumulated depreciation	<u>16,952,303</u>	<u>963,245</u>	<u>-</u>	<u>17,915,548</u>
Total capital assets being depreciated, net	<u>8,016,726</u>	<u>(775,160)</u>	<u>-</u>	<u>7,241,566</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,252,666</u>	<u>\$ 7,358,329</u>	<u>\$ -</u>	<u>\$ 25,610,995</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

Governmental Activities:	
General Government	\$ 530,129
Public Safety	713,680
Public Works	1,710,349
Health	120,140
Recreation	7,417
Education	<u>2,255,303</u>
	<u>\$ 5,337,018</u>
Business-Type Activities:	
Water	<u>\$ 963,245</u>

Construction Commitments

The status of appropriation for current capital projects as of June 30, 2021 is presented below:

	<u>Project Authorization</u>	<u>Expenditures</u>	<u>Balance</u>
City Hall Renovations	\$ 14,982,597	\$ 14,430,887	\$ 551,710
Roads, Sidewalks, Drainage	38,000,000	11,367,571	26,632,429
Animal Control Facility	1,000,000		1,000,000
Middle School Roof and Windows	1,400,000	598,230	801,770
Torrington High School	159,575,000	15,431,575	144,143,425

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Bonded Projects	WPCA Infrastructure	\$ 724,361
Nonmajor Governmental Funds	General Fund	<u>812,000</u>
TOTAL		<u>\$ 1,536,361</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Interfund transfers:

	Transfers In				Total Transfers Out
	General	WPCA Infrastructure Projects	WPCA	Nonmajor Governmental	
Transfers out:					
General Fund	\$	\$	\$ 428,159	\$ 1,861,867	\$ 2,290,026
Nonmajor Governmental	640,486				640,486
WPCA	25,000	390,000		845,517	1,260,517
Bonded Projects				158,749	158,749
Internal Service Fund	2,000,000				2,000,000
Total Transfers In	\$ 2,665,486	\$ 390,000	\$ 428,159	\$ 2,866,133	\$ 6,349,778

The above transfers represent normal budgetary and other recurring transfers.

The Economic Development Fund advanced the General Fund \$670,000 to remediate a City property. The City will repay \$67,000 per year for 10 years to the Economic Development Fund. The balance at year end was \$268,000.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 28,960,000	\$	\$ 1,725,000	\$ 27,235,000	\$ 2,380,000
Unamortized premium	2,147,977		304,015	1,843,962	
Total bonds payable	31,107,977	-	2,029,015	29,078,962	2,380,000
Clean water fund loans	10,061,750	16,266,978	8,695,921	17,632,807	769,508
Capital lease obligation	64,954		64,954	-	
Net pension liability	48,358,842		13,509,263	34,849,579	
Landfill postclosure costs	156,000		40,000	116,000	40,000
Net OPEB liability	139,169,641	1,706,791		140,876,432	
Retirement settlements	3,077,873		776,543	2,301,330	837,742
Heart and Hypertension	1,297,160	28,000	186,200	1,138,960	132,260
Compensated absences	3,778,959	23,701	99,812	3,702,848	349,549
Governmental Activity					
Long-Term Liabilities	\$ 237,073,156	\$ 18,025,470	\$ 25,401,708	\$ 229,696,918	\$ 4,509,059

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Clean water fund loans	\$ 12,530,345	\$ 8,133,489	\$ 706,843	\$ 19,956,991	\$ 916,840
Compensated absences	213,399	29,762		243,161	74,320
Net pension liability	1,235,208		679,617	555,591	
Net OPEB liability	<u>1,484,036</u>		<u>330,662</u>	<u>1,153,374</u>	
Business-Type Activities					
Long-Term Liabilities	<u>\$ 15,462,988</u>	<u>\$ 8,163,251</u>	<u>\$ 1,717,122</u>	<u>\$ 21,909,117</u>	<u>\$ 991,160</u>

Bonds Payable

A summary of general obligation bonds and notes outstanding for governmental and proprietary funds at June 30, 2021 is as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2021</u>
Bonds payable:					
2019 General Obligation Bonds	05/07/20	2040	1.15-2.55%	\$ 9,700,000	\$ 9,700,000
2019 General Obligation Bonds	05/14/19	2038	2.375-5.0%	7,850,000	7,300,000
2015 General Obligation Refunding Bonds	09/17/15	2027	3.00-4.0%	4,760,000	3,045,000
2016 General Obligation Refunding Bonds	07/07/16	2031	2.00-5.0%	12,840,000	<u>7,190,000</u>
Total Bonds Payable					<u>\$ 27,235,000</u>
Notes Payable:					
Clean Water Fund Notes 546-DC	01/01/20	2040	2.00%	20,471,880	\$ 19,275,457
Clean Water Fund Notes 546-DC2	01/29/21	2041	2.00%	6,688,774	6,574,948
Clean Water Fund Notes 546-DC1	01/29/21	2041	2.00%	9,578,204	9,415,208
Clean Water Fund Note 695-DC	02/17/17	2037	2.00%	2,076,689	1,754,017
Clean Water Fund Notes 611-C	03/01/11	2030	2.00%	1,123,491	<u>570,168</u>
Total Notes Payable					<u>\$ 37,589,798</u>

All long-term liabilities are generally liquidated by the General Fund and Enterprise Fund.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize bonds payable and clean water fund notes for governmental and proprietary funds as of June 30, 2021 are as follows:

Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 2,380,000	\$ 614,344	\$ 2,994,344
2023	2,390,000	541,069	2,931,069
2024	2,410,000	465,019	2,875,019
2025	2,430,000	387,119	2,817,119
2026	2,450,000	311,069	2,761,069
2027-2031	9,965,000	745,955	10,710,955
2032-2036	4,420,000	126,300	4,546,300
2037-2040	790,000	6,450	796,450
Total	\$ 27,235,000	\$ 3,197,325	\$ 30,432,325

Clean Water Fund Loans							
Government Activities		Business Type Activities		Total			
Principal	Interest	Principal	Interest	Principal	Interest		
2022	\$ 769,508	\$ 345,628	\$ 916,840	\$ 390,766	\$ 1,686,348	\$ 736,394	
2023	785,040	330,097	935,339	372,261	1,720,379	702,358	
2024	800,886	314,251	954,218	353,382	1,755,104	667,633	
2025	817,050	298,086	973,478	334,121	1,790,528	632,207	
2026	833,542	281,593	993,127	314,475	1,826,669	596,068	
2027-2031	4,426,972	1,148,709	5,223,518	1,263,801	9,650,490	2,412,510	
2032-2036	4,892,155	683,526	5,468,417	731,739	10,360,572	1,415,265	
2037-2041	4,307,655	181,982	4,492,054	184,917	8,799,711	366,899	
\$ 17,632,808		\$ 3,583,872	\$ 19,956,991	\$ 3,945,462	\$ 37,589,801	\$ 7,529,334	

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	\$ 210,049	\$ 45,043	\$ 165,006
Schools	420,098	5,042	415,056
Sewer	350,081	45,583	304,498
Urban renewal	303,404		303,404
Pension deficit	280,065		280,065

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$653,485,000.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

The City has debt authorized and unissued bonds as of June 30, 2021 as follows (in thousands):

Project	Amount of Total Debt Authorized	Bonds and Notes Issued	Paydowns/ Grants	Authorized But Unissued Debt
Torrington Middle School Roof & Window Replacement	\$ 1,400	\$ 700	\$	\$ 700
Sewer Improvements	72,260	50,310	15,486	6,464
East River Basin Sewers	4,100	2,038	533	1,529
Animal Shelter Facility	1,000			1,000
Pavement Management Program	38,000	16,850		21,150
	<u>\$ 116,760</u>	<u>\$ 69,898</u>	<u>\$ 16,019</u>	<u>\$ 30,843</u>

Clean Water Fund Loans

On October 28, 2018, the City signed a project loan and project grant agreement with the State of Connecticut to finance the construction of a Pollution Abatement Facility. Total project costs are estimated at \$66,066,270 of which \$50,310,084 will be funded through advanced loans from the State to be permanently financed at completion of the project with an interest rate of 2%. All interim loan financing will be based on project costs incurred to date and will be recorded as loans payable within the WPCA Infrastructure Fund. As of June 30, 2021, the project was advanced \$3,283,215 and recorded as interim financing in the WPCA Infrastructure Projects Fund. On January 29, 2021, the City permanently funded a portion of the project for \$6,688,774 and \$9,578,204 to be paid in monthly installments until maturity on January 31, 2041. This will be funded 50% from the General Fund and 50% from the WPCA Enterprise Fund.

Landfill Post-Closure Costs

State and federal laws and regulations require landfill closures to meet certain standards. The City landfill has been closed. Estimated remaining monitoring costs for the next 3 years at approximately \$40,000 per year are \$116,000. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations. The estimated amount is recorded as a long term liability in governmental activities.

