

CITY OF TORRINGTON, CONNECTICUT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Torrington, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Torrington, Connecticut, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Torrington, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Torrington, Connecticut's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Torrington, Connecticut's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 schedule of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedule of debt limitation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2023, 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 City of Torrington, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
August 21, 2023

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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, 2022. 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 \$15,624 during fiscal year 2021/2022.
 - The net position of governmental activities increased by \$14,976 and the net position of business type activities (WPCA) increased by \$648.
- Capital assets (net of depreciation) increased \$10,113 for governmental activities and increased \$5,950 for business type activities.
 - Increases are primarily due to various infrastructure projects.
- The City's combined net position totaled (\$18,199).
 - Governmental activities unrestricted net position of (\$142,419) resulted primarily from a \$105,368 net investment in capital assets along with \$265,325 long term liabilities and debt outstanding (including OPEB and Pension obligations).
 - Business type activities had unrestricted net position of \$5,169 and net capital asset investments of \$6,569.
- The City's governmental funds had a combined fund balance of \$47,189 at year-end, an increase of \$14,441. The increase was due to funds received through bonding for projects and infrastructure upgrades in progress.
- The unassigned balance of the General Fund for fiscal year-end increased \$732 to \$14,770 or 11.2% of general fund expenditures.
- The City of Torrington's total bonded debt increased by \$4,620 to \$31,855.
 - New bonds issued in 2022: \$7,000 for pavement and infrastructure improvements.

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.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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 nonfinancial 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.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

- *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 \$18,199 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 \$111,937 (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 (\$137,250).

City's Net Position - The City's combined net position increased in fiscal year 2021/2022 \$15,624 to (\$18,199). (See Table 1) Tables 1 and 2 focus on the net position of both the City's governmental and business-type activities.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	\$ 84,745	\$ 68,726	\$ 7,933	\$ 7,898	\$ 92,678	\$ 76,624
Capital Assets, Net of Accumulated Depreciation	152,412	142,299	31,561	25,611	183,973	167,910
Total Assets	237,157	211,025	39,494	33,509	276,651	244,534
Deferred Outflows of Resources	26,976	25,317	658	285	27,634	25,602
Liabilities:						
Long-Term Debt Outstanding	241,019	229,697	27,984	21,909	269,003	251,606
Other Liabilities	24,306	24,402	193	97	24,499	24,499
Total Liabilities	265,325	254,099	28,177	22,006	293,502	276,105
Deferred Inflows of Resources	28,745	27,157	237	697	28,982	27,854
Net Position:						
Net Investment in Capital Assets	105,368	95,801	6,569	5,654	111,937	101,455
Restricted	7,114	5,482	-	-	7,114	5,482
Unrestricted	(142,419)	(146,197)	5,169	5,437	(137,250)	(140,760)
Total Net Position	\$ (29,937)	\$ (44,914)	\$ 11,738	\$ 11,091	\$ (18,199)	\$ (33,823)

Total net position of the City's governmental activities increased \$15,264 to (\$18,199). There was an increase of \$16,054 in current assets and an increase of \$16,063 in capital assets in 2021/2022. Increased asset activity offset by an increase of \$17,397 in long term debt and other liabilities and an increase in net deferred inflow/outflows of resources of \$904 resulted in a \$15,264 net increase in total net position.

An increase in assets of \$5,985 offset by an increase in liabilities \$6,171 and increase in net deferred inflow/outflow of resources of \$833 resulted in a \$647 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 (\$142,419). 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 \$5,169.

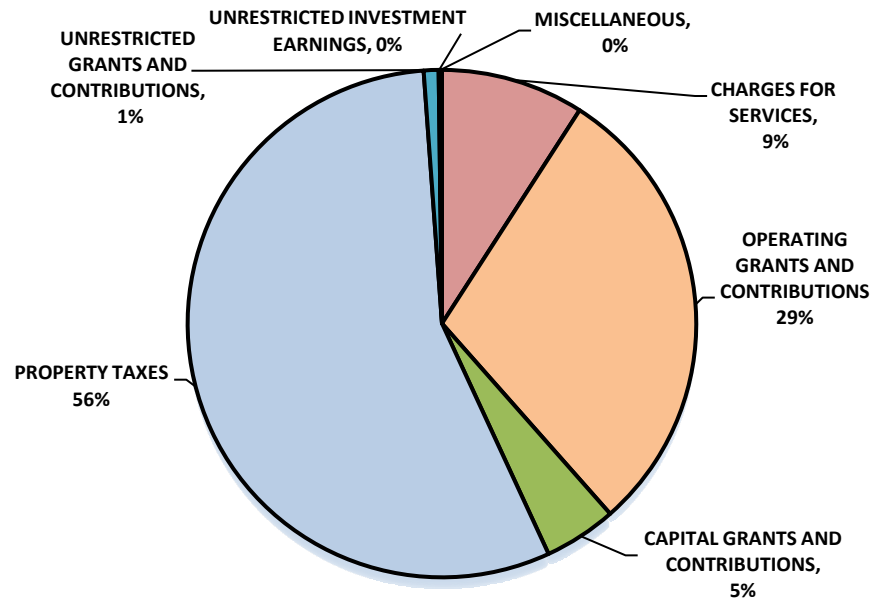
**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services:						
General Government	5,691	\$ 5,695	\$ -	\$ -	\$ 5,691	\$ 5,695
Public Safety	2,589	2,266	-	-	2,589	2,266
Public Works	106	105	-	-	106	105
Public Health and Social Services	496	481	-	-	496	481
Recreation	132	60	-	-	132	60
Education	519	568	-	-	519	568
Sewer		-	6,350	5,585	6,350	5,585
Operating Grants and Contributions	51,267	58,502	1	29	51,268	58,531
Capital Grants and Contributions	8,068	5,502	-	-	8,068	5,502
General Revenues:						
Property Taxes	97,222	94,828	-	-	97,222	94,828
Grants and Contributions Not Restricted to Specific Purposes	1,652	936			1,652	936
Unrestricted Investment Earnings	99	99		1	99	100
Miscellaneous	265	81	-	-	265	81
Transfers	(316)	832	-	-	(316)	832
Total Revenues	167,790	169,955	6,351	5,615	174,141	175,570
Program Expenses:						
General Government	10,383	11,362	-	-	10,383	11,362
Public Safety	30,516	28,118	-	-	30,516	28,118
Public Works	10,884	9,566	-	-	10,884	9,566
Public Health and Social Services	4,679	4,534	-	-	4,679	4,534
Recreation	720	829	-	-	720	829
Education	94,469	110,634	-	-	94,469	110,634
Debt Interest and Costs	1,163	978	-	-	1,163	978
Sewer		-	6,019	4,342	6,019	4,342
Total Program Expenses	152,814	166,021	6,019	4,342	158,833	170,363
Transfers		-	(316)	832	(316)	832
Total Program Expenses and Transfers	152,814	166,021	5,703	5,174	158,517	171,195
Increase (Decrease) in Net Position	14,976	\$ 3,934	\$ 648	\$ 441	\$ 15,624	\$ 4,375

The City's total revenue decreased \$1,429 (including transfers) to \$174,141. (See Table 2) Approximately 56% of the City's revenues came from property taxes totaling \$97,222. Additionally, \$15,883 (9%) 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 decreased \$11,530 (6.8%) from fiscal year 2021 to fiscal year 2022.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**



Governmental Activities:

The City of Torrington's governmental activities net position increased \$14,976 in fiscal year 2021/2022. The increase was the net result of the following items:

- A 2.2% increase in the 2020 Grand List that resulted in a \$2,394 increase in property tax revenues to \$97,222.
- A decrease of \$7,263 in operating grants and contributions relating to education.
- There was an increase of \$2,566 in capital grants and contributions relating primarily to public works projects.
- Total program expenses decreased \$13,207. A decrease of \$17,253 in general government, education and Recreation and were offset by an increase of \$5,435. in public safety, public works, public health, debt service and sewer costs.

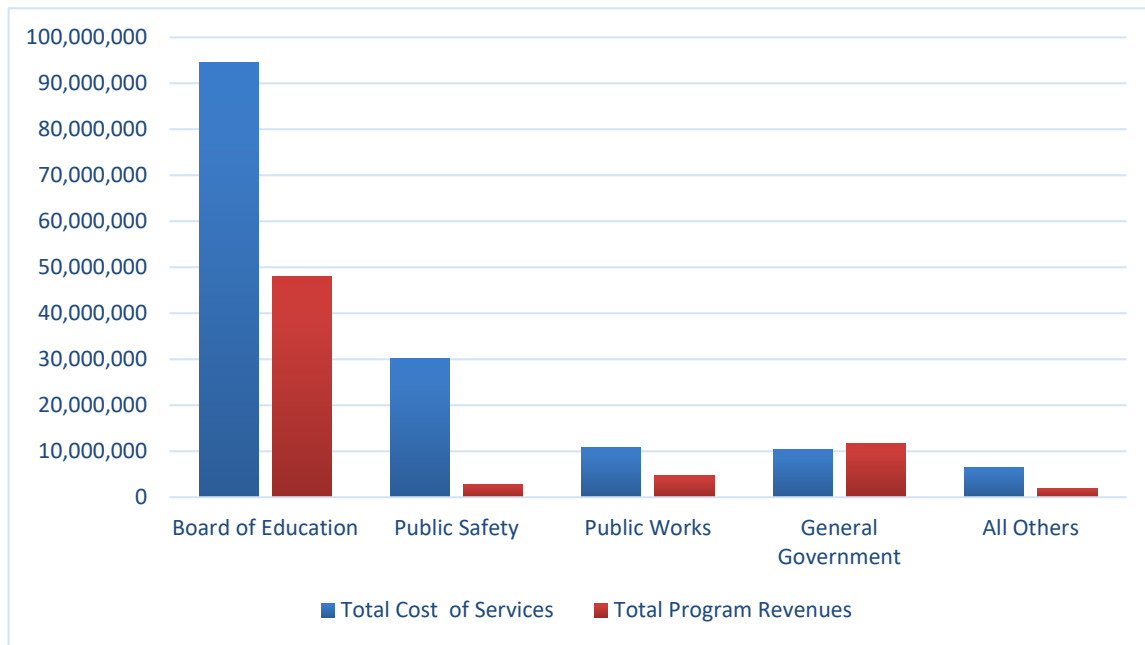
**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
General Government	\$ 10,383	\$ 11,362	\$ (1,187)	\$ 3,974
Public Safety	30,516	28,118	27,687	25,741
Public Works	10,884	9,566	6,233	2,794
Education	94,469	110,634	46,566	55,806
All others	6,562	6,341	4,646	4,527
Totals	\$ 152,814	\$ 166,021	\$ 83,945	\$ 92,842

The total cost of governmental services decreased \$13,207 to \$152,814 in 2021/2022. The cost of services net of \$59,335 in grants and contributions and \$9,533 in charges for services resulted in a decrease of \$8,897 in net cost of services to \$83,945.

Expenses and Program Revenues - Governmental Activities



**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Business-Type Activities: WPCA business-type activities revenue increased \$736 to \$6,351. The increase was the result of a \$765 increase in sewer user fees offset by a decrease of \$1 in investment earnings and a decrease of \$28 in Grant/Contributions. Expenses and transfers increased by \$529 to \$5,703.