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.

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, are as follows:

	Medical Insurance		Heart and Hypertension	
	2021	2020	2021	2020
Unpaid claims, July 1	\$ 1,319,431	\$ 1,280,284	1,297,160	\$ 1,323,701
Inurred claims (including IBNR)	21,161,534	20,796,692	28,000	-
Claim payments	<u>(21,296,008)</u>	<u>(20,757,545)</u>	<u>(186,200)</u>	<u>(26,541)</u>
Unpaid Claims, June 30	<u>\$ 1,184,957</u>	<u>\$ 1,319,431</u>	<u>1,138,960</u>	<u>\$ 1,297,160</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.

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

9. TAX ABATEMENTS

The City currently has five individual agreements with local businesses that qualify under the implementation of GASB Statement No. 77, Tax Abatement Disclosure, for the purposes of providing services to its taxpayers. Details of the agreements are as follows:

Local Business	Cook Funeral Services LLC	Keystone Place At Newbury Brook LLC	Technology Park Associates LLC	Technology Park Associates LLC	Technology Park Associates LLC
Purpose	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h
2021 FY - Tax being abated	53,380 x .04617 = \$ 2,464.56	10,543,180 x .04617 = \$ 486,778.62	153,610 x .04617 = \$ 7,092.17	256,090 x .04617 = \$ 11,823.68	117,710 x .04617 = \$ 5,434.67
Authority under which agreements are entered into	By The Economic Development Department Then Approved By The City Council	By The Economic Development Department Then Approved By The City Council	By Agreement	By Agreement	By Agreement
Eligibility criteria for tax abatement	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	Tax Incentive Policy & Connecticut General Statutes Section 12-65b & 12-65h	By Agreement	By Agreement	By Agreement
How recipient's tax are reduced	By Abatement	By Abatement	By Abatement	By Abatement	By Abatement
How the tax abatement is determined	By The Tax Incentive Policy	By The Tax Incentive Policy	By Agreement	By Agreement	By Agreement
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced as a result of the abatement agreement	\$2,465	\$486,789	\$7,092	\$11,824	\$5,435

10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

City 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.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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.

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 public safety employees is the earlier of (a) 25 years of service but not before age 53 (fire) and age 57 to the earlier of 25 years of service but not before 51 (police) and age 57.

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.

Effective September 4, 2015, employees shall pay an employee contribution of four (4%) of pay after attaining 25 and before 27 years of service.

Commencing July 1, 2017, overtime earning of the retiree in excess of a cap calculated by multiplying a Police Lieutenant's annual base pay existing in the year of retirement by 52%.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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 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.

The July 1, 2020 actuarial valuation reflects changes in mortality tables and investment rate of return from 7.00% to 6.75%.

The membership of the plan consisted of the following at July 1, 2020:

	<u>Municipal Employees</u>	<u>Police and Firemen</u>
Retirees, disabled employees and beneficiaries currently receiving benefits	141	168
Terminated plan members entitled to benefits but not yet receiving them	11	6
Current active members	<u>73</u>	<u>86</u>
Total Members	<u><u>225</u></u>	<u><u>260</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 fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income is recognized as earned.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

C. Funding Policy

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.

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.

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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	
	<u>Municipal Employees</u>	<u>Police and Firemen</u>
US Large Cap Equities	36.66 %	36.66 %
US Mid/Small Cap Equities	5.84	5.84
Developed International Equities	17.50	17.50
Intermediate Corporate Fixed Income	30.15	30.15
International Bonds	4.85	4.85
Real Estate	5.00	5.00
Total	<u>100.00</u>	<u>100.00</u>

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.65% for the Municipal Employees' Plan and 23.50% 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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2021, were as follows:

	<u>Municipal Employees</u>	<u>Police and Firemen</u>
Total pension liability	\$ 53,621,536	\$ 108,775,754
Plan fiduciary net position	<u>48,991,607</u>	<u>78,000,513</u>
Net Pension Liability	<u>\$ 4,629,929</u>	<u>\$ 30,775,241</u>
Plan fiduciary net position as a percentage of the total pension liability	91.37%	71.71%

The net pension liability of the Municipal Employees Plan is split between governmental activities and business-type activities as \$4,047,338 and \$555,591, respectively.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	2.40-6.40%, depending on age and includes inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality Rates were based on Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, with separate tables for public safety, projected to the valuation date with Scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on a review of available experience. No experience study could be performed due to insufficient credible data.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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, 2021 (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>
US Large Cap Equities	5.25 %
US Mid/Small Cap Equities	5.75
Developed International Equities	5.75
Intermediate Corporate Fixed Income	1.75
International Bonds	2.00
Real Estate	5.75

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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.

<u>Municipal Employees' Retirement Plan</u>			
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of July 1, 2020	\$ 51,492,456	\$ 41,199,058	\$ 10,293,398
Changes for the year:			
Service cost	794,759		794,759
Interest on total pension liability	3,544,230		3,544,230
Differences between expected and actual experience	(601,938)		(601,938)
Changes in assumptions	1,702,734		1,702,734
Employer contributions		1,253,562	(1,253,562)
Member contributions		246,467	(246,467)
Net investment income		9,648,548	(9,648,548)
Benefit payments, including refund to employee contributions	(3,310,705)	(3,310,705)	-
Administrative expenses		(45,323)	45,323
Net changes	2,129,080	7,792,549	(5,663,469)
Balances as of June 30, 2021	\$ 53,621,536	\$ 48,991,607	\$ 4,629,929

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Police and Firemen's Retirement Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2020	\$ 103,133,386	\$ 63,832,734	\$ 39,300,652
Changes for the year:			
Service cost	1,940,534		1,940,534
Interest on total pension liability	7,142,154		7,142,154
Differences between expected and actual experience	(785,093)		(785,093)
Changes in assumptions	3,431,059		3,431,059
Employer contributions		4,291,829	(4,291,829)
Member contributions		680,921	(680,921)
Net investment income		15,345,780	(15,345,780)
Benefit payments, including refund to employee contributions	(6,086,286)	(6,086,286)	-
Administrative expenses		(64,465)	64,465
Net changes	5,642,368	14,167,779	(8,525,411)
Balances as of June 30, 2021	\$ 108,775,754	\$ 78,000,513	\$ 30,775,241

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 current discount rate, 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 or 1 percentage point higher than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Municipal Employees:			
City's Net Pension Liability (Asset)	\$ 10,197,254	\$ 4,629,929	\$ (128,239)
Police and Firemen:			
City's Net Pension Liability	\$ 43,316,848	\$ 30,775,241	\$ 20,290,247

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

F. Financial Information for the Separate Plans

	Police and Firemen	Municipal Employees	OPEB Trust Fund	Total
Assets:				
Cash and cash equivalents	\$ 234,460	\$ 259,251	\$ 5,783	\$ 499,494
Investments	77,776,285	48,738,770	1,124,581	127,639,636
Receivables	3	3		6
Total assets	78,010,748	48,998,024	1,130,364	128,139,136
Liabilities:				
Accounts and other payables	10,235	6,417	148	16,800
Net Assets Held in Trust for Pension Benefits	\$ 78,000,513	\$ 48,991,607	\$ 1,130,216	\$ 128,122,336
	Police and Firemen	Municipal Employees	OPEB Trust Fund	Total
Contributions:				
Employer	\$ 4,291,829	\$ 1,253,562	\$ 5,191,595	\$ 10,736,986
Employee	680,921	246,467	99,446	1,026,834
Total contributions	4,972,750	1,500,029	5,291,041	11,763,820
Investment income:				
Interest and dividends			218,093	218,093
Net appreciation in fair value of investments	15,345,780	9,648,548		24,994,328
Total investment income	15,345,780	9,648,548	218,093	25,212,421
Total additions	20,318,530	11,148,577	5,509,134	36,976,241
Deductions:				
Benefit payments and withdrawals	6,086,286	3,310,705	5,036,041	14,433,032
Administration	64,465	45,323	564	110,352
Total deductions	6,150,751	3,356,028	5,036,605	14,543,384
Net increase	14,167,779	7,792,549	472,529	22,432,857
Net Assets Held in Trust for Pension Benefits at Beginning of Year	63,832,734	41,199,058	657,687	105,689,479
Net Assets Held in Trust For Pension Benefits at End of Year	\$ 78,000,513	\$ 48,991,607	\$ 1,130,216	\$ 128,122,336

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, 2021, the City recognized pension expense for the municipal employee plan and police and firemen plan of \$395,194 and \$2,799,203, respectively. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		Municipal Employees			
		Government Activities		Business-Type Activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$		\$ 277,465	\$	\$ 37,836
Changes of assumptions		784,880		107,029	
Net difference between projected and actual earning on pension plan investments			3,949,010		538,501
Total	\$	784,880	\$ 4,226,475	\$ 107,029	\$ 576,337

Police and Firemen			
	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$	1,024,880
Changes of assumptions		2,574,501	
Net difference between projected and actual earning on pension plan investments			7,193,121
Total	\$	2,574,501	\$ 8,218,001

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	Municipal Employees	Police and Firemen	Total
2022	\$ (544,259)	\$ (897,312)	\$ (1,441,571)
2023	(957,143)	(873,341)	(1,830,484)
2024	(1,043,586)	(1,689,103)	(2,732,689)
2025	(1,365,915)	(2,183,744)	(3,549,659)

Connecticut's Teachers Retirement System - Pension

A. 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.

B. 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.

C. 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.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$8,421,091 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Employees

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

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

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

At June 30, 2021, 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>131,289,024</u>
Total	\$	<u><u>131,289,024</u></u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2020, the City has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the City recognized pension expense and revenue of \$18,806,530 in Exhibit II.

E. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

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 current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>	
Domestic Equity Fund	5.60	%	20.00	%
Developed Market Intl. Stock Fund	6.00		11.00	
Emerging Market Intl. Stock Fund	7.90		9.00	
Core Fixed Income Fund	2.10		16.00	
Inflation Linked Bond Fund	1.10		5.00	
Emerging Market Debt Fund	2.70		5.00	
High Yield Bond Fund	4.00		6.00	
Real Estate Fund	4.50		10.00	
Private Equity	7.30		10.00	
Alternative Investments	2.90		7.00	
Liquidity Fund	0.40		1.00	
Total			100.00	%

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

G. 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.

H. 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.

11. OTHER POSTEMPLOYMENT BENEFITS

City OPEB Plan

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 stand-alone financial statement for this program.

At July 1, 2020, plan membership consisted of the following:

	Post- Retirement Medical Program
Inactive plan members or beneficiaries currently receiving benefits	426
Active plan members	<u>855</u>
Total members	<u><u>1281</u></u>

B. Funding Policy

The City's postemployment benefits are accounted for as a pay-as-you-go basis. The City has established a trust fund to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The contribution requirement of the plan members and the City have also negotiated with the various unions representing the employees. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of health insurance premiums.

CITY OF TORRINGTON, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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 13% 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.
- City supervisory employees who meet certain criteria for retirement are eligible to receive medical coverage under various medical plans, dependent on whether they are under or over age 65, dental coverage only until they reach age 65. They also receive life insurance benefits after retirement of up to \$30,000 at no cost to the employee. 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. Investments

Investment Policy

OPEB Benefits Plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB Committee. It is the policy of the OPEB Committee to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 25.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

D. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2021. The components of the net OPEB liability of the City at June 30, 2021 were as follows:

Total OPEB liability	\$ 143,160,022
Plan fiduciary net position	<u>1,130,216</u>
Net OPEB Liability	<u>\$ 142,029,806</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.79%

The City recorded the net OPEB liability within the governmental activities and business type activities as \$140,876,432 and \$1,153,374, respectively.

Actuarial Assumptions

The total OPEB liability at June 30, 2021 was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	Graded by age
Investment rate of return	3.16%
Healthcare cost trend rates	6.50% for 2020, decreasing .20% per year, to an ultimate rate of 4.40% for 2031 and later

Mortality rates were as follows:

City and Board of Education Non-Certified: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2020.

Police and Fire: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Safety Employees, projected to the valuation date with Scale MP-2020.

Board of Education Certified and Administrators: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to the valuation date with Scale MP-2020.

The plan has not had a formal actuarial experience study performed.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on OPEB 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 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	31.50 %	5.25 %
U.S. Mid/Small Cap	13.50	5.75
Developed International Equities	20.00	5.75
Intermediate Corporate Fixed Income	21.35	1.75
Intermediate Government Fixed Income	13.65	0.75
Total	<u>100.00</u>	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2020	\$ 141,311,364	\$ 657,687	\$ 140,653,677
Changes for the year:			
Service cost	7,448,109		7,448,109
Interest on total pension liability	3,232,240		3,232,240
Changes in benefit terms	(1,771,701)		(1,771,701)
Differences between expected and actual experience	(9,673,577)		(9,673,577)
Changes in assumptions	7,649,628		7,649,628
Employer contributions		5,191,595	(5,191,595)
Member contributions		99,446	(99,446)
Net investment income		218,093	(218,093)
Benefit payments, including refund to employee contributions	(5,036,041)	(5,036,041)	-
Administrative expenses		(564)	564
Net changes	1,848,658	472,529	1,376,129
Balances as of June 30, 2021	\$ 143,160,022	\$ 1,130,216	\$ 142,029,806

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
City's Net OPEB Liability	\$ 166,207,229	\$ 142,029,806	\$ 122,932,570

H. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	5.50% Decreasing to 3.40%	6.50% Decreasing to 4.40%	7.50% Decreasing to 5.40%
City's Net OPEB Liability	\$ 120,614,760	\$ 142,029,806	\$ 169,549,658

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

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$9,278,608. At June 30, 2021, the City reported deferred inflows of resources related to OPEB from the following sources:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>
	<u>Deferred Inflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,560,372	\$	102,833
Changes of assumptions	1,979,280		16,205
Net difference between projected and actual earning on pension plan investments	<u>172,955</u>		<u>1,416</u>
Total	<u>\$ 14,712,607</u>	\$	<u>120,454</u>
	<u>Deferred Outflows of Resources</u>		<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 795,526	\$	6,513
Changes of assumptions	<u>20,928,628</u>		<u>171,346</u>
Total	<u>\$ 21,724,154</u>	\$	<u>177,859</u>

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

Year Ending June 30

2022	\$ 486,178
2023	1,843,189
2024	3,964,302
2025	775,283

State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

B. Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

Survivors of former employees or retirees remain eligible to participate in the plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplement Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

Normal Retirement

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.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, 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. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$203,230 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the City reports no amounts for its proportionate share of the net OPEB 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 OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the City was as follows:

City's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>19,581,763</u>
Total	\$ <u>19,581,763</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the City recognized OPEB expense and revenue of \$904,529 in Exhibit II.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate
Pre-Medicare	Rate of 4.50% by 2023
Medicare	
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

CITY OF TORRINGTON, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The City's proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. 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. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

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

12. FUND BALANCE CLASSIFICATIONS

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Bonded Projects</u>	<u>WPCA Infrastructure Projects</u>	<u>American Rescue Plan Act</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable:						
Inventory	\$	\$	\$	\$	\$ 11,868	\$ 11,868
Loans receivable						-
Trust purposes					3,500	3,500
Restricted for:						
Trust purposes					1,383	1,383
Grants					5,477,532	5,477,532
Committed to:						
General government					1,028,372	1,028,372
Public safety					34,900	34,900
Public Works					454,521	454,521
Capital projects		5,506,852			8,726,594	14,233,446
Health and social services					189,011	189,011
Recreation					1,154,054	1,154,054
Assigned to:						
Education	146,652					146,652
General government	8,147					8,147
Public safety	170,571					170,571
Public works	15,886					15,886
Subsequent years budget	3,100,000					3,100,000
Unassigned	<u>14,037,888</u>		<u>(5,863,332)</u>		<u>(1,426,280)</u>	<u>6,748,276</u>
Total Fund Balances	\$ <u>17,479,144</u>	\$ <u>5,506,852</u>	\$ <u>(5,863,332)</u>	\$ <u>-</u>	\$ <u>15,655,455</u>	\$ <u>32,778,119</u>

Encumbrances outstanding at year-end of \$341,256 are reported as assigned fund balance.