Sewer user fees were increased for fiscal year 2021/2022. The residential rate was \$302.00/unit and the rate for all other users was \$302.00 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 2022 ended with the City's governmental funds reporting a combined ending fund balance of \$47,189. The unassigned portion of the combined ending fund balance was \$13,178. The unassigned balance is available for spending at the government's discretion. The remaining \$34,011 fund balance is classified as either non-spendable, restricted, committed or assigned (see page 39 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 2022, the General Fund total fund balance increased by \$963 to \$18,442. The unassigned portion increased by \$732 from \$14,037 to \$14,769. The unassigned fund balance represents 11% (prior year 10%) of total General Fund expenditures and total fund balance represents 13.5% (prior year 12.5%) 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 \$2,548 to \$12,456.

General Fund Budgetary Highlights

On a budgetary basis, expenditures and other financing uses exceeded revenues and other financing sources by \$307. Revenues and transfers were short of budgetary estimates by \$1,800 however total expenditures and other financing uses were \$1,493 less than budgeted.

Revenues:

Property tax collections (excluding MVS) were \$26 less than budgeted due to assessor adjustments for late submissions of income and expense reports.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

Total intergovernmental revenue was \$54 more than budgeted primarily due to an increase of \$8 in PILOT funding, \$18 increase in Enterprise Zone funding and \$30 in FEMA reimbursement which was offset by a decrease of (\$2) in Veterans Grants.

Public Safety revenue exceeded budgeted amount by \$338, primarily due to Police Outside Duty and Worker's Compensation and Insurance.

Education grant revenues were (\$712) less than budgeted and Education Workers Comp and Miscellaneous revenues exceeded estimates by \$148.

Investment income of \$99 was \$1 less than estimated.

Although budgeted, there was no use of fund balance.

Expenditures:

Police department wages had a residual balance of \$570 primarily due to vacancies resulting in \$191 of overtime expenses in excess of budget.

Education surplus of \$556 – savings primarily related to special education 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, 2022, total \$183,974 (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 \$16,064 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
 - Various IT / Software upgrades
 - Construction of Animal Control Facility
 - Completion of Franklin Plaza Improvements
- Public Safety Additions:
 - Police Interceptor / Detective Unit vehicle replacements
 - FD Vehicle replacement / PPE
- Public Works Additions:
 - Paving of various Roads and Parking Lots
 - Vehicle Replacements – Street Dept. – Plows / Pickup / Spreader

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

- Education Additions:
 - Technology Upgrades
 - TMS Window Project
 - Building Improvements
 - THS Renovations
- Construction in Progress:
 - WPCA Upgrade
 - Park improvements
 - Road & Sidewalk Reconstruction
 - Sewer extension projects

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,095	\$ 4,063	\$ -	\$ -	\$ 4,095	\$ 4,063
Land Improvements	7,664	4,737	14	16	7,677	4,753
Buildings	58,461	60,861	541	531	59,001	61,392
Furniture and Equipment	5,329	3,921	385	438	5,714	4,359
Infrastructure	16,606	11,297	6,299	6,257	22,905	17,554
Construction In Progress	60,259	57,420	24,322	18,369	84,581	75,789
Total	<u>\$ 152,412</u>	<u>\$ 142,299</u>	<u>\$ 31,561</u>	<u>\$ 25,611</u>	<u>\$ 183,974</u>	<u>\$ 167,910</u>

Debt - - At the end of the current fiscal year, the City had bonded debt outstanding of \$31,855 and Clean Water Notes outstanding of \$47,809. (See Table 5) This amount reflects an increase of \$14,839 over fiscal year 2021. The increase included new debt of \$12,953 offset by current year bond payments of \$3,429. New debt includes Clean Water Fund permanent loan obligation of \$5,953. These liabilities are backed by the full faith and credit of the City.

**CITY OF TORRINGTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2022**

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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 31,855	\$ 27,235	\$ -	\$ -	\$ 31,855	\$ 27,235
Clean Water Fund Loans	22,816	17,633	24,993	19,957	47,809	37,590
Total	<u>\$ 54,671</u>	<u>\$ 44,868</u>	<u>\$ 24,993</u>	<u>\$ 19,957</u>	<u>\$ 79,664</u>	<u>\$ 64,825</u>

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 2022.

The City's overall statutory debt limit of \$663,789 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 4.6% which was higher than the state rate of 4.0% and national rate of 3.8%. (Source: CT DOL 2022)
- Population growth: Torrington .2%, state of CT .8%. (Source: US Census Quick Facts)

These factors were considered in preparing the City's budget for the 2022/2023 fiscal year.

The total budget for fiscal year 2022/2023 is \$139,946, an increase of \$4,297 or 3.17% over the prior year.

Mill rate excluding motor vehicles was increased to 47.14. Motor vehicle mill rate was capped by the State of Connecticut at 32.46.

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.

BASIC FINANCIAL STATEMENTS

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 68,650,386	\$ 7,901,546	\$ 76,551,932
Investments	9,265,161	-	9,265,161
Receivables, Net	6,262,051	31,219	6,293,270
Inventory	13,997	-	13,997
Prepaid Expenses	553,134	-	553,134
Capital Assets Not Being Depreciated	64,353,852	24,322,120	88,675,972
Capital Assets Being Depreciated, Net	88,058,618	7,239,334	95,297,952
Total Assets	<u>237,157,199</u>	<u>39,494,219</u>	<u>276,651,418</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	201,157	-	201,157
Deferred Outflows Related to Pensions	11,709,099	534,708	12,243,807
Deferred Outflows Related to OPEB	15,065,325	123,342	15,188,667
Total Deferred Outflows of Resources	<u>26,975,581</u>	<u>658,050</u>	<u>27,633,631</u>
LIABILITIES			
Accounts and Other Payables	11,973,073	192,664	12,165,737
Due to Fiduciary Funds	233,000	-	233,000
Bond Anticipation Notes Payable	4,577,850	-	4,577,850
Unearned Revenue	7,521,848	-	7,521,848
Noncurrent Liabilities:			
Due Within One Year	4,700,138	1,212,509	5,912,647
Due in More Than One Year	236,319,031	26,771,907	263,090,938
Total Liabilities	<u>265,324,940</u>	<u>28,177,080</u>	<u>293,502,020</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources Related to Pension	249,251	3,726	252,977
Deferred Inflow of Resources Related to OPEB	28,495,450	233,296	28,728,746
Total Deferred Inflows of Resources	<u>28,744,701</u>	<u>237,022</u>	<u>28,981,723</u>
NET POSITION			
Net Investment in Capital Assets	105,367,658	6,568,603	111,936,261
Restricted for:			
Grants	7,109,329	-	7,109,329
Trust Purposes:			
Nonexpendable	3,500	-	3,500
Expendable	1,383	-	1,383
Unrestricted	<u>(142,418,731)</u>	<u>5,169,564</u>	<u>(137,249,167)</u>
Total Net Position	<u>\$ (29,936,861)</u>	<u>\$ 11,738,167</u>	<u>\$ (18,198,694)</u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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	\$ 10,383,499	\$ 5,691,058	\$ 1,394,823	\$ 4,484,431	\$ 1,186,813	\$ -	\$ 1,186,813
Public Safety	30,515,801	2,588,895	155,384	84,618	(27,686,904)	-	(27,686,904)
Public Works	10,883,566	105,685	1,401,139	3,143,623	(6,233,119)	-	(6,233,119)
Public Health and Social Services	4,679,226	496,411	1,284,509	-	(2,898,306)	-	(2,898,306)
Recreation	719,619	131,825	2,883	-	(584,911)	-	(584,911)
Board of Education	94,468,858	519,480	47,028,197	354,799	(46,566,382)	-	(46,566,382)
Debt Interest and Costs	1,162,926	-	-	-	(1,162,926)	-	(1,162,926)
Total Governmental Activities	152,813,495	9,533,354	51,266,935	8,067,471	(83,945,735)	-	(83,945,735)
Business-Type Activities:							
Water Pollution Control Authority	6,018,588	6,349,365	1,093	-	-	331,870	331,870
Total	\$ 158,832,083	\$ 15,882,719	\$ 51,268,028	\$ 8,067,471	(83,945,735)	331,870	(83,613,865)
GENERAL REVENUES							
Property Taxes					97,221,928	-	97,221,928
Grants and Contributions Not Restricted to Specific Programs					1,651,847	-	1,651,847
Unrestricted Investment Earnings					99,266	-	99,266
Miscellaneous					264,805	-	264,805
Transfers					(315,685)	315,685	-
Total General Revenues and Transfers					98,922,161	315,685	99,237,846
CHANGE IN NET POSITION					14,976,426	647,555	15,623,981
Net Position - Beginning of Year					(44,913,287)	11,090,612	(33,822,675)
NET POSITION - END OF YEAR					\$ (29,936,861)	\$ 11,738,167	\$ (18,198,694)

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Bonded Projects	WPCA Infrastructure Projects	American Rescue Plan Act	Torrington High School Renovation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$ 16,512,402	\$ 9,135,503	\$ 610,692	\$ 4,367,147	\$ 3,093,273	\$ 21,220,922	\$ 54,939,939
Investments	9,265,161	-	-	-	-	-	9,265,161
Receivables, Net	392,338	-	-	-	-	5,404,964	5,797,302
Due from Other Funds	558,854	-	-	-	-	-	558,854
Advance From Other Funds	-	-	-	-	-	655,763	655,763
Inventory	-	-	-	-	-	13,997	13,997
Prepaid Expense	74,134	-	-	-	-	-	74,134
Total Assets	<u>\$ 26,802,889</u>	<u>\$ 9,135,503</u>	<u>\$ 610,692</u>	<u>\$ 4,367,147</u>	<u>\$ 3,093,273</u>	<u>\$ 27,295,646</u>	<u>\$ 71,305,150</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts and Claims Payable	\$ 7,398,904	\$ 995,571	\$ 163,209	\$ 43,495	\$ 168,629	\$ 1,120,281	\$ 9,890,089
Performance Bonds	195,503	-	-	-	-	-	195,503
Unearned Revenue	-	-	-	4,323,652	-	3,198,196	7,521,848
Bond Anticipation Notes	77,850	-	-	-	4,500,000	-	4,577,850
Due to Other Funds	33,000	-	-	-	-	237,381	270,381
Advances To Other Funds	655,763	-	-	-	-	-	655,763
Total Liabilities	<u>8,361,020</u>	<u>995,571</u>	<u>163,209</u>	<u>4,367,147</u>	<u>4,668,629</u>	<u>4,555,858</u>	<u>23,111,434</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,004,528</u>	<u>1,004,528</u>
FUND BALANCES							
Nonspendable	74,134	-	-	-	-	13,997	88,131
Restricted	-	8,048,054	-	-	-	7,114,212	15,162,266
Committed	44,178	91,878	447,483	-	-	14,623,386	15,206,925
Assigned	3,553,830	-	-	-	-	-	3,553,830
Unassigned	14,769,727	-	-	-	(1,575,356)	(16,335)	13,178,036
Total Fund Balances	<u>18,441,869</u>	<u>8,139,932</u>	<u>447,483</u>	<u>-</u>	<u>(1,575,356)</u>	<u>21,735,260</u>	<u>47,189,188</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,802,889</u>	<u>\$ 9,135,503</u>	<u>\$ 610,692</u>	<u>\$ 4,367,147</u>	<u>\$ 3,093,273</u>	<u>\$ 27,295,646</u>	<u>\$ 71,305,150</u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds (Exhibit III) \$ 47,189,188

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

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

Governmental Capital Assets	298,383,536
Less: Accumulated Depreciation	<u>(145,971,066)</u>
Net Capital Assets	152,412,470

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	1,004,528
Deferred Outflows Related to Pensions	11,709,099
Deferred Outflows Related to OPEB	15,065,325

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.

12,456,070

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	(31,855,000)
Clean Water Fund Loans Payable	(22,815,989)
Interest Payable on Bonds	(210,828)
Bond Premiums	(2,030,738)
Deferred Inflows Related to Pensions	(249,251)
Deferred Inflows Related to OPEB	(28,495,450)
Deferred Charge on Refunding	201,157
Early Retirement Settlements	(1,974,377)
Net Pension Liability	(57,539,035)
Net OPEB Obligation	(120,090,412)
Heart and Hypertension	(836,199)
Landfill Closure and Postclosure	(76,000)
Compensated Absences	<u>(3,801,419)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position
(Exhibit I)

\$ (29,936,861)

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General	Bonded Projects	WPCA Infrastructure Projects	American Rescue Plan Act	Torrington High School Renovation	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$ 97,221,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,221,928
Intergovernmental	36,737,356	291,923	2,362,572	714,019	4,034,897	20,134,909	64,275,676
Charges for Services	6,193,083	-	-	-	-	3,340,271	9,533,354
Investment Income	99,849	-	-	-	-	1	99,850
Other Revenues	6,959	-	67,314	-	-	300,677	374,950
Total Revenues	140,259,175	291,923	2,429,886	714,019	4,034,897	23,775,858	171,505,758
EXPENDITURES							
Current:							
General Government	8,192,079	-	-	714,019	-	1,074,902	9,981,000
Public Safety	28,399,499	-	-	-	-	1,416,421	29,815,920
Public Works	10,318,885	-	-	-	-	189,166	10,508,051
Public Health and Social Services	3,024,257	-	-	-	-	1,591,180	4,615,437
Recreation	551,530	-	-	-	-	164,085	715,615
Education	84,138,162	-	-	-	-	15,386,887	99,525,049
Other	-	-	-	-	-	-	-
Capital Outlay	-	4,658,843	2,071,761	-	4,298,938	2,159,960	13,189,502
Debt Service	4,498,633	-	-	-	-	-	4,498,633
Total Expenditures	139,123,045	4,658,843	2,071,761	714,019	4,298,938	21,982,601	172,849,207
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,136,130	(4,366,920)	358,125	-	(264,041)	1,793,257	(1,343,449)
OTHER FINANCING SOURCES (USES)							
Issuance of Bonds	-	7,000,000	-	-	-	-	7,000,000
Issuance of Premiums	-	-	-	-	-	467,817	467,817
Issuance of Clean Water Fund Notes	-	-	5,952,690	-	-	-	5,952,690
Transfers In	2,434,716	-	-	-	-	2,917,132	5,351,848
Transfers Out	(2,608,121)	-	-	-	-	(409,716)	(3,017,837)
Total Other Financing Sources	(173,405)	7,000,000	5,952,690	-	-	2,975,233	15,754,518
NET CHANGE IN FUND BALANCES	962,725	2,633,080	6,310,815	-	(264,041)	4,768,490	14,411,069
Fund Balances - Beginning of Year	17,479,144	5,506,852	(5,863,332)	-	(1,311,315)	16,966,770	32,778,119
FUND BALANCES - END OF YEAR	\$ 18,441,869	\$ 8,139,932	\$ 447,483	\$ -	\$ (1,575,356)	\$ 21,735,260	\$ 47,189,188

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ 14,411,069

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

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	15,444,384
Depreciation Expense	(5,330,953)

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	(781,804)
Change in Deferred Outflows Related to OPEB	8,349,721
Change in Deferred Outflows Related to Pensions	(6,658,829)

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 and related items are as follows:

Proceeds from Bonds	(7,000,000)
Proceeds from Notes	(5,952,690)
Proceeds from Premiums	(467,817)
Bond Principal Payments	2,380,000
Notes Payments	769,508

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

Deferred Amounts in Refunding	(32,111)
Compensated Absences	(98,571)
Bond Premium Amortizations	281,041
Net OPEB Obligation	20,786,020
Net Pension Liability	(22,689,456)
Deferred Inflows Related to Pensions	12,195,225
Deferred Inflows Related to OPEB	(13,782,843)
Landfill Closure and Postclosure	40,000
Early Retirement Settlements	326,953
Heart and Hypertension	302,761
Accrued Interest	(62,731)

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.

	2,547,549
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 14,976,426

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Cash and Cash Equivalents	\$ 7,901,546	\$ 13,710,447
Receivables, Net	31,219	464,749
Prepaid Expenses	-	479,000
Capital Assets, Nondepreciable	24,322,120	-
Capital Assets, Net of Accumulated Depreciation	7,239,334	-
Total Assets	<u>39,494,219</u>	<u>14,654,196</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pensions	534,708	-
Deferred Outflows of Resources Related to OPEB	123,342	-
Total Deferred Outflows of Resources	<u>658,050</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts and Other Payables	192,664	1,676,653
Due to Other Funds	-	521,473
Notes Payable	1,188,799	-
Compensated Absences	23,710	-
Total Current Liabilities	<u>1,405,173</u>	<u>2,198,126</u>
Noncurrent Liabilities:		
Bonds and Notes Payable	23,804,052	-
Compensated Absences	227,457	-
Net Pension Liability	1,757,202	-
Net OPEB Liability	983,196	-
Total Noncurrent Liabilities	<u>26,771,907</u>	<u>-</u>
Total Liabilities	28,177,080	2,198,126
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Pensions	3,726	-
Deferred Inflows of Resources Related to OPEB	233,296	-
Total Deferred Inflows of Resources	<u>237,022</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	6,568,603	-
Unrestricted	5,169,564	12,456,070
Total Net Position	<u>\$ 11,738,167</u>	<u>\$ 12,456,070</u>

See accompanying Notes to Financial Statements.

CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for Services	\$ 5,190,810	\$ 25,206,504
Other	1,158,555	1,507,464
Total Operating Revenues	<u>6,349,365</u>	<u>26,713,968</u>
OPERATING EXPENSES		
Payroll and Employee Benefits	2,183,116	948,622
Repairs and Maintenance	119,705	170,276
Materials and Supplies	459,784	35,166
Utilities	747,979	315,139
Other Operating Expense	1,171,867	156,767
Insurance and Program Services	116,774	20,539,865
Depreciation	740,022	-
Total Operating Expenses	<u>5,539,247</u>	<u>22,165,835</u>
OPERATING INCOME (LOSS)	810,118	4,548,133
NONOPERATING REVENUE (EXPENSE)		
Intergovernmental Revenue	1,093	-
Income on Investments	-	(584)
Interest Expense	(479,341)	-
Total Nonoperating Revenue (Expense)	<u>(478,248)</u>	<u>(584)</u>
INCOME BEFORE TRANSFERS	331,870	4,547,549
TRANSFERS		
Capital Contributions	649,696	-
Transfers Out	(334,011)	(2,000,000)
Total Transfers	<u>315,685</u>	<u>(2,000,000)</u>
CHANGE IN NET POSITION	647,555	2,547,549
Net Position - Beginning of Year	<u>11,090,612</u>	<u>9,908,521</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,738,167</u></u>	<u><u>\$ 12,456,070</u></u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 5,579,200	\$ 26,668,465
Cash Payments to Employees for Services	(2,093,382)	-
Cash Payments to Supplies for Goods and Services	(2,404,192)	-
Cash Received from Other Sources	1,158,555	-
Cash Payments for Insurance Claims and Premiums	-	(21,963,625)
Cash Received from Grants	1,093	-
Net Cash Provided by Operating Activities	<u>2,241,274</u>	<u>4,704,840</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Out	<u>(334,011)</u>	<u>(2,000,000)</u>
Net Cash Used by Noncapital Financing Activities	(334,011)	(2,000,000)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisitions of Capital Assets	(88,094)	-
Principal Payments	(916,832)	-
Interest Paid	<u>(479,341)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Financing Activities	(1,484,267)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	<u>-</u>	<u>(584)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	422,996	2,704,256
Cash and Cash Equivalents - Beginning of Year	<u>7,478,550</u>	<u>11,006,191</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 7,901,546</u></u>	<u><u>\$ 13,710,447</u></u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 810,118	\$ 4,548,133
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	740,022	-
Grant Proceeds	1,093	-
(Increase) Decrease in Accounts Receivable	388,390	(453,348)
(Increase) Decrease in Prepaid Expenses	-	6,000
(Increase) Decrease in Deferred Outflows Related to Pensions	(427,679)	-
(Increase) Decrease in Deferred Outflows Related to OPEB	54,517	-
Increase (Decrease) in Accounts Payable	95,143	82,582
Increase (Decrease) in from Other Funds	-	281,094
Increase (Decrease) in Due to Other Funds	-	240,379
Increase (Decrease) in Compensated Absences	8,006	-
Increase (Decrease) in Net Pension Liabilities	1,201,611	-
Increase (Decrease) in Net OPEB Liabilities	(170,178)	-
Increase (Decrease) in Deferred Inflows Related to Pensions	(572,611)	-
Increase (Decrease) in Deferred Inflows Related to OPEB	112,842	-
Net Cash Provided by Operating Activities	<u>\$ 2,241,274</u>	<u>\$ 4,704,840</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Asset Transfer from Government Activities	<u>\$ 6,602,387</u>	
Debt Transfer from Government Activities	<u>\$ 5,952,691</u>	

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Pension and OPEB Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 258,513
Investments:	
U.S. Government Securities	116
Mutual Funds - Fixed Income	108,078,643
Receivables:	
Due from Other Funds	233,000
Other	6
Total Assets	<u>108,570,278</u>
LIABILITIES	
Accounts and Other Payables	<u>769,577</u>
NET POSITION	
Held in Trust for Pension Benefits	106,599,985
Held in Trust for OPEB Benefits	<u>1,200,716</u>
Total Net Position	<u><u>\$ 107,800,701</u></u>

See accompanying Notes to Financial Statements.

**CITY OF TORRINGTON, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022**

	Pension and OPEB Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 9,775,124
Employee	1,003,706
Total Contributions	<u>10,778,830</u>
Investment Income:	
Net Appreciation in Fair Value of Investments	<u>(16,261,662)</u>
Total Additions	(5,482,832)
DEDUCTIONS	
Benefits Payments and Withdrawals	14,739,227
Administration	99,576
Total Deductions	<u>14,838,803</u>
CHANGE IN NET POSITION	(20,321,635)
Net Position - Beginning of Year	<u>128,122,336</u>
NET POSITION - END OF YEAR	<u><u>\$ 107,800,701</u></u>

See accompanying Notes to Financial Statements.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 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 States 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) plan to provide retirement benefits and postretirement 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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

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 funds:

General 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.

Bonded Projects Fund

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

WPCA Infrastructure Projects

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

American Rescue Plan Act Fund

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

Torrington High School Renovation Fund

The Torrington High School Renovation Fund is used to account for the various improvements to the high school that are funded by government obligation bonds and state grants.

The City reports the following major proprietary fund:

Water Pollution Control Authority (WPCA)

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:

Internal Service Funds

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

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Pension and OPEB Trust Funds

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Deposits and Investments (Continued)

Investments for the City are reported at fair value.