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
NOTES TO FINANCIAL STATEMENTS

14. GASB 84 - RESTATEMENT

The City previously early implemented GASB 84 and reported the activities of the Student Activity Fund and the PTO Fund as Custodial Funds. Management reassessed the activities in these funds upon final guidance and made the following reporting changes: The activities of the Student Activity Fund and the PTO Fund are reported as special revenue funds and included with the Other Special Revenue Fund. Accordingly, the Town restated the beginning assets and liabilities of the Custodial Fund, Nonmajor Governmental Funds and Governmental Activities as follows:

	<u>Custodial Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Governmental Activities</u>
Fund Balance/Net position at June 30, 2020, as previously reported	\$ 404,045	\$ 16,724,112	\$ (49,251,571)
Adjustments:			
Reclassify fund types within the financial statements	<u>(404,045)</u>	<u>404,045</u>	<u>404,045</u>
Fund Balance/Net Position Balance at July 1, 2020, as Restated	<u>\$ -</u>	<u>\$ 17,128,157</u>	<u>\$ (48,847,526)</u>

**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, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Property Taxes:				
Property taxes	\$ 93,389,849	\$ 93,389,849	\$ 93,449,532	\$ 59,683
Motor vehicle supplemental tax	1,200,000	1,200,000	1,378,263	178,263
Total property taxes	94,589,849	94,589,849	94,827,795	237,946
Intergovernmental:				
Federal and State Grants:				
Pequot fund grant	196,642	196,642	196,642	-
Stabilization grant	72,539	72,539	72,539	-
In lieu of taxes	470,000	470,000	471,236	1,236
Disabled persons	8,300	8,300	8,583	283
MRSA Motor Vehicle	272,517	272,517	272,517	-
Municipal grants in aid	605,345	605,345	605,345	-
Additional veterans' grants	36,000	36,000	33,640	(2,360)
Enterprise zones	75,000	75,000	153,065	78,065
FEMA Reimbursements			142,085	142,085
Total federal and state grants	1,736,343	1,736,343	1,955,652	219,309
Board of Education Grants:				
Special education	1,868,033	1,868,033	1,880,575	12,542
Education cost sharing	23,933,343	23,933,343	23,789,813	(143,530)
Nonpublic health and welfare	25,000	25,000	29,446	4,446
Total Board of Education grants	25,826,376	25,826,376	25,699,834	(126,542)
Total Intergovernmental	27,562,719	27,562,719	27,655,486	92,767
General Government:				
Telephone access lines	78,000	78,000	81,157	3,157
Street lights	1,045	1,045	1,045	-
Group insurance workers comp	450,000	450,000	541,181	91,181
Insurance refund	105,000	105,000	51,777	(53,223)
Probate	23,339	23,339	19,800	(3,539)
New buildings and alterations	210,000	210,000	232,992	22,992
Plumbing fees	28,000	28,000	16,792	(11,208)
Electrical permit fees	75,000	75,000	96,531	21,531

(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, 2021**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
General Government Continued:				
Roofing permit fees	\$ 27,000	\$ 27,000	\$ 38,125	\$ 11,125
Sign and billboard permits	2,750	2,750	669	(2,081)
Demolition and removal	2,750	2,750	6,237	3,487
Heating permit fees	55,000	55,000	39,791	(15,209)
Certificate of occupancy	15,000	15,000	13,763	(1,237)
Planning and zoning fees	30,000	30,000	32,132	2,132
Conveyance tax	250,000	250,000	457,304	207,304
Marriage licenses and permits	7,500	7,500	6,450	(1,050)
Copying and certification fees	34,000	34,000	39,397	5,397
Hunting and fishing	7,500	7,500	6,580	(920)
Notary	1,900	1,900	1,866	(34)
Dog fees	20,800	20,800	18,716	(2,084)
Recording fees	180,000	180,000	272,386	92,386
Vital statistics	98,000	98,000	100,320	2,320
MIRA fees (formerly CRRA)	33,000	33,000	38,210	5,210
City real estate revenue	20,000	20,000	17,680	(2,320)
Miscellaneous	129,250	129,250	182,428	53,178
State mandated fees	329,000	329,000	440,173	111,173
Auction proceeds			0	
Total general government	<u>2,213,834</u>	<u>2,213,834</u>	<u>2,753,502</u>	<u>539,668</u>
Public Safety:				
Parking authority	85,000	85,000	29,174	(55,826)
Canine - Hotchkiss trust	2,500	2,500	2,500	-
Fire - outside duty	500	500	2,532	2,032
Fire workers com/insurance payroll	130,000	130,000	211,180	81,180
Police tickets and permits	182,875	182,875	219,248	36,373
Police works comp and insurance	180,000	180,000	372,505	192,505
Police - outside duty	525,000	525,000	1,407,441	882,441
Miscellaneous	25,000	25,000	20,975	(4,025)
Total public safety	<u>1,130,875</u>	<u>1,130,875</u>	<u>2,265,555</u>	<u>1,134,680</u>
Public Works:				
Workers comp and insurance	15,000	15,000	44,990	29,990
Engineering	250	250	62	(188)
Street department miscellaneous fees	10,000	10,000	10,044	44
Landfill - tire income			450	450
Miscellaneous charges	2,000	2,000	22,713	20,713
Recycling income	200	200	-	(200)
Free-waste receptacles	15,000	15,000	26,683	11,683
Total public works	<u>42,450</u>	<u>42,450</u>	<u>104,942</u>	<u>62,492</u>
Investment Income	<u>150,000</u>	<u>150,000</u>	<u>95,358</u>	<u>(54,642)</u>
Recreation:				
Swimming fees	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>(12,000)</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, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Education:				
Workers comp and insurance	\$ 1,890,000	\$ 1,890,000	\$ 2,319,257	\$ 429,257
Miscellaneous			33,828	33,828
Total education	1,890,000	1,890,000	2,353,085	463,085
Use of Prior Year Fund Balance	3,600,000	3,600,000		(3,600,000)
Total revenues	131,191,727	131,191,727	130,055,723	(1,136,004)
Other Financing Sources:				
Operating transfer in	2,025,000	2,665,485	2,665,486	1
Total Other Financing Sources	2,025,000	2,665,485	2,665,486	1
Total Revenue and Other Financing Sources	\$ 133,216,727	\$ 133,857,212	132,721,209	\$ (1,136,003)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted			8,421,091	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted			203,230	
expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial statement purposes				
Revaluation and economic development funds not budgeted			16,755	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 141,362,285	

**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, 2021**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
General Government:				
Assessor	\$ 362,095	\$ 363,792	\$ 356,608	\$ 7,184
Board of Assessment	4,400	4,400	1,463	2,937
Boards and agencies	240,837	245,819	235,298	10,521
Building	297,895	352,823	352,823	-
City real estate	829,729	657,746	651,238	6,508
City clerk	666,190	666,150	787,411	(121,261)
Comptroller	357,256	359,309	346,345	12,964
Corporate counsel	170,788	194,296	194,296	-
Mayor	226,640	227,781	225,390	2,391
Personnel	210,478	218,767	218,767	-
Planning and zoning	274,145	277,158	276,583	575
Purchasing	122,764	123,702	95,257	28,445
Registrars	171,172	171,911	167,483	4,428
Services for the elderly	356,891	347,114	339,083	8,031
Treasurer	70,057	69,706	69,566	140
Information services	709,255	713,063	699,227	13,836
Economic development	102,642	103,849	95,534	8,315
Probate	40,810	40,810	36,518	4,292
Citywide services	(588,158)	11,203	5,935	5,268
Total general government	4,625,886	5,149,399	5,154,825	(5,426)
Public Safety:				
Public safety miscellaneous	2,247,992	2,202,992	2,792,945	(589,953)
Emergency management	35,430	35,394	12,858	22,536
Fire	5,593,504	5,633,671	5,459,443	174,228
Fire - Volunteers	41,654	44,500	34,796	9,704
Police	9,198,620	9,193,683	8,876,179	317,504
Animal Control	354,253	305,812	263,843	41,969
Traffic management	386,301	385,595	364,803	20,792
Total public safety	17,857,754	17,801,647	17,804,867	(3,220)
Public works:				
Administration	150,963	153,054	150,303	2,751
City hall	182,253	224,411	173,227	51,184
Engineering	691,055	699,041	679,818	19,223
Landfill	1,380,579	1,446,484	1,446,484	-
San sewer / St lights	174,800	178,412	178,412	-
Streets	4,803,546	4,834,374	4,644,283	190,091
Total public works	7,383,196	7,535,776	7,272,527	263,249
Public Health and Social Services:				
Health	2,994,376	2,994,358	2,948,652	45,706

(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, 2021**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
Employee Benefits and insurance:				
Pension and benefits	\$ 15,552,961	\$ 15,236,785	\$ 15,236,785	\$ -
Insurance	1,524,525	1,532,025	1,524,870	7,155
Total employee benefits and insurance	17,077,486	16,768,810	16,761,655	7,155
Recreation	436,896	373,584	313,047	60,537
Tax collector contract	644,900	725,174	725,174	-
Board of Education	76,293,593	76,293,593	75,947,471	346,122
Second Part Budget:				
Contingency	165,000	45,808	-	45,808
Debt Service:				
Bond redemption	2,312,815	2,312,815	2,287,432	25,383
Interest	737,434	1,377,919	1,321,754	56,165
Total debt service	3,050,249	3,690,734	3,609,186	81,548
Total expenditures	130,529,336	131,378,883	130,537,404	841,479
Other Financing Uses:				
Operating Transfers Out:				
Capital reserve	1,369,533	1,369,533	1,369,533	-
Capital projects	324,658	324,658	324,658	-
Vehicle replacement	400,000	400,000	400,000	-
Evictions	2,000	2,000	2,000	-
COVID 19 CRF Grant	43,835	43,835	43,835	-
Brownfield	75,000	75,000	75,000	-
Revaluation	41,200	41,200	41,200	-
Bridge fund	75,000	75,000	75,000	-
Other Transfers Out	356,165	147,103		147,103
Total other financing uses	2,687,391	2,478,329	2,331,226	147,103
Total Expenditures and Other Financing Sources	\$ 133,216,727	\$ 133,857,212	132,868,630	\$ 988,582
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted			8,421,091	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted			203,230	
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.			514,172	
The City 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.			794,103	
Repayments to the Economic Development fund are eliminated for GAAP purposes			63,315	
Effect of the Revaluation Fund not budgeted within the general fund			(3,140)	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 142,861,401	