E. Receivables and Payables

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

Property taxes become an enforceable lien and are assessed on property as of October 1; however, the legal right to attach property does not exist until July 1. Property assessments are made at 70% of the market value. Real estate and personal property taxes are due in two installments on July 1 and the following January 1. Motor vehicle taxes are billed and due July 1, and motor vehicle supplement taxes are billed and due January 1. Certificates of continuing lien are filed against the real estate represented by delinquent real estate taxes within the year in which the tax is due. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% 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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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:

Land Improvements	20 Years
Building and Building Improvements	25 to 50 Years
Infrastructure	10 to 65 Years
Machinery and Equipment	5 to 20 Years
Licensed Vehicles	8 Years

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources (Continued)

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (Continued)

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/expenditures during the reporting period. Actual results could differ from those estimates.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

General budget policies are as follows:

The City is required to adopt a budget for its General Fund. The City is not required to prepare a budget for the ARPA special revenue fund as it is governed by grant documents. The City adheres to the following procedures in establishing the budgetary data included in the General Fund. On or before February 15 of each year, every department, board, or commission of the City shall furnish to the City Council an estimate of the amount of money required for its business for the ensuing year. On or before March 20 of each year, the Board of Finance reviews the budgets submitted by the City Council. The Board of Education shall submit its proposed budget to the Board of Finance on or before the 15th day of April.

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

Upon request by the City Council, the Board of Finance may authorize the transfer of any unencumbered appropriation from one department to another during the year. The Board of Finance may approve additional appropriations up to \$100,000. Additional appropriations of over \$100,000 must be approved by voter referendum whenever there is no offsetting revenue source to the appropriation so that it falls below this threshold.

- Budget overruns were shown in the following departments:

Department	Amount
City Clerk	\$ 165,038
Corporate Council	42,883
Personnel	22,088
Public Safety Miscellaneous	4,009
Fire	18,846
San Sewer / St Lights	14,145
Health	32,774
Pension and Benefits	9,333
Tax Collector Contract	479,878

- 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

B. Deficit Fund Equity and Accumulated Deficits

The Torrington High School Renovation Fund had an accumulated deficit of \$1,575,356 at June 30, 2022. The fund balance deficit will be funded with permanent financing of ongoing projects and grant receipts from the state.

The Maintenance Fund had a net position deficit of \$288,265 as of June 30, 2022, which will be funded by future General Fund contributions.

NOTE 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.

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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. 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*, \$71,498,538 of the City's bank balance of \$72,614,266 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 64,237,110
Uninsured and Collateral Held by the Pledging Bank's Trust Department, Not in the Town's Name	<u>7,261,428</u>
Total Amount Subject to Custodial Risk	<u><u>\$ 71,498,538</u></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, 2022, the City's cash equivalents amounted to \$15,044,203. 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	\$ 114,113
Bank of America	14,664,780
JP Morgan	263,441
Charles Schwab	1,869
Total	<u><u>\$ 15,044,203</u></u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments

As of June 30, 2022, the City had the following investments:

Investment Type	Credit Rating	Fair Value	Maturity in Years		
			Less Than 1	1-10	More Than 10
Interest-Bearing Investments:					
Certificate of Deposits		\$ 9,265,161	\$ 7,048,510	\$ 2,216,651	\$ -
U.S. Government Agencies	Aaa	116	-	116	-
Total		9,265,277	\$ 7,048,510	\$ 2,216,767	\$ -
Other Investments:					
Mutual Funds	N/A	108,078,643			
Total Investments		\$ 117,343,920			

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 5% 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
JUNE 30, 2022

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

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, 2022:

	June 30, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level:				
U.S. Government securities	\$ 116	\$ -	\$ 116	\$ -
Mutual Funds	108,078,643	108,078,643	-	-
Total Investments by Fair Value Level	108,078,759	<u>\$ 108,078,643</u>	<u>\$ 116</u>	<u>\$ -</u>
Other Investments Measured at Amortized Cost:				
Certificate of Deposits	9,265,161			
Total Investments	<u>\$ 117,343,920</u>			

NOTE 4 RECEIVABLES

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

	General	WPCA	Nonmajor and Other	Total
Receivables:				
Accounts	\$ 106,056	\$ 31,219	\$ 853,219	\$ 990,494
Intergovernmental	286,282		2,300,765	2,587,047
Loans	-	-	2,824,735	2,824,735
Gross Receivables	392,338	31,219	5,978,719	6,402,276
Less: Allowance for Uncollectibles:				
Uncollectibles:	-	-	(109,000)	(109,000)
Net Total Receivables	<u>\$ 392,338</u>	<u>\$ 31,219</u>	<u>\$ 5,869,719</u>	<u>\$ 6,293,276</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Transfers and Increases	Transfers and Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,062,534	\$ 32,003	\$ -	\$ 4,094,537
Construction In Progress	57,420,168	13,025,892	10,186,745	60,259,315
Total Capital Assets Not Being Depreciated	61,482,702	13,057,895	10,186,745	64,353,852
Capital Assets Being Depreciated:				
Land Improvements	10,789,617	3,318,198	-	14,107,815
Building and System	103,227,529	95,804	-	103,323,333
Machinery and Equipment	34,063,344	2,940,303	309,004	36,694,643
Infrastructure	73,684,964	6,218,929	-	79,903,893
Total Capital Assets Being Depreciated	221,765,454	12,573,234	309,004	234,029,684
Less: Accumulated Depreciation for:				
Land Improvements	6,052,566	391,705	-	6,444,271
Building and System	42,366,267	2,496,490	-	44,862,757
Machinery and Equipment	30,141,905	1,533,064	309,004	31,365,965
Infrastructure	62,388,379	909,694	-	63,298,073
Total Accumulated Depreciation	140,949,117	5,330,953	309,004	145,971,066
Total Capital Assets Being Depreciated, Net	80,816,337	7,242,281	-	88,058,618
Governmental Activities Capital Assets, Net	<u>\$ 142,299,039</u>	<u>\$ 20,300,176</u>	<u>\$ 10,186,745</u>	<u>\$ 152,412,470</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Construction In Progress	\$ 18,369,429	\$ 5,952,691	\$ -	\$ 24,322,120
Capital Assets Being Depreciated:				
Land Improvements	704,086	-	-	704,086
Building and System	1,110,740	32,028	-	1,142,768
Machinery and Equipment	12,153,237	110,188	-	12,263,425
Infrastructure	11,189,051	595,574	-	11,784,625
Total Capital Assets Being Depreciated	25,157,114	737,790	-	25,894,904
Less: Accumulated Depreciation for:				
Land Improvements	688,545	1,705	-	690,250
Building and System	579,682	22,179	-	601,861
Machinery and Equipment	11,715,423	162,752	-	11,878,175
Infrastructure	4,931,898	553,386	-	5,485,284
Total Accumulated Depreciation	17,915,548	740,022	-	18,655,570
Total Capital Assets Being Depreciated, Net	7,241,566	(2,232)	-	7,239,334
Business-Type Activities Capital Assets, Net	<u>\$ 25,610,995</u>	<u>\$ 5,950,459</u>	<u>\$ -</u>	<u>\$ 31,561,454</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General Government	\$ 485,161
Public Safety	695,446
Public Works	1,643,173
Health	136,139
Recreation	4,004
Education	2,367,030
Total	<u>\$ 5,330,953</u>

Business-Type Activities:

Water	<u>\$ 740,022</u>
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Construction Commitments

The status of appropriation for current capital projects as of June 30, 2022, is presented below:

	Project Authorization	Expenditures	Balance
Roads, Sidewalks, and Drainage	\$ 13,600,720	\$ 12,079,667	\$ 1,521,053
WPCA Upgrade	56,553,024	56,403,024	150,000
Animal Control Facility	2,694,003	791,213	1,902,790
Total	<u>\$ 72,847,747</u>	<u>\$ 69,273,904</u>	<u>\$ 3,573,843</u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 237,381
General Fund	Internal Service Funds	321,473
Pension and OPEB Trust Fund	Internal Service Funds	200,000
Pension and OPEB Trust Fund	General Fund	33,000
Total		<u>\$ 791,854</u>

The Economic Development Fund has advanced the general fund loans in the amount of \$722,763. The City will repay \$67,000 per year to the Economic Development Fund. The balance at June 30, 2022, was \$655,763.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers:

	Transfers In		Total
	General	Nonmajor Governmental	Transfers Out
Transfers Out:			
General Fund	\$ -	\$ 2,608,121	\$ 2,608,121
Nonmajor Governmental	409,716	-	409,716
WPCA	25,000	309,011	334,011
Internal Service Fund	2,000,000	-	2,000,000
Total Transfers In	<u>\$ 2,434,716</u>	<u>\$ 2,917,132</u>	<u>\$ 5,351,848</u>

The above transfers represent normal budgetary and other recurring transfers.

NOTE 7 LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 27,235,000	\$ 7,000,000	\$ 2,380,000	\$ 31,855,000	\$ 2,390,000
Unamortized Premium	1,843,962	467,817	281,041	2,030,738	-
Total Bonds Payable	<u>29,078,962</u>	<u>7,467,817</u>	<u>2,661,041</u>	<u>33,885,738</u>	<u>2,390,000</u>
Clean Water Fund Loans	17,632,807	5,952,690	769,508	22,815,989	1,038,500
Net Pension Liability	34,849,579	22,689,456	-	57,539,035	-
Landfill Postclosure Costs	116,000	-	40,000	76,000	40,000
Net OPEB Liability	140,876,432	-	20,786,020	120,090,412	-
Retirement Settlements	2,301,330	-	326,953	1,974,377	753,803
Heart And Hypertension	1,138,960	-	302,761	836,199	118,981
Compensated Absences	3,702,848	448,120	349,549	3,801,419	358,854
Governmental Activities Long-Term Liabilities	<u>\$ 229,696,918</u>	<u>\$ 36,558,083</u>	<u>\$ 25,235,832</u>	<u>\$ 241,019,169</u>	<u>\$ 4,700,138</u>
Business-Type Activities:					
Clean Water Fund Loans	\$ 19,956,991	\$ 5,952,692	\$ 916,832	\$ 24,992,851	\$ 1,188,799
Compensated Absences	243,161	8,006	-	251,167	23,710
Net Pension Liability	555,591	1,201,611	-	1,757,202	-
Net OPEB Liability	1,153,374	-	170,178	983,196	-
Business-Type Activities Long-Term Liabilities	<u>\$ 21,909,117</u>	<u>\$ 7,162,309</u>	<u>\$ 1,087,010</u>	<u>\$ 27,984,416</u>	<u>\$ 1,212,509</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable

A summary of general obligation bonds and notes outstanding for governmental and proprietary funds at June 30, 2022, is as follows:

Description	Date of Issue	Date of Maturity	Interest Rate	Amount of Original Issue	Balance Outstanding June 30, 2022
Bonds payable:					
2022 General Obligation Bonds	05/11/22	2037	3.50-5.0%	\$ 7,000,000	\$ 7,000,000
2019 General Obligation Bonds	05/07/20	2040	1.15-2.55%	9,700,000	9,065,000
2019 General Obligation Bonds	05/14/19	2038	2.375-5.0%	7,850,000	6,750,000
2015 General Obligation Refunding Bonds	09/17/15	2027	3.00-4.0%	4,760,000	2,580,000
2016 General Obligation Refunding Bonds	07/07/16	2031	2.00-5.0%	12,840,000	6,460,000
Total Bonds Payable					<u>\$ 31,855,000</u>
Notes Payable:					
Clean Water Fund Notes 546-DC-3	06/30/22	2041	2.00%	11,905,382	\$ 11,905,382
Clean Water Fund Notes 546-DC	01/01/20	2040	2.00%	20,471,880	18,410,300
Clean Water Fund Notes 546-DC2	01/29/21	2041	2.00%	6,688,774	6,297,864
Clean Water Fund Notes 546-DC1	01/29/21	2041	2.00%	9,578,204	9,018,434
Clean Water Fund Note 695-DC	02/17/17	2037	2.00%	2,076,689	1,663,375
Clean Water Fund Notes 611-C	03/01/11	2030	2.00%	1,123,491	513,485
Total Notes Payable					<u>\$ 47,808,840</u>

On May 11, 2022, the City issued \$7,000,000 in general obligation bonds to finance various City improvements. The bond matures on May 1, 2037 (interest rate of 3.5-5.0%).

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

The annual requirements to amortize bonds payable and clean water fund notes for governmental and proprietary funds as of June 30, 2022, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	\$ 2,390,000	\$ 1,113,716	\$ 3,503,716
2024	2,910,000	1,014,597	3,924,597
2025	2,930,000	886,297	3,816,297
2026	2,950,000	759,847	3,709,847
2027	2,960,000	636,596	3,596,596
2028-2032	11,185,000	1,876,425	13,061,425
2033-2037	5,950,000	522,153	6,472,153
2038-2040	580,000	28,013	608,013
Total	<u>\$ 31,855,000</u>	<u>\$ 6,837,644</u>	<u>\$ 38,692,644</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable (Continued)

Year Ending June 30.	Clean Water Fund Loans					
	Government Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,038,500	\$ 446,836	\$ 1,188,799	\$ 489,000	\$ 2,227,299	\$ 935,836
2024	1,059,462	425,874	1,212,794	465,005	2,272,256	890,879
2025	1,080,845	404,490	1,237,273	440,525	2,318,118	845,015
2026	1,102,662	382,674	1,262,247	415,552	2,364,909	798,226
2027	1,124,919	360,417	1,287,725	390,074	2,412,644	750,491
2028-2032	5,974,481	1,452,195	6,718,914	1,551,832	12,693,395	3,004,027
2033-2037	6,602,274	824,402	7,190,167	860,984	13,792,441	1,685,386
2037-2042	4,832,848	176,693	4,894,932	177,057	9,727,790	353,750
Total	<u>\$ 22,815,991</u>	<u>\$ 4,473,581</u>	<u>\$ 24,992,851</u>	<u>\$ 4,790,029</u>	<u>\$ 47,808,852</u>	<u>\$ 9,263,610</u>

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	\$ 213,363,000	\$ 42,888,000	\$ 170,475,000
Schools	426,726,000	62,683,000	364,043,000
Sewer	355,605,000	55,801,852	299,803,148
Urban Renewal	308,191,000	-	308,191,000
Pension Deficit	284,484,000	-	284,484,000

The total overall statutory debt limit for the City is equal to seven times annual receipts from taxation, \$663,796,000.

The City has debt authorized and unissued bonds as of June 30, 2022, as follows (in thousands):

Project	Amount of Total Debt Authorized	Bonds and Notes Issued	Paydowns/ Grants	Authorized But Unissued Debt
Torrington Middle School Roof and Window Replacement	\$ 1,400,000	\$ 700,000	\$ -	\$ 700,000
Sewer Improvements	72,260,000	50,310,084	15,486,358	6,463,558
East River Basin Sewers	4,100,000	2,038,245	532,605	1,529,150
Animal Shelter Facility	1,000,000	-	-	1,000,000
Pavement Management Program	38,000,000	23,850,000	-	14,150,000
Torrington High/Middle School Project	179,575,000	4,500,000	116,209,233	58,865,767
Total	<u>\$ 296,335,000</u>	<u>\$ 81,398,329</u>	<u>\$ 132,228,196</u>	<u>\$ 82,708,475</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

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. The loans will be repaid 50% from the General Fund and 50% from the WPCA Enterprise Fund.

Bond Anticipation Notes

On May 11, 2022, the City issued Bond Anticipation Notes for \$4,500,000 with an interest rate of 4.00% due May 10, 2023.

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 two years at approximately \$40,000 per year are \$76,000. 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.

NOTE 8 RISK MANAGEMENT

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

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

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities during the fiscal years ended June 30, 2022 and 2021, are as follows:

	Medical Insurance		Heart and Hypertension	
	2022	2021	2022	2021
Unpaid Claims - July 1	\$ 1,184,957	\$ 1,319,431	\$ 1,138,960	\$ 1,297,160
Incurred Claims (Including IBNR)	20,527,875	21,161,534	-	28,000
Claim Payments	(20,409,444)	(21,296,008)	(302,761)	(186,200)
Unpaid Claims - June 30	<u>\$ 1,303,388</u>	<u>\$ 1,184,957</u>	<u>\$ 836,199</u>	<u>\$ 1,138,960</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.

NOTE 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:

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 TAX ABATEMENTS (CONTINUED)

	Local Business			
	BKLS II LLC	Keystone Place at Newbury Brook 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
2022 FY - Tax Being Abated	\$1,140,450 x .04167 = \$52,654.58	\$8,785,990 x .04617 = \$405,649.16	\$256,090 x .04617 = \$11,823.68	\$109,300 x .04617 = \$5,046.38
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
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
How Recipient's Tax are Reduced	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
Gross Dollar Amount, on an Accrual Basis, Which the Government's Tax Revenues were Reduced as a Result of the Abatement Agreement	\$52,655	\$405,649	\$11,824	\$5,046

NOTE 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
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Management of the plan's 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 10 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 one year compensation during the final five 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 three-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 postretirement 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Police and Firemen's Retirement (Continued)

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 five 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%.

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 three 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 three 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 five 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 postretirement benefit increases.

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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

A. Plan Description and Benefits Provided (Continued)

Municipal Employees' Retirement (Continued)

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 Receiving Benefits	141	168
Terminated Plan Members Entitled to Benefits But Receiving Them	11	6
Current Active Members	73	86
Total Members	<u>225</u>	<u>260</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.

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.

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

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, 2022:

Asset Class	Target Allocation	
	Municipal Employees	Police and Firemen
U.S. Large Cap Equities	36.66 %	36.66 %
U.S. 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	100.00 %	100.00 %

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (12.55)% for the Municipal Employees' Plan and (12.69)% for the Police and Firemen's Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the City

The components of the net pension liability of the City at June 30, 2022, were as follows:

	Municipal Employees	Police and Firemen
Total Pension Liability	\$ 54,345,760	\$ 111,550,462
Plan Fiduciary Net Position	40,828,825	65,771,160
Net Pension Liability	<u>\$ 13,516,935</u>	<u>\$ 45,779,302</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.13%	58.96%

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

The net pension liability of the Municipal Employees Plan is split between governmental activities and business-type activities as \$11,759,733 and \$1,757,202, respectively.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40% (prio 2.60%)
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.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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, 2022, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap Equities	5.25 %
U.S. 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

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

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.

	Municipal Employees' Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2021	\$ 53,621,536	\$ 48,991,607	\$ 4,629,929
Changes for the Year:			
Service Cost	678,900	-	678,900
Interest on Total Pension Liability	3,547,095	-	3,547,095
Employer Contributions	-	1,227,984	(1,227,984)
Member Contributions	-	225,897	(225,897)
Net Investment Income	-	(6,077,354)	6,077,354
Benefit Payments, Including Refund to Employee			
Contributions	(3,501,771)	(3,501,771)	-
Administrative Expenses	-	(37,538)	37,538
Net Changes	724,224	(8,162,782)	8,887,006
Balances - June 30, 2022	\$ 54,345,760	\$ 40,828,825	\$ 13,516,935

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

E. Net Pension Liability of the City (Continued)

Discount Rate (Continued)

	Police and Firemen's Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances - July 1, 2021	\$ 108,775,754	\$ 78,000,513	\$ 30,775,241
Changes for the Year:			
Service Cost	1,837,260	-	1,837,260
Interest on Total Pension Liability	7,253,221	-	7,253,221
Differences Between Expected and Actual Experience	750,000	-	750,000
Employer Contributions	-	4,292,329	(4,292,329)
Member Contributions	-	627,937	(627,937)
Net Investment Income	-	(10,022,443)	10,022,443
Benefit Payments, Including Refund to Employee Contributions	(7,065,773)	(7,065,773)	-
Administrative Expenses	-	(61,403)	61,403
Net Changes	2,774,708	(12,229,353)	15,004,061
Balances - June 30, 2022	<u>\$ 111,550,462</u>	<u>\$ 65,771,160</u>	<u>\$ 45,779,302</u>

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 one-percentage point lower or one-percentage point higher than the current rate:

	One Percent Decrease 5.75%	Current Discount Rate 6.75%	One Percent Increase 7.75%
Municipal Employees:			
City's Net Pension Liability (Asset)	\$ 19,061,861	\$ 13,516,935	\$ 8,770,777
Police and Firemen:			
City's Net Pension Liability	58,453,272	45,779,302	35,128,745

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

F. Financial Information for the Separate Plans

	Police and Firemen	Municipal Employees	OPEB Trust Fund	Total
Assets:				
Cash and Cash Equivalents	\$ 129,647	\$ 123,691	\$ 5,175	\$ 258,513
Investments	66,402,238	40,710,673	965,848	108,078,759
Receivables	3	3	-	6
Due From Other Funds	-	-	233,000	233,000
Total Assets	66,531,888	40,834,367	1,204,023	108,570,278
Liabilities:				
Accounts and Other Payables	760,728	5,542	3,307	769,577
Net Assets Held in Trust for Pension and OPEB Benefits	<u>\$ 65,771,160</u>	<u>\$ 40,828,825</u>	<u>\$ 1,200,716</u>	<u>\$ 107,800,701</u>
Contributions:				
Employer	\$ 4,292,329	\$ 1,227,984	\$ 4,254,811	\$ 9,775,124
Employee	627,937	225,897	149,872	1,003,706
Total Contributions	4,920,266	1,453,881	4,404,683	10,778,830
Investment Income:				
Net Appreciation in Fair Value of Investments	(10,022,443)	(6,077,354)	(161,865)	(16,261,662)
Total Additions	(5,102,177)	(4,623,473)	4,242,818	(5,482,832)
Deductions:				
Benefit Payments and Withdrawals	7,065,773	3,501,771	4,171,683	14,739,227
Administration	61,403	37,538	635	99,576
Total Deductions	7,127,176	3,539,309	4,172,318	14,838,803
Net Increase	(12,229,353)	(8,162,782)	70,500	(20,321,635)
Net Assets Held in Trust for Pension and OPEB Benefits - Beginning of Year	<u>78,000,513</u>	<u>48,991,607</u>	<u>1,130,216</u>	<u>128,122,336</u>
Net Assets Held in Trust for Pension and OPEB Benefits - End of Year	<u>\$ 65,771,160</u>	<u>\$ 40,828,825</u>	<u>\$ 1,200,716</u>	<u>\$ 107,800,701</u>

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

City Pension Plans (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense for the municipal employee plan and police and firemen plan of \$2,119,609 and \$5,746,539, respectively. At June 30, 2022, 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	\$ -	\$ 24,938	\$ -	\$ 3,726
Changes of Assumptions	70,542	-	10,541	-
Net Difference Between Projected and Actual earning on Pension Plan Investments	3,507,893	-	524,167	-
Total	<u>\$ 3,578,435</u>	<u>\$ 24,938</u>	<u>\$ 534,708</u>	<u>\$ 3,726</u>

	Police and Firemen	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 482,143	\$ 224,313
Changes of Assumptions	980,302	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	6,668,219	-
Total	<u>\$ 8,130,664</u>	<u>\$ 224,313</u>

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

<u>Year Ending June 30,</u>	<u>Municipal Employees</u>	<u>Police and Firemen</u>	<u>Total</u>
2023	\$ 905,638	\$ 2,437,115	\$ 3,342,753
2024	819,195	1,567,782	2,386,977
2025	496,866	858,855	1,355,721
2026	1,862,780	3,042,599	4,905,379
Total	<u>\$ 4,084,479</u>	<u>\$ 7,906,351</u>	<u>\$ 11,990,830</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

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 three 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

C. Contributions (Continued)

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, 2022, the amount of "on-behalf" contributions made by the state was \$8,706,824 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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, 2022, 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	103,982,020
Total	<u><u>\$ 103,982,020</u></u>

The net pension liability was measured as of June 30, 2021, 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, 2022, the City has no proportionate share of the net pension liability.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense and revenue of \$1,994,543 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.