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - MUNICIPAL EMPLOYEES
LAST EIGHT FISCAL YEARS*

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability:								
Service cost	\$ 1,202,952	\$ 847,373	\$ 832,714	\$ 903,306	\$ 874,813	\$ 901,057	\$ 780,679	\$ 794,759
Interest	3,262,727	3,388,757	3,319,339	3,447,081	3,415,694	3,522,098	3,472,866	3,544,230
Differences between expected and actual experience		(2,700,565)		(587,142)		(1,408,862)		(601,938)
Changes of assumptions		(2)		63,642		1,212,207		1,702,734
Benefit payments, including refunds of member contributions	(2,404,584)	(2,455,752)	(2,436,843)	(2,557,951)	(2,734,956)	(2,963,273)	(3,185,553)	(3,310,705)
Net change in total pension liability	2,061,095	(920,189)	1,715,210	1,268,936	1,555,551	1,263,227	1,067,992	2,129,080
Total pension liability - beginning	43,480,634	45,541,729	44,621,540	46,336,750	47,605,686	49,161,237	50,424,464	51,492,456
Total pension liability - ending	45,541,729	44,621,540	46,336,750	47,605,686	49,161,237	50,424,464	51,492,456	53,621,536
Plan fiduciary net position:								
Contributions - employer	1,562,782	2,130,792	1,521,271	1,360,145	1,216,031	1,249,364	1,308,154	1,253,562
Contributions - member	382,126	362,688	353,195	334,994	311,644	288,210	261,235	246,467
Net investment income	5,031,302	728,798	(256,752)	4,225,538	3,072,208	2,703,655	1,243,092	9,648,548
Benefit payments, including refunds of member contributions	(2,404,584)	(2,455,752)	(2,436,843)	(2,557,951)	(2,734,956)	(2,963,273)	(3,185,553)	(3,310,705)
Administrative expense	(28,368)	(36,205)	(25,797)	(25,163)	(34,764)	(42,869)	(35,763)	(45,323)
Other			9,258	(61,594)		185	33	
Net change in plan fiduciary net position	4,543,258	730,321	(835,668)	3,275,969	1,830,163	1,235,272	(408,802)	7,792,549
Plan fiduciary net position - beginning	30,828,545	35,371,803	36,102,124	35,266,456	38,542,425	40,372,588	41,607,860	41,199,058
Plan fiduciary net position - ending	35,371,803	36,102,124	35,266,456	38,542,425	40,372,588	41,607,860	41,199,058	48,991,607
Net Pension Liability - Ending	\$ 10,169,926	\$ 8,519,416	\$ 11,070,294	\$ 9,063,261	\$ 8,788,649	\$ 8,816,604	\$ 10,293,398	\$ 4,629,929
Plan fiduciary net position as a percentage of the total pension liability	77.67%	80.91%	76.11%	80.96%	82.12%	82.52%	80.01%	91.37%
Covered payroll	\$ 7,675,621	\$ 7,508,384	\$ 7,180,419	\$ 6,941,007	\$ 7,149,237	\$ 5,743,293	\$ 5,915,592	\$ 4,846,634
Net pension liability as a percentage of covered payroll	132.50%	113.47%	154.17%	130.58%	122.93%	153.51%	174.00%	95.53%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE AND FIRE EMPLOYEES
LAST EIGHT FISCAL YEARS*

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability:								
Service cost	\$ 1,723,995	\$ 1,562,617	\$ 1,629,262	\$ 1,777,628	\$ 1,884,618	\$ 1,941,156	\$ 1,906,156	\$ 1,940,534
Interest	5,749,660	5,915,425	6,279,584	6,453,191	6,835,726	7,049,160	6,942,101	7,142,154
Changes of benefit terms				(127,841)				
Differences between expected and actual experience		2,967,870		2,581,055		(3,641,245)		(785,093)
Changes of assumptions				3,158,910		2,581,740		3,431,059
Benefit payments, including refunds of member contributions	(4,599,662)	(5,622,992)	(5,692,476)	(5,689,529)	(5,723,688)	(5,942,245)	(5,963,189)	(6,086,286)
Net change in total pension liability	2,873,993	4,822,920	2,216,370	8,153,414	2,996,656	1,988,566	2,885,068	5,642,368
Total pension liability - beginning	77,196,399	80,070,392	84,893,312	87,109,682	95,263,096	98,259,752	100,248,318	103,133,386
Total pension liability - ending	80,070,392	84,893,312	87,109,682	95,263,096	98,259,752	100,248,318	103,133,386	108,775,754
Plan fiduciary net position:								
Contributions - employer	3,397,552	3,926,071	3,795,161	3,599,764	4,128,371	4,139,371	4,283,329	4,291,829
Contributions - member	701,624	712,134	715,430	709,907	689,105	683,800	677,458	680,921
Net investment income (loss)	7,807,382	1,178,199	(485,726)	6,165,567	4,395,741	4,019,188	1,899,098	15,345,780
Benefit payments, including refunds of member contributions	(4,599,662)	(5,622,992)	(5,692,476)	(5,689,529)	(5,723,688)	(5,942,245)	(5,963,189)	(6,086,286)
Administrative expense	(33,907)	(45,702)	(36,760)	(43,794)	(49,604)	(59,216)	(53,425)	(64,465)
Other		(1)	13,871	44,709		43	158	
Net change in plan fiduciary net position	7,272,989	147,709	(1,690,500)	4,786,624	3,439,925	2,840,941	843,429	14,167,779
Plan fiduciary net position - beginning	46,191,617	53,464,606	53,612,315	51,921,815	56,708,439	60,148,364	62,989,305	63,832,734
Plan fiduciary net position - ending	53,464,606	53,612,315	51,921,815	56,708,439	60,148,364	62,989,305	63,832,734	78,000,513
Net Pension Liability - Ending	\$ <u>26,605,786</u>	\$ <u>31,280,997</u>	\$ <u>35,187,867</u>	\$ <u>38,554,657</u>	\$ <u>38,111,388</u>	\$ <u>37,259,013</u>	\$ <u>39,300,652</u>	\$ <u>30,775,241</u>
Plan fiduciary net position as a percentage of the total pension liability	66.77%	63.15%	59.61%	59.53%	61.21%	62.83%	61.89%	71.71%
Covered payroll	\$ 9,349,008	\$ 10,060,356	\$ 8,797,081	\$ 9,031,565	\$ 9,302,512	\$ 8,407,304	\$ 8,659,523	\$ 8,304,057
Net pension liability as a percentage of covered payroll	284.58%	310.93%	399.99%	426.89%	409.69%	443.17%	453.84%	370.60%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Municipal Employees:										
Actuarially determined contribution	\$ 1,374,634	\$ 1,374,634	\$ 1,775,712	\$ 1,756,607	\$ 1,349,133	\$ 1,185,738	\$ 1,195,733	\$ 1,195,733	\$ 1,241,462	\$ 1,241,462
Contributions in relation to the actuarially determined contribution	<u>1,444,183</u>	<u>1,447,879</u>	<u>1,562,782</u>	<u>2,130,792</u>	<u>1,521,271</u>	<u>1,360,145</u>	<u>1,216,031</u>	<u>1,249,364</u>	<u>1,308,154</u>	<u>1,253,562</u>
Contribution Deficiency (Excess)	<u>\$ (69,549)</u>	<u>\$ (73,245)</u>	<u>\$ 212,930</u>	<u>\$ (374,185)</u>	<u>\$ (172,138)</u>	<u>\$ (174,407)</u>	<u>\$ (20,298)</u>	<u>\$ (53,631)</u>	<u>\$ (66,692)</u>	<u>\$ (12,100)</u>
Covered payroll	\$ 8,481,377	\$ 8,481,377	\$ 7,675,621	\$ 7,675,621	\$ 7,180,419	\$ 6,941,007	\$ 7,149,237	\$ 5,743,293	\$ 5,915,592	\$ 4,846,634
Contributions as a percentage of covered payroll	17.03%	17.07%	20.36%	27.76%	21.19%	19.60%	17.01%	21.75%	22.11%	25.86%
Police and Firemen:										
Actuarially determined contribution	\$ 3,308,035	\$ 3,357,655	\$ 3,827,288	\$ 3,861,898	\$ 3,690,619	\$ 3,452,634	\$ 4,124,871	\$ 4,124,871	\$ 4,279,729	\$ 4,279,729
Contributions in relation to the actuarially determined contribution	<u>3,325,432</u>	<u>3,322,432</u>	<u>3,397,552</u>	<u>3,926,071</u>	<u>3,795,161</u>	<u>3,599,764</u>	<u>4,128,371</u>	<u>4,139,371</u>	<u>4,283,329</u>	<u>4,291,829</u>
Contribution Deficiency (Excess)	<u>\$ (17,397)</u>	<u>\$ 35,223</u>	<u>\$ 429,736</u>	<u>\$ (64,173)</u>	<u>\$ (104,542)</u>	<u>\$ (147,130)</u>	<u>\$ (3,500)</u>	<u>\$ (14,500)</u>	<u>\$ (3,600)</u>	<u>\$ (12,100)</u>
Covered payroll	\$ 9,912,397	\$ 10,061,083	\$ 9,349,008	\$ 9,349,008	\$ 8,797,081	\$ 9,031,565	\$ 9,302,512	\$ 8,407,304	\$ 8,659,523	\$ 8,304,057
Contributions as a percentage of covered payroll	33.55%	33.02%	36.34%	41.99%	43.14%	39.86%	44.38%	49.24%	49.46%	51.68%