Assumption changes since the prior year are as follows:

- There were no changes in assumptions that affected the measurement of the TPL since the prior measurement date.

Benefit changes since the prior year are as follows:

- There were no changes in benefit provisions that affected the measurement of the TPL since the prior measurement date.

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.

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%.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

E. Actuarial Assumptions (Continued)

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:

Asset Class	Expected Return	Target Allocation
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		<u>100.00 %</u>

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)

Connecticut's Teachers Retirement System – Pension (Continued)

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. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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.

NOTE 11 OTHER POST-EMPLOYMENT 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 Postretirement 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:

	<u>Postretirement Medical Program</u>
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	426
Active Plan Members	855
Total Members	<u><u>1,281</u></u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

B. Funding Policy

The City's post-employment 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 post-employment 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.

The City's funding strategy for post-employment 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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

B. Funding Policy (Continued)

- 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (14.32)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Net OPEB Liability of the City

The City's net OPEB liability was measured as of June 30, 2022. The components of the net OPEB liability of the City at June 30, 2022, were as follows:

Total OPEB Liability	\$ 122,274,324
Plan Fiduciary Net Position	1,200,716
Net OPEB Liability	<u><u>\$ 121,073,608</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.98%
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The City recorded the net OPEB liability within the governmental activities and business-type activities as \$120,090,412 and \$983,196, respectively.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

D. Net OPEB Liability of the City (Continued)

Actuarial Assumptions

The total OPEB liability at June 30, 2022, was determined by an actuarial valuation as of July 1, 2020, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40% (prior 2.60%)
Salary Increases	Graded by Age
Investment Rate of Return	3.54% (prior 2.16%)
Health Care 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 Noncertified: 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.

Long-Term Expected Rate of Return

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, 2022, are summarized in the following table:

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

D. Net OPEB Liability of the City (Continued)

Long-Term Expected Rate of Return (Continued)

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	100.00 %	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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.

F. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances - July 1, 2021	\$ 143,160,022	\$ 1,130,216	\$ 142,029,806
Changes for the Year:			
Service Cost	6,338,407	-	6,338,407
Interest on Total Pension Liability	3,184,353	-	3,184,353
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(246,761)	-	(246,761)
Changes in Assumptions	(25,990,014)	-	(25,990,014)
Employer Contributions	-	4,254,811	(4,254,811)
Member Contributions	-	149,872	(149,872)
Net Investment Income	-	(161,865)	161,865
Benefit Payments, Including Refund to Employee Contributions	(4,171,683)	(4,171,683)	-
Administrative Expenses	-	(635)	635
Net Changes	(20,885,698)	70,500	(20,956,198)
Balances - June 30, 2022	\$ 122,274,324	\$ 1,200,716	\$ 121,073,608

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

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 one-percentage point lower or one-percentage point higher than the current discount rate:

	One Percent Decrease 2.54%	Current Discount Rate 3.54%	One Percent Increase 4.54%
City's Net OPEB Liability	<u>\$ 139,083,298</u>	<u>\$ 121,073,608</u>	<u>\$ 106,528,705</u>

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care 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 health care cost trend rates that are one-percentage point lower or one-percentage point higher than the current health care cost trend rates:

	Health Care 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	<u>\$ 103,594,049</u>	<u>\$ 121,073,608</u>	<u>\$ 143,157,606</u>

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$3,907,644. At June 30, 2022, the City reported deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities
	Deferred Inflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 8,192,087	\$ 67,070
Changes of Assumptions	20,303,363	166,226
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	-
Total	<u>\$ 28,495,450</u>	<u>\$ 233,296</u>

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City OPEB Plan (Continued)

I. OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 546,923	\$ 4,478
Changes of Assumptions	14,496,210	118,682
Net Difference Between Projected and Actual Earning on Pension Plan Investments	22,192	182
Total	<u>\$ 15,065,325</u>	<u>\$ 123,342</u>

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

<u>Year Ending June 30</u>	<u>Amount</u>
2023	\$ 4,081,959
2024	1,960,846
2025	5,149,865
2026	2,347,409
Total	<u>\$ 13,540,079</u>

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.

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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

B. Benefit Provisions (Continued)

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.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

C. Eligibility (Continued)

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.

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 five years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. 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, 2022, the amount of "on-behalf" contributions made by the state was \$204,888 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

D. Contributions (Continued)

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.

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

At June 30, 2022, 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	11,328,651
Total	<u>\$ 11,328,651</u>

The net OPEB liability was measured as of June 30, 2021, 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, 2022, the City has no proportionate share of the net OPEB liability.

For the year ended June 30, 2022, the City recognized OPEB expense and revenue of (\$418,331) 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:

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

Inflation	2.50%
Health Care Costs Trend Rate	5.125% for 2020, Decreasing to an Ultimate Rate of 4.50% by 2023
Salary Increases	3.00% - 6.50%, Including Inflation
Investment Rate of Return	2.17%, Net of OPEB Plan Investment Expense, Including Inflation
Year Fund Net Position Will be Depleted	2023

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, through June 30, 2019.

The changes in the assumptions since the prior year are as follows:

- Discount rate changed from 2.21% to 2.17%
- Expected annual per capita claims costs were updated to better reflect anticipated Medicare and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

The changes in the benefit terms since the prior year are as follows:

- There were no changes to benefit terms in the two years preceding the measurement date.

Long-Term Expected Rate of Return

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%).

**CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

State Teachers Retirement Plan (Continued)

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection was based on an actuarial valuation performed as of June 30, 2020.

In addition to the actuarial methods and assumptions of the June 30, 2020, actuarial valuation, the following actuarial methods, and assumptions were used in the projection of cash flows:

- 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 were assumed to be made at the current member contribution rate. Employee 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 toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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. OPEB Plan Fiduciary Net Position

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.

J. Other Information

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

CITY OF TORRINGTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 FUND BALANCE CLASSIFICATIONS

The components of fund balance for the governmental funds at June 30, 2022, are as follows:

	General Fund	Bonded Projects	WPCA Infrastructure Projects	Torrington High School Renovation	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 13,997	\$ 13,997
Prepaid Expense	74,134	-	-	-	-	74,134
Restricted for:						
Trust Purposes	-	-	-	-	4,883	4,883
Grants	-	-	-	-	7,109,329	7,109,329
Capital Projects	-	8,048,054	-	-	-	8,048,054
Committed to:						
General Government	44,178	-	-	-	1,186,886	1,231,064
Public Safety	-	-	-	-	155,376	155,376
Public Works	-	-	-	-	483,917	483,917
Capital Projects	-	91,878	447,483	-	11,225,016	11,764,377
Health and Social Services	-	-	-	-	223,642	223,642
Recreation	-	-	-	-	1,348,549	1,348,549
Assigned to:						
Education	1,136,338	-	-	-	-	1,136,338
General Government	104,477	-	-	-	-	104,477
Public Safety	191,155	-	-	-	-	191,155
Public Works	21,860	-	-	-	-	21,860
Subsequent Years Budget	2,100,000	-	-	-	-	2,100,000
Unassigned	14,769,727	-	-	(1,575,356)	(16,335)	13,178,036
Total Fund Balances	<u>\$ 18,441,869</u>	<u>\$ 8,139,932</u>	<u>\$ 447,483</u>	<u>\$ (1,575,356)</u>	<u>\$ 21,735,260</u>	<u>\$ 47,189,188</u>

Encumbrances outstanding at year-end of \$1,453,829 are reported as assigned fund balance.

NOTE 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.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property Taxes:				
Property Taxes	\$ 95,378,382	\$ 95,378,382	\$ 95,352,297	\$ (26,085)
Motor Vehicle Supplemental Tax	1,420,000	1,420,000	1,869,631	449,631
Total Property Taxes	96,798,382	96,798,382	97,221,928	423,546
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	1,241,693	1,241,693	1,249,808	8,115
Disabled Persons	8,500	8,500	8,395	(105)
MRSA Motor Vehicle	272,517	272,517	272,517	-
Municipal Grants in Aid	605,345	605,345	605,345	-
Additional Veterans' Grants	33,000	33,000	31,204	(1,796)
Enterprise Zones	75,000	75,000	93,259	18,259
FEMA Reimbursements	-	-	29,944	29,944
Total Federal and State Grants	2,505,236	2,505,236	2,559,653	54,417
Board of Education Grants:				
Special Education	2,014,731	2,014,731	1,791,525	(223,206)
Education Cost Sharing	23,933,343	23,933,343	23,449,732	(483,611)
Nonpublic Health and Welfare	29,446	29,446	24,734	(4,712)
Total Board of Education Grants	25,977,520	25,977,520	25,265,991	(711,529)
Total Intergovernmental	28,482,756	28,482,756	27,825,644	(657,112)
General Government:				
Telephone Access Lines	78,000	78,000	68,563	(9,437)
Street Lights	1,045	1,045	-	(1,045)
Group Insurance Workers Compensation	450,000	450,000	511,716	61,716
Insurance Refund	52,000	52,000	136,857	84,857
Probate	25,570	25,570	17,820	(7,750)
New Buildings and Alterations	443,500	443,500	249,056	(194,444)
Plumbing Fees	-	-	29,709	29,709
Electrical Permit Fees	-	-	114,805	114,805

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts			Positive
	Original	Final	Actual	(Negative)
REVENUES (CONTINUED)				
General Government Continued:				
Roofing Permit Fees	\$ -	\$ -	\$ 70,388	\$ 70,388
Sign and Billboard Permits	-	-	813	813
Demolition and Removal	-	-	16,444	16,444
Heating Permit Fees	-	-	59,485	59,485
Certificate of Occupancy	-	-	18,426	18,426
Planning and Zoning Fees	35,000	35,000	23,464	(11,536)
Credit Card Fees	-	-	67	67
Conveyance Tax	632,300	632,300	653,096	20,796
Marriage Licenses and Permits	-	-	6,900	6,900
Copying and Certification Fees	-	-	44,754	44,754
Hunting and Fishing	-	-	4,452	4,452
Notary	-	-	1,840	1,840
Dog Fees	-	-	19,570	19,570
Recording Fees	-	-	258,843	258,843
Vital Statistics	-	-	96,491	96,491
MIRA Fees (Formerly CRRA)	35,000	35,000	39,292	4,292
City Real Estate Revenue	30,000	30,000	93,957	63,957
Miscellaneous	128,500	128,500	211,226	82,726
State Mandated Fees	333,000	333,000	465,461	132,461
Auction Proceeds	-	-	-	-
Total General Government	2,243,915	2,243,915	3,213,495	969,580
Public Safety:				
Parking Authority	85,000	85,000	72,300	(12,700)
Canine - Hotchkiss Trust	2,500	2,500	2,500	-
Fire - Outside Duty	-	-	3,006	3,006
Fire Workers Compensation, Insurance, and Payroll	160,000	160,000	191,281	31,281
Police Tickets and Permits	210,000	210,000	193,007	(16,993)
Police Workers Compensation and Insurance	210,000	210,000	319,455	109,455
Police - Outside Duty	-	-	233,111	233,111
Miscellaneous	25,000	25,000	16,184	(8,816)
Total Public Safety	692,500	692,500	1,030,844	338,344
Public Works:				
Workers Compensation and Insurance	15,000	15,000	74,638	59,638
Engineering	100	100	97	(3)
Street Department Miscellaneous Fees	10,000	10,000	11,232	1,232
Landfill - Tire Income	-	-	1,050	1,050
Miscellaneous Charges	2,000	2,000	3,865	1,865
Recycling Income	200	200	-	(200)
Free-Waste Receptacles	15,000	15,000	14,803	(197)
Total Public Works	42,300	42,300	105,685	63,385
Investment Income	100,000	100,000	99,849	(151)
Recreation:				
Swimming Fees	12,000	12,000	2,121	(9,879)

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES (CONTINUED)				
Education:				
Workers Compensation and Insurance	\$ 2,000,000	\$ 2,000,000	\$ 2,140,599	\$ 140,599
Miscellaneous	-	-	6,959	6,959
Total Education	2,000,000	2,000,000	2,147,558	147,558
Use of Prior Year Fund Balance	3,100,000	3,100,000	-	(3,100,000)
Total Revenues	133,471,853	133,471,853	131,647,124	(1,824,729)
OTHER FINANCING SOURCES				
Operating Transfer In	2,177,055	2,177,055	2,202,055	25,000
Total Other Financing Sources	2,177,055	2,177,055	2,202,055	25,000
Total Revenues and Other Financing Sources	\$ 135,648,908	\$ 135,648,908	133,849,179	\$ (1,799,729)
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted.			8,706,824	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted.			204,888	
Repayments to the Economic Development fund are eliminated for GAAP purposes			(67,000)	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 142,693,891	

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General Government:				
Assessor	\$ 382,405	\$ 372,018	\$ 357,585	\$ 14,433
Board of Assessment	4,400	4,400	1,210	3,190
Boards and Agencies	311,067	316,067	304,731	11,336
Building	365,022	347,701	333,430	14,271
City Real Estate	1,169,689	73,015	61,296	11,719
City Clerk	663,842	668,099	833,137	(165,038)
Comptroller	408,655	414,922	397,025	17,897
Corporate Counsel	163,807	165,920	208,803	(42,883)
Mayor	226,809	229,082	225,940	3,142
Personnel	237,581	241,429	263,517	(22,088)
Planning and Zoning	280,941	281,971	266,691	15,280
Purchasing	122,008	122,185	114,278	7,907
Registrars	176,320	177,911	166,492	11,419
Services for the Elderly	341,443	343,821	323,007	20,814
Treasurer	69,359	69,359	69,078	281
Information Services	977,170	975,783	819,703	156,080
Economic Development	104,272	105,934	103,906	2,028
Probate	44,950	44,950	39,132	5,818
Citywide Services	(1,863,119)	42,302	8,682	33,620
Total General Government	4,186,621	4,996,869	4,897,643	99,226
Public Safety:				
Public Safety Miscellaneous	1,789,339	1,744,339	1,748,348	(4,009)
Emergency Management	35,800	35,800	30,328	5,472
Fire	5,649,967	5,655,309	5,674,155	(18,846)
Fire - Volunteers	65,000	65,000	56,572	8,428
Police	9,540,357	9,481,882	8,999,873	482,009
Animal Control	342,944	345,260	274,678	70,582
Traffic Management	401,185	405,717	397,211	8,506
Total Public Safety	17,824,592	17,733,307	17,181,165	552,142
Public Works:				
Administration	175,642	178,061	160,512	17,549
City Hall	210,424	286,019	273,322	12,697
Engineering	712,959	721,858	633,698	88,160
Landfill	1,569,800	1,569,800	1,503,595	66,205
San Sewer / St Lights	179,000	174,000	188,145	(14,145)
Streets	5,537,290	5,407,221	5,034,955	372,266
Total Public Works	8,385,115	8,336,959	7,794,227	542,732
Public Health and Social Services:				
Health	2,991,484	2,991,484	3,024,258	(32,774)
Employee Benefits and Insurance:				
Insurance	1,572,945	1,542,945	1,526,061	16,884
Pension and Benefits	10,676,320	10,206,404	10,215,737	(9,333)
Total Employee Benefits and Insurance	12,249,265	11,749,349	11,741,798	7,551

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2022
(NONGAAP BUDGETARY BASIS)**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES (CONTINUED)				
Recreation	\$ 484,531	\$ 413,641	\$ 399,458	\$ 14,183
Tax Collector Contract	645,100	645,100	1,124,978	(479,878)
Board of Education	76,932,898	76,932,898	76,377,069	555,829
Second Part Budget: Contingency	214,791	114,791	-	114,791
Debt Service:				
Bond Redemption	3,241,825	3,241,825	3,149,507	92,318
Interest	1,375,727	1,375,727	1,349,125	26,602
Total Debt Service	4,617,552	4,617,552	4,498,632	118,920
Total Expenditures	128,531,949	128,531,950	127,039,228	1,492,722
OTHER FINANCING USES				
Operating Transfers Out:				
Pension	5,022,401	5,022,401	5,022,401	-
OPEB	33,000	33,000	33,000	-
Capital Reserve	293,051	293,050	293,050	-
Capital Projects	947,278	947,278	947,278	-
Bond Issuance Costs	35,209	35,209	35,209	-
Revaluation	41,200	41,200	41,200	-
Vehicle Replacement	602,820	602,820	602,820	-
Brownsfield	67,000	67,000	67,000	-
Bridge Fund	75,000	75,000	75,000	-
Total Other Financing Uses	7,116,959	7,116,958	7,116,958	-
Total Expenditures and Other Financing Sources	\$ 135,648,908	\$ 135,648,908	134,156,186	\$ 1,492,722
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut Teachers' Retirement System to Town Teachers pension on-behalf payments are not budgeted.			8,706,824	
State of Connecticut Teachers' Retirement System to Town Teachers OPEB on-behalf payments are not budgeted.			204,888	
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.			(1,107,878)	
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.			(575,417)	
The town does not budget for certain interfund transfers			454,763	
Repayments to the Economic Development fund are eliminated for GAAP purposes			(67,000)	
The Town does not budget for the Revaluation Fund expenditures that are consolidated in the general fund for reporting purposes.			(41,200)	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit IV)			\$ 141,731,166	

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability:									
Service Cost	\$ 1,202,952	\$ 847,373	\$ 832,714	\$ 903,306	\$ 874,813	\$ 901,057	\$ 780,679	\$ 794,759	\$ 678,900
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	3,547,095
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
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)	(3,501,771)
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	724,224
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	53,621,536
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	54,345,760
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	1,227,984
Contributions - Member	382,126	362,688	353,195	334,994	311,644	288,210	261,235	246,467	225,897
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	(6,077,354)
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)	(3,501,771)
Administrative Expense	(28,368)	(36,205)	(25,797)	(25,163)	(34,764)	(42,869)	(35,763)	(45,323)	(37,538)
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	(8,162,782)
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	48,991,607
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	40,828,825
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	\$ 13,516,935
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%	75.13%
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	\$ 4,962,953
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%	272.36%

* This schedule is intended to show information for 10 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 NINE FISCAL YEARS*

	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	\$ 1,837,260
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	7,253,221
Changes of Benefit Terms	-	-	-	(127,841)	-	-	-	-	-
Differences Between Expected and Actual Experience	-	2,967,870	-	2,581,055	-	(3,641,245)	-	(785,093)	750,000
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)	(7,065,773)
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	2,774,708
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	108,775,754
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	111,550,462
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	4,292,329
Contributions - Member	701,624	712,134	715,430	709,907	689,105	683,800	677,458	680,921	627,937
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	(10,022,443)
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)	(7,065,773)
Administrative Expense	(33,907)	(45,702)	(36,760)	(43,794)	(49,604)	(59,216)	(53,425)	(64,465)	(61,403)
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	(12,229,353)
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	78,000,513
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	65,771,160
Net Pension Liability - Ending	\$ 26,605,786	\$ 31,280,997	\$ 35,187,867	\$ 38,554,657	\$ 38,111,388	\$ 37,259,013	\$ 39,300,652	\$ 30,775,241	\$ 45,779,302
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%	58.96%
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	\$ 8,503,354
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%	538.37%

* This schedule is intended to show information for 10 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Municipal Employees:										
Actuarially Determined Contribution	\$ 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	\$ 1,318,830
Contributions in Relation to the Actuarially Determined Contribution	1,447,879	1,562,782	2,130,792	1,521,271	1,360,145	1,216,031	1,249,364	1,308,154	1,253,562	1,227,984
Contribution Deficiency (Excess)	<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>	<u>\$ 90,846</u>
Covered Payroll	\$ 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	\$ 4,962,953
Contributions as a Percentage of Covered Payroll	17.07%	20.36%	27.76%	21.19%	19.60%	17.01%	21.75%	22.11%	25.86%	24.74%
Police and Firemen:										
Actuarially Determined Contribution	\$ 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	\$ 4,534,125
Contributions in Relation to the Actuarially Determined Contribution	3,322,432	3,397,552	3,926,071	3,795,161	3,599,764	4,128,371	4,139,371	4,283,329	4,291,829	4,292,329
Contribution Deficiency (Excess)	<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>	<u>\$ 241,796</u>
Covered Payroll	\$ 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	\$ 8,503,354
Contributions as a Percentage of Covered Payroll	33.02%	36.34%	41.99%	43.14%	39.86%	44.38%	49.24%	49.46%	51.68%	50.48%

Notes to Schedule:

Valuation Date: July 1, 2020
Measurement Date: June 30, 2022
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 NINE FISCAL YEARS***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%	-12.55%
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%	-12.69%

* This schedule is intended to show information for 10 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 EIGHT FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022
City's Proportion of the Net Pension Liability	0.00%	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 Town	74,613,949	80,724,853	107,322,905	101,727,133	93,038,640	120,663,593	131,289,024	103,982,020
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>	<u>\$ 103,982,020</u>
City's Covered Payroll	N/A	N/A	N/A	N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621	\$ 15,419,105
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%	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%	60.77%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	None
Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Pay, Closed, Grading to a level dollar amortization method for the June 30, 2024 valuation.
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 10 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 FIVE FISCAL YEARS*

	2018	2019	2020	2021	2022
City's Proportion of the Net OPEB Liability	0.00%	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 Town	26,183,415	18,599,006	18,818,169	19,581,763	11,328,651
Total	<u>\$ 26,183,415</u>	<u>\$ 18,599,006</u>	<u>\$ 18,818,169</u>	<u>\$ 19,581,763</u>	<u>\$ 11,328,651</u>
City's Covered Payroll	N/A	\$ 27,348,514	\$ 27,797,537	\$ 27,227,621	\$ 15,419,105
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	0.00%	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%	6.11%

Notes to Schedule:

Changes in Benefit Terms	None
Changes of Assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2021, was updated to equal the Municipal Bond Index Rate as of June 30, 2021; Expected annual per capita claims costs were updated to reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024.
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 10 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 SIX FISCAL YEARS*