Valuation date: July 1, 2020
Measurement date: June 30, 2021
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 Entry Age Normal
Amortization method Closed level dollar period of 22 years as of July 1, 2020
Asset valuation method 4-year smoothed market
Inflation 2.40% (prior 2.60%)
Investment rate of return 6.75% (prior 7.00%)
Mortality Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables with separate tables for Public Safety, projected to the valuation date with Scale MP-2020.
Prior (RP-2014 Adjusted to 2006 Total dataset Mortality Table projected to valuation date with Scale MP-2018)

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - PENSION PLANS
LAST EIGHT FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Municipal Employees:								
Annual money-weighted rate of return, net of investment expense	16.43%	2.06%	-0.72%	11.84%	7.95%	6.73%	3.01%	23.65%
Police and Firemen:								
Annual money-weighted rate of return, net of investment expense	16.42%	2.22%	-0.92%	11.80%	7.53%	6.53%	2.94%	23.50%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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>	<u>80,724,853</u>	<u>107,322,905</u>	<u>101,727,133</u>	<u>93,038,640</u>	<u>120,663,593</u>	<u>131,289,024</u>
Total	<u>\$ 74,613,949</u>	<u>\$ 80,724,853</u>	<u>\$ 107,322,905</u>	<u>\$ 101,727,133</u>	<u>\$ 93,038,640</u>	<u>\$ 120,663,593</u>	<u>\$ 131,289,024</u>
City's covered payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	61.51%	59.50%	52.26%	55.69%	57.69%	52.00%	49.24%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
City's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
City's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the City	<u>26,183,415</u>	<u>18,599,006</u>	<u>18,818,169</u>	<u>19,581,763</u>
Total	<u>\$ 26,183,415</u>	<u>\$ 18,599,006</u>	<u>\$ 18,818,169</u>	<u>\$ 19,581,763</u>
City's covered payroll	\$ N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%	1.49%	2.08%	2.50%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	<p>Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020;</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience;</p> <p>Long-term health care cost trend rates were updated;</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below:</p> <ul style="list-style-type: none"> - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. <p>The expected rate of inflation was decreased, and the real wage growth assumption was increased.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - OPEB PLAN
LAST FIVE FISCAL YEARS*

	2017	2018	2019	2020	2021
Total OPEB liability:					
Service cost	\$ 4,889,457	\$ 5,121,706	\$ 4,880,939	\$ 5,207,268	\$ 7,448,109
Interest	4,190,877	4,379,890	4,763,139	4,001,254	3,232,240
Changes of benefit terms					(1,771,701)
Differences between expected and actual experience	391,596	(347,698)	(12,098,577)	1,303,315	(9,673,577)
Changes of assumptions		(6,435,473)	(1,674,380)	24,681,957	7,649,628
Benefit payments, including refunds of member contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)
Net change in total OPEB liability	5,092,111	(1,116,480)	(9,388,548)	29,897,425	1,848,658
Total OPEB liability - beginning	116,826,856	121,918,967	120,802,487	111,413,939	141,311,364
Total OPEB liability - ending	121,918,967	120,802,487	111,413,939	141,311,364	143,160,022
Plan fiduciary net position:					
Contributions - employer	4,306,115	3,767,666	5,389,188	5,434,152	5,191,595
Contributions - TRB subsidy	123,704	117,239	120,481	112,217	99,446
Net investment income	1,417	4,533	19,888	32,499	218,093
Benefit payments, including refunds of member contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)
Administrative expense		(48)	(217)	(385)	(564)
Net change in plan fiduciary net position	51,417	54,485	269,671	282,114	472,529
Plan fiduciary net position - beginning		51,417	105,902	375,573	657,687
Plan fiduciary net position - ending	51,417	105,902	375,573	657,687	1,130,216
Net OPEB Liability - Ending	\$ 121,867,550	\$ 120,696,585	\$ 111,038,366	\$ 140,653,677	\$ 142,029,806
Plan fiduciary net position as a percentage of the total OPEB liability	0.04%	0.09%	0.34%	0.47%	0.79%
Covered-employee payroll	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814
Net OPEB liability as a percentage of covered-employee payroll	227.28%	214.89%	215.89%	261.44%	257.42%

*This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB PLAN
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 7,445,000	\$ 7,603,000	\$ 7,999,900	\$ 8,175,400	\$ 10,828,600	\$ 11,094,900	\$ 11,455,900	\$ 11,703,600	\$ 7,896,308	\$ 8,011,648
Contributions in relation to the actuarially determined contribution	<u>3,006,900</u>	<u>3,278,900</u>	<u>2,962,800</u>	<u>3,460,800</u>	<u>3,283,900</u>	<u>4,306,115</u>	<u>3,767,666</u>	<u>5,389,188</u>	<u>5,434,152</u>	<u>5,191,595</u>
Contribution Deficiency (Excess)	<u>\$ 4,438,100</u>	<u>\$ 4,324,100</u>	<u>\$ 5,037,100</u>	<u>\$ 4,714,600</u>	<u>\$ 7,544,700</u>	<u>\$ 6,788,785</u>	<u>\$ 7,688,234</u>	<u>\$ 6,314,412</u>	<u>\$ 2,462,156</u>	<u>\$ 2,820,053</u>
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	8.03%	6.71%	10.48%	10.10%	9.41%

Valuation date: July 1, 2020
Measurement date: June 30, 2021
Changes in benefit terms: None
Changes in assumptions: Since the last actuarial valuation inflation, payroll growth, investment rate of return, and healthcare rates were adjusted as disclosed below. Mortality tables were also updated.

Actuarial cost method: Entry Age Normal
Amortization method: Level percent of salary, open
Amortization period: 30 years
Inflation: 2.40% (prior 2.60%)
Payroll growth: 4.40% (prior 4.60%)
Investment rate of return: 2.16% (prior 2.21%)
Healthcare costs trends: Medical: 6.50% for 2020, decreasing 0.20% per year, to an ultimate rate of 4.40% for 2031 and later. Dental: 4.0% (prior 7.00% in 2016 reducing by .5% each year to a find 4.60% per year for 2023 and later)

Retirement age: 25 years of service with varying retirement rates
Post-retirement mortality: City and Board of Education Non-Certified: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for General Employees, projected to the valuation date with Scale MP-2020.
Police and Fire: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Safety Employees projected to the valuation date with Scale MP-2020.
Board of Education Certified and Administrators: Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables for Teachers, projected to the valuation date with Scale MP-2020.
(prior RP-2014 Adjusted to 2006 Total Dataset projected to valuation date with the Scale MP-2018)

**CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS - OPEB PLAN
LAST FIVE FISCAL YEARS ***

	2017	2018	2019	2020	2021
Annual money-weighted rate of return, net of investment expense	2.83%	7.16%	5.95%	5.38%	25.18%

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

Total Rate Bill on Grant List on October 1, 2019	\$ 93,449,532
Add:	
Supplemental motor vehicle tax	<u>1,378,263</u>
Received from tax collector during the year ended June 30, 2021	94,827,795
Deduct:	
Lawful corrections and abatements	<u> </u>
Net Revenues from Taxation	\$ <u><u>94,827,795</u></u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds				
	National School Lunch Program	Nutrition Program	Town Aid Road	Small Cities Block Grants	Federal and State Educational Grants
ASSETS					
Cash	\$ 276,816	\$ 134,827	\$ 1,164,925	\$ 246,695	\$ 1,846,365
Receivables:					
Loans				2,838,815	
Intergovernmental	359,137	243,747			235,078
Other					
Due from other funds					
Supplies	11,868				
Total Assets	<u>\$ 647,821</u>	<u>\$ 378,574</u>	<u>\$ 1,164,925</u>	<u>\$ 3,085,510</u>	<u>\$ 2,081,443</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$	\$ 55,430	\$	\$	\$ 408,899
Due to other funds					
Unearned revenue					1,673,389
Total liabilities	<u>-</u>	<u>55,430</u>	<u>-</u>	<u>-</u>	<u>2,082,288</u>
Deferred inflows of resources:					
Unavailable revenue - grants receivable					
Fund balances:					
Nonspendable	11,868				
Restricted	635,953	323,144	1,164,925	3,085,510	
Committed					
Unassigned					(845)
Total fund balances	<u>647,821</u>	<u>323,144</u>	<u>1,164,925</u>	<u>3,085,510</u>	<u>(845)</u>
Total Liabilities and Fund Balances	<u>\$ 647,821</u>	<u>\$ 378,574</u>	<u>\$ 1,164,925</u>	<u>\$ 3,085,510</u>	<u>\$ 2,081,443</u>

(Continued on next page)

CITY OF TORRINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
ASSETS					
Cash	\$ 953,465	\$ 186,733	\$ 272,222	\$ 574,975	\$ 10,000
Receivables:					
Loans			42,000		
Intergovernmental					18,629
Other	4,500	7,934			6,509
Due from other funds					
Supplies					
Total Assets	<u>\$ 957,965</u>	<u>\$ 194,667</u>	<u>\$ 314,222</u>	<u>\$ 574,975</u>	<u>\$ 35,138</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 872	\$ 4,690	\$ 117,256	\$	\$
Due to other funds					
Unearned revenue		966	5	120,454	238
Total liabilities	<u>872</u>	<u>5,656</u>	<u>117,261</u>	<u>120,454</u>	<u>238</u>
Deferred inflows of resources:					
Unavailable revenue - grants receivable					
Fund balances:					
Nonspendable					
Restricted					
Committed	957,093	189,011	196,961	454,521	34,900
Unassigned					
Total fund balances	<u>957,093</u>	<u>189,011</u>	<u>196,961</u>	<u>454,521</u>	<u>34,900</u>
Total Liabilities and Fund Balances	<u>\$ 957,965</u>	<u>\$ 194,667</u>	<u>\$ 314,222</u>	<u>\$ 574,975</u>	<u>\$ 35,138</u>

(Continued on next page)

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds			Capital Projects		
	Economic Development	Other Special Revenue Funds	COVID-19 Grants	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserve Fund
ASSETS						
Cash	\$	\$ 897,731	\$ 164,260	\$ 4,073,713	\$ 1,041,568	\$ 1,413,944
Receivables:						
Loans						
Intergovernmental	111,898					
Other				66,442		20,095
Due from other funds	268,000	139,895				1,486,481
Supplies						
Total Assets	<u>\$ 379,898</u>	<u>\$ 1,037,626</u>	<u>\$ 164,260</u>	<u>\$ 4,140,155</u>	<u>\$ 1,041,568</u>	<u>\$ 2,920,520</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,978	\$ 1,899	\$ 56,997	\$ 33,900	\$	\$
Due to other funds	139,895					
Unearned revenue	35,000	7,355	107,263	66,442		
Total liabilities	<u>176,873</u>	<u>9,254</u>	<u>164,260</u>	<u>100,342</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:						
Unavailable revenue - grants receivable						
Fund balances:						
Nonspendable						
Restricted	268,000					
Committed		1,028,372		4,039,813	1,041,568	2,920,520
Unassigned	(64,975)					
Total fund balances	<u>203,025</u>	<u>1,028,372</u>	<u>-</u>	<u>4,039,813</u>	<u>1,041,568</u>	<u>2,920,520</u>
Total Liabilities and Fund Balances	<u>\$ 379,898</u>	<u>\$ 1,037,626</u>	<u>\$ 164,260</u>	<u>\$ 4,140,155</u>	<u>\$ 1,041,568</u>	<u>\$ 2,920,520</u>

(Continued on next page)

CITY OF TORRINGTON, CONNECTICUT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	Capital Projects				Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
	Torrington School	BOE Capital Reserve	City Hall Renovations	Other Capital Projects			
ASSETS							
Cash	\$	\$ 189,482	\$	\$ 773,506	\$ 4,883	\$	\$ 14,226,110
Receivables:							
Loans							2,880,815
Intergovernmental		9,650		1,520,747			2,498,886
Other							105,480
Due from other funds						(1,082,376)	812,000
Supplies							11,868
Total Assets	\$ -	\$ 199,132	\$ -	\$ 2,294,253	\$ 4,883	\$ (1,082,376)	\$ 20,535,159
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 368,834	\$	\$	\$ 41,073	\$	\$	\$ 1,091,828
Due to other funds	942,481					(1,082,376)	-
Unearned revenue		248,277		8,920			2,268,309
Total liabilities	1,311,315	248,277	-	49,993	-	(1,082,376)	3,360,137
Deferred inflows of resources:							
Unavailable revenue - grants receivable				1,519,567			1,519,567
Fund balances:							
Nonspendable					3,500		15,368
Restricted					1,383		5,478,915
Committed				724,693			11,587,452
Unassigned	(1,311,315)	(49,145)					(1,426,280)
Total fund balances	(1,311,315)	(49,145)	-	724,693	4,883	-	15,655,455
Total Liabilities and Fund Balances	\$ -	\$ 199,132	\$ -	\$ 2,294,253	\$ 4,883	\$ (1,082,376)	\$ 20,535,159

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	National School Lunch Program	Nutrition Program	Town Aid Road	Small Cities Block Grants	Federal and State Educational Grants
Revenues:					
Charges for services	\$ 368,554	\$ 285,666	\$	\$ 459,234	\$ 3,333
Intergovernmental	1,577,913	1,007,656	454,469	158,958	7,271,326
Investment income			104	7	
Other revenues					
Total revenues	<u>1,946,467</u>	<u>1,293,322</u>	<u>454,573</u>	<u>618,199</u>	<u>7,274,659</u>
Expenditures:					
General government				366,280	
Public safety					
Public works					
Public health and social services		1,373,893			
Recreation					
Education	1,947,296				7,395,178
Capital outlay					
Total expenditures	<u>1,947,296</u>	<u>1,373,893</u>	<u>-</u>	<u>366,280</u>	<u>7,395,178</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(829)</u>	<u>(80,571)</u>	<u>454,573</u>	<u>251,919</u>	<u>(120,519)</u>
Other Financing Sources (Uses):					
Premium on bonds issued					
Transfers in					
Transfers out		(35,000)			
Total other financing sources (uses)	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(829)	(115,571)	454,573	251,919	(120,519)
Fund Balances at Beginning of Year, as restated	<u>648,650</u>	<u>438,715</u>	<u>710,352</u>	<u>2,833,591</u>	<u>119,674</u>
Fund Balances at End of Year	<u>\$ 647,821</u>	<u>\$ 323,144</u>	<u>\$ 1,164,925</u>	<u>\$ 3,085,510</u>	<u>\$ (845)</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, 2021

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
Revenues:					
Charges for services	\$ 146,613	\$ 206,166	\$ 60,459	\$	\$ 96,600
Intergovernmental	158,211	406,211	26,289	393,092	23
Investment income	105		13	1	1,725
Other revenues					
Total revenues	<u>304,929</u>	<u>612,377</u>	<u>86,761</u>	<u>393,093</u>	<u>98,348</u>
Expenditures:					
General government		267,742	113,222		1,725
Public safety	174,143				114,222
Public works				369,258	
Public health and social services		312,178			
Recreation			336,222		
Education					
Capital outlay					
Total expenditures	<u>174,143</u>	<u>579,920</u>	<u>449,444</u>	<u>369,258</u>	<u>115,947</u>
Excess (Deficiency) of Revenues over Expenditures	<u>130,786</u>	<u>32,457</u>	<u>(362,683)</u>	<u>23,835</u>	<u>(17,599)</u>
Other Financing Sources (Uses):					
Premium on bonds issued					
Transfers in		2,000			
Transfers out		(14,000)	-	-	(115,000)
Total other financing sources (uses)	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(115,000)</u>
Net Change in Fund Balances	130,786	20,457	(362,683)	23,835	(132,599)
Fund Balances at Beginning of Year, as restated	<u>826,307</u>	<u>168,554</u>	<u>559,644</u>	<u>430,686</u>	<u>167,499</u>
Fund Balances at End of Year	<u>\$ 957,093</u>	<u>\$ 189,011</u>	<u>\$ 196,961</u>	<u>\$ 454,521</u>	<u>\$ 34,900</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, 2021

	Special Revenue Funds			Capital Projects		
	Economic Development	Other Special Revenue Funds	COVID-19 Grants	Sanitary Sewer Capital Improvement Program	Vehicle Replacement Fund	Capital Reserves Fund
Revenues:						
Charges for services	\$	\$ 201,122	\$	\$	\$	\$
Intergovernmental	163,145	213,107	421,246	88,062		76,586
Investment income		8		534	141	192
Other revenues		28,527			4,256	
Total revenues	<u>163,145</u>	<u>442,764</u>	<u>421,246</u>	<u>88,596</u>	<u>4,397</u>	<u>76,778</u>
Expenditures:						
General government	617,659	309,718	288,966			
Public safety		3,129				
Public works		1,599				
Public health and social services						
Recreation		10,574				
Education		205,708				
Capital outlay				808,198	323,576	220,042
Total expenditures	<u>617,659</u>	<u>530,728</u>	<u>288,966</u>	<u>808,198</u>	<u>323,576</u>	<u>220,042</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(454,514)</u>	<u>(87,964)</u>	<u>132,280</u>	<u>(719,602)</u>	<u>(319,179)</u>	<u>(143,264)</u>
Other Financing Sources (Uses):						
Premium on bonds issued						
Transfers in		49,652	43,835	417,353	517,111	1,433,971
Transfers out		(652)				(66,545)
Total other financing sources (uses)	<u>-</u>	<u>49,000</u>	<u>43,835</u>	<u>417,353</u>	<u>517,111</u>	<u>1,367,426</u>
Net Change in Fund Balances	(454,514)	(38,964)	176,115	(302,249)	197,932	1,224,162
Fund Balances at Beginning of Year, as restated	<u>657,539</u>	<u>1,067,336</u>	<u>(176,115)</u>	<u>4,342,062</u>	<u>843,636</u>	<u>1,696,358</u>
Fund Balances at End of Year	<u>\$ 203,025</u>	<u>\$ 1,028,372</u>	<u>\$ -</u>	<u>\$ 4,039,813</u>	<u>\$ 1,041,568</u>	<u>\$ 2,920,520</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, 2021

	Capital Projects				Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
	Torrington School	BOE Capital Reserve	City Hall Renovations	Other Capital Projects			
Revenues:							
Charges for services	\$	\$	\$	\$	\$	\$	\$ 1,731,147
Intergovernmental		-		432,334			12,945,205
Investment income					2		1,130
Other revenues							34,508
Total revenues	-	-	-	432,334	2	-	14,711,990
Expenditures:							
General government							1,965,312
Public safety							291,494
Public works							370,857
Public health and social services							1,686,071
Recreation							346,796
Education							9,548,182
Capital outlay	1,311,315	55,339		1,483,157			4,201,627
Total expenditures	1,311,315	55,339	-	1,483,157	-	-	18,410,339
Excess (Deficiency) of Revenues over Expenditures	(1,311,315)	(55,339)	-	(1,050,823)	2	-	(3,698,349)
Other Financing Sources (Uses):							
Premium on bonds issued							-
Transfers in				633,408		(231,197)	2,866,133
Transfers out	-			(640,486)		231,197	(640,486)
Total other financing sources (uses)	-	-	-	(7,078)	-	-	2,225,647
Net Change in Fund Balances	(1,311,315)	(55,339)	-	(1,057,901)	2	-	(1,472,702)
Fund Balances at Beginning of Year, as restated		6,194		1,782,594	4,881		17,128,157
Fund Balances at End of Year	\$ (1,311,315)	\$ (49,145)	\$ -	\$ 724,693	\$ 4,883	\$ -	\$ 15,655,455

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Self Insurance Fund	Maintenance Fund	Interfund Elimination	Total
Assets:				
Cash and cash equivalents	\$ 11,006,191	\$	\$	\$ 11,006,191
Due from other funds	281,094		(281,094)	-
Prepays	485,000			485,000
Receivables, net	2,387	9,014		11,401
Total assets	<u>11,774,672</u>	<u>9,014</u>	<u>(281,094)</u>	<u>11,502,592</u>
Liabilities:				
Current liabilities:				
Accounts and other payables	1,553,288	40,783		1,594,071
Due to other funds		281,094	(281,094)	-
Total liabilities	<u>1,553,288</u>	<u>321,877</u>	<u>(281,094)</u>	<u>1,594,071</u>
Net Position:				
Unrestricted	<u>10,221,384</u>	<u>(312,863)</u>		<u>9,908,521</u>
Total Net Position	<u>\$ 10,221,384</u>	<u>\$ (312,863)</u>	<u>\$ -</u>	<u>\$ 9,908,521</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, 2021

	Self Insurance Fund	Maintenance Fund	Total
Operating Revenues:			
Charges for services	\$ 24,053,533	\$ 1,654,699	\$ 25,708,232
Other	808,545		808,545
Total operating revenues	<u>24,862,078</u>	<u>1,654,699</u>	<u>26,516,777</u>
Operating Expenses:			
Payroll and employee benefits		1,037,725	1,037,725
Repairs and maintenance		166,769	166,769
Materials and supplies		48,835	48,835
Utilities		316,034	316,034
Other operating expense		137,627	137,627
Insurance and program services	21,161,534	5,955	21,167,489
Total operating expenses	<u>21,161,534</u>	<u>1,712,945</u>	<u>22,874,479</u>
Operating Income (Loss)	3,700,544	(58,246)	3,642,298
Nonoperating Revenue:			
Income on investments	<u>823</u>		<u>823</u>
Income (Loss) Before Transfers	3,701,367	(58,246)	3,643,121
Transfers			
Transfers Out	<u>(2,000,000)</u>		<u>(2,000,000)</u>
Change in Net Position	1,701,367	(58,246)	1,643,121
Net Position at Beginning of Year	<u>8,520,017</u>	<u>(254,617)</u>	<u>8,265,400</u>
Net Position at End of Year	<u>\$ 10,221,384</u>	<u>\$ (312,863)</u>	<u>\$ 9,908,521</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Self Insurance Fund	Maintenance Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 24,862,078	\$ 1,653,440	\$ 26,515,518
Cash payments for insurance claims and premiums	(21,226,655)	(1,653,440)	(22,880,095)
Net cash provided by operating activities	<u>3,635,423</u>	<u>-</u>	<u>3,635,423</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from (to) other funds, net	(2,000,000)		(2,000,000)
Net cash used in noncapital financing activities	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Cash Flows from Investing Activities:			
Interest received on investments	823		823
Net Increase in Cash and Cash Equivalents	1,636,246	-	1,636,246
Cash and Cash Equivalents at Beginning of Year	<u>9,369,945</u>	<u></u>	<u>9,369,945</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,006,191</u>	<u>\$ -</u>	<u>\$ 11,006,191</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 3,700,544	\$ (58,246)	\$ 3,642,298
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in accounts receivables	10,123	(1,259)	8,864
(Increase) decrease in prepaid expenses	(6,499)		(6,499)
Increase (decrease) in accounts payable	(13,854)	4,614	(9,240)
(Increase) decrease in due from other funds	(54,891)		(54,891)
Increase (decrease) in due to other funds		54,891	54,891
Net Cash Provided by Operating Activities	<u>\$ 3,635,423</u>	<u>\$ -</u>	<u>\$ 3,635,423</u>

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2021
(In Thousands)

Total cash collections for the year ended June 30, 2020:

Taxes, interest and lien fees	\$	93,355
Reimbursement for revenue loss on:		
Tax relief for elderly - elderly freeze		<u>-</u>
Base	\$	<u><u>93,355</u></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	\$ 210,049	\$	\$	\$	\$
4-1/2 times base		420,098			
3-3/4 times base			350,081		
3-1/4 times base				303,404	
3 times base					<u>280,065</u>
Total debt limitation	<u>210,049</u>	<u>420,098</u>	<u>350,081</u>	<u>303,404</u>	<u>280,065</u>
Indebtedness:					
Bonds payable	22,893	4,342			
Clean water fund loans			37,590		
Bonds authorized and unissued	<u>22,150</u>	<u>700</u>	<u>7,993</u>		
Total indebtedness	<u>45,043</u>	<u>5,042</u>	<u>45,583</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 165,006</u>	<u>\$ 415,056</u>	<u>\$ 304,498</u>	<u>\$ 303,404</u>	<u>\$ 280,065</u>

Note: In no case shall total debt service exceed seven times annual receipts from taxation (\$653,485)

This page is intentionally left blank.