	2017	2018	2019	2020	2021	2022
Total OPEB Liability:						
Service Cost	\$ 4,889,457	\$ 5,121,706	\$ 4,880,939	\$ 5,207,268	\$ 7,448,109	\$ 6,338,407
Interest	4,190,877	4,379,890	4,763,139	4,001,254	3,232,240	3,184,353
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)	(246,761)
Changes of Assumptions	-	(6,435,473)	(1,674,380)	24,681,957	7,649,628	(25,990,014)
Benefit Payments, Including Refunds of Member Contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)	(4,171,683)
Net Change In Total OPEB Liability	5,092,111	(1,116,480)	(9,388,548)	29,897,425	1,848,658	(20,885,698)
Total OPEB Liability - Beginning	116,826,856	121,918,967	120,802,487	111,413,939	141,311,364	143,160,022
Total OPEB Liability - Ending	121,918,967	120,802,487	111,413,939	141,311,364	143,160,022	122,274,324
Plan Fiduciary Net Position:						
Contributions - Employer	4,306,115	3,767,666	5,389,188	5,434,152	5,191,595	4,254,811
Contributions - TRB Subsidy	123,704	117,239	120,481	112,217	99,446	149,872
Net Investment Income	1,417	4,533	19,888	32,499	218,093	(161,865)
Benefit Payments, Including Refunds of Member Contributions	(4,379,819)	(3,834,905)	(5,259,669)	(5,296,369)	(5,036,041)	(4,171,683)
Administrative Expense	-	(48)	(217)	(385)	(564)	(635)
Net Change In Plan Fiduciary Net Position	51,417	54,485	269,671	282,114	472,529	70,500
Plan Fiduciary Net Position - Beginning	-	51,417	105,902	375,573	657,687	1,130,216
Plan Fiduciary Net Position - Ending	51,417	105,902	375,573	657,687	1,130,216	1,200,716
Net OPEB Liability - Ending	<u>\$ 121,867,550</u>	<u>\$ 120,696,585</u>	<u>\$ 111,038,366</u>	<u>\$ 140,653,677</u>	<u>\$ 142,029,806</u>	<u>\$ 121,073,608</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.04%	0.09%	0.34%	0.47%	0.79%	0.98%
Covered-Employee Payroll	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814	\$ 57,601,462
Net OPEB Liability as a Percentage of Covered-Employee Payroll	227.28%	214.89%	215.89%	261.44%	257.42%	210.19%

* This schedule is intended to show information for 10 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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	\$ 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	\$ 8,370,081
Contributions in Relation to the Actuarially Determined Contribution	<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>	<u>4,254,811</u>
Contribution Deficiency (Excess)	<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>	<u>\$ 4,115,270</u>
Covered-Employee Payroll	N/A	N/A	N/A	N/A	\$ 53,620,900	\$ 56,167,900	\$ 51,432,973	\$ 53,798,890	\$ 55,173,814	\$ 57,601,462
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	8.03%	6.71%	10.48%	10.10%	9.41%	7.39%

Notes to Schedule:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2022
Changes in Benefit Terms	None
Changes of Assumptions	Since the last actuarial valuation inflation, payroll growth, investment rate of return, and health care 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	3.54% (Prior 2.16%)
Health Care 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
Postretirement Mortality	City and Board of Education Noncertified: 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 SIX FISCAL YEARS***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.83%	7.16%	5.95%	5.38%	25.18%	-14.32%

* This schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF TORRINGTON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
YEAR ENDED JUNE 30, 2022**

Total Rate Bill on Grant List on October 1, 2020	\$ 95,352,297
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ADD

Supplemental Motor Vehicle Tax	<u>1,869,631</u>
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Total Received from Tax Collector During the Year Ended June 30, 2022	97,221,928
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DEDUCT

Lawful Corrections and Abatements	<u>-</u>
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Net Revenues from Taxation	<u><u>\$ 97,221,928</u></u>
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**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	National School Lunch Program	Nutrition Program	Town Aid Road	Small Cities Block Grants	Federal and State Educational Grants
ASSETS					
Cash	\$ 559,601	\$ 40,007	\$ 1,618,505	\$ 353,986	\$ 2,597,323
Receivables:					-
Loans	-	-	-	2,677,235	-
Intergovernmental	851,478	350,667	-	-	25,661
Other	-	-	-	13,217	-
Due from Other Funds	-	-	-	-	-
Supplies	13,997	-	-	-	-
Total Assets	<u>\$ 1,425,076</u>	<u>\$ 390,674</u>	<u>\$ 1,618,505</u>	<u>\$ 3,044,438</u>	<u>\$ 2,622,984</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 37,558	\$ -	\$ 15,453	\$ 649,137
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	1,931,966
Total Liabilities	-	37,558	-	15,453	2,581,103
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable	13,997	-	-	-	-
Restricted	1,411,079	353,116	1,618,505	3,028,985	41,881
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,425,076</u>	<u>353,116</u>	<u>1,618,505</u>	<u>3,028,985</u>	<u>41,881</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,425,076</u>	<u>\$ 390,674</u>	<u>\$ 1,618,505</u>	<u>\$ 3,044,438</u>	<u>\$ 2,622,984</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
ASSETS					
Cash	\$ 1,176,981	\$ 216,125	\$ 162,851	\$ 1,801,408	\$ -
Receivables:					
Loans	-	-	38,500	-	-
Intergovernmental	-	-	-	-	12,712
Other	-	33,496	-	-	288,847
Advance from other funds	-	-	-	-	-
Supplies	-	-	-	-	-
Total Assets	<u>\$ 1,176,981</u>	<u>\$ 249,621</u>	<u>\$ 201,351</u>	<u>\$ 1,801,408</u>	<u>\$ 301,559</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 9,172	\$ 25,014	\$ 20,606	\$ 149,068	\$ -
Due to Other Funds	-	-	-	-	145,945
Unearned Revenue	-	965	5	1,168,423	238
Total Liabilities	<u>9,172</u>	<u>25,979</u>	<u>20,611</u>	<u>1,317,491</u>	<u>146,183</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,167,809	223,642	180,740	483,917	155,376
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,167,809</u>	<u>223,642</u>	<u>180,740</u>	<u>483,917</u>	<u>155,376</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,176,981</u>	<u>\$ 249,621</u>	<u>\$ 201,351</u>	<u>\$ 1,801,408</u>	<u>\$ 301,559</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	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	\$ -	\$ 1,197,604	\$ -	\$ 4,289,447	\$ 792,053	\$ 3,347,947
Receivables:						
Loans	-	-	-	-	-	-
Intergovernmental	46,052	-	-	-	-	-
Other	-	-	-	52,904	-	-
Advance from other funds	655,763	-	-	-	-	-
Supplies	-	-	-	-	-	-
Total Assets	<u>\$ 701,815</u>	<u>\$ 1,197,604</u>	<u>\$ -</u>	<u>\$ 4,342,351</u>	<u>\$ 792,053</u>	<u>\$ 3,347,947</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 20,474	\$ 4,270	\$ -	\$ 75,996	\$ -	\$ 42,950
Due to Other Funds	13,586	-	-	-	-	-
Unearned Revenue	28,327	6,448	-	52,904	-	-
Total Liabilities	<u>62,387</u>	<u>10,718</u>	<u>-</u>	<u>128,900</u>	<u>-</u>	<u>42,950</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Grants Receivable	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	655,763	-	-	-	-	-
Committed	-	1,186,886	-	4,213,451	792,053	3,304,997
Unassigned	(16,335)	-	-	-	-	-
Total Fund Balances	<u>639,428</u>	<u>1,186,886</u>	<u>-</u>	<u>4,213,451</u>	<u>792,053</u>	<u>3,304,997</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 701,815</u>	<u>\$ 1,197,604</u>	<u>\$ -</u>	<u>\$ 4,342,351</u>	<u>\$ 792,053</u>	<u>\$ 3,347,947</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	BOE Capital Reserve	Other Capital Projects	Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
ASSETS					
Cash	\$ 1,191,305	\$ 1,870,896	\$ 4,883		\$ 21,220,922
Receivables:					
Loans	-	-	-	-	2,715,735
Intergovernmental	9,650	1,004,545	-	-	2,300,765
Other	-	-	-	-	388,464
Advance from other funds	-	-	-	-	655,763
Supplies	-	-	-	-	13,997
Total Assets	<u>\$ 1,200,955</u>	<u>\$ 2,875,441</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 27,295,646</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ -	\$ 70,583	\$ -	\$ -	\$ 1,120,281
Due to Other Funds	-	77,850	-	-	237,381
Unearned Revenue	-	8,920	-	-	3,198,196
Total Liabilities	-	157,353	-	-	4,555,858
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Grants Receivable	-	1,004,528	-	-	1,004,528
FUND BALANCES					
Nonspendable	-	-	-	-	13,997
Restricted	-	-	4,883	-	7,114,212
Committed	1,200,955	1,713,560	-	-	14,623,386
Unassigned	-	-	-	-	(16,335)
Total Fund Balances	<u>1,200,955</u>	<u>1,713,560</u>	<u>4,883</u>	<u>-</u>	<u>21,735,260</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,200,955</u>	<u>\$ 2,875,441</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 27,295,646</u>

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	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	\$ 76,164	\$ 262,978	\$ -	\$ 222,187	9,863
Intergovernmental	3,342,127	1,000,121	453,580	9,925	12,392,894
Investment Income	-	-	-	-	-
Other Revenues	-	18,700	-	-	-
Total Revenues	<u>3,418,291</u>	<u>1,281,799</u>	<u>453,580</u>	<u>232,112</u>	<u>12,402,757</u>
EXPENDITURES					
General Government	-	-	-	288,637	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Public Health and Social Services	-	1,255,143	-	-	-
Recreation	-	-	-	-	-
Education	2,641,036	-	-	-	12,360,031
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>2,641,036</u>	<u>1,255,143</u>	<u>-</u>	<u>288,637</u>	<u>12,360,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	777,255	26,656	453,580	(56,525)	42,726
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	3,316	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,316</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	777,255	29,972	453,580	(56,525)	42,726
Fund Balances - Beginning of Year	<u>647,821</u>	<u>323,144</u>	<u>1,164,925</u>	<u>3,085,510</u>	<u>(845)</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,425,076</u>	<u>\$ 353,116</u>	<u>\$ 1,618,505</u>	<u>\$ 3,028,985</u>	<u>\$ 41,881</u>

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds				
	COE Memorial Park	Elderly and Social Services	Culture and Recreation	Public Works	Public Safety
REVENUES					
Charges for Services	\$ 175,608	\$ 225,299	\$ 129,704	\$ -	1,791,068
Intergovernmental	207,643	407,978	33,368	218,376	209,350
Investment Income	-	-	-	-	1
Other Revenues	-	-	-	-	4,639
Total Revenues	383,251	633,277	163,072	218,376	2,005,058
EXPENDITURES					
General Government	-	259,785	28,842	-	4,639
Public Safety	172,535	-	-	-	1,240,854
Public Works	-	-	-	188,980	-
Public Health and Social Services	-	336,037	-	-	-
Recreation	-	-	150,451	-	-
Education	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	172,535	595,822	179,293	188,980	1,245,493
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	210,716	37,455	(16,221)	29,396	759,565
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(2,824)	-	-	(639,089)
Total Other Financing Sources (Uses)	-	(2,824)	-	-	(639,089)
NET CHANGE IN FUND BALANCES	210,716	34,631	(16,221)	29,396	120,476
Fund Balances - Beginning of Year	957,093	189,011	196,961	454,521	34,900
FUND BALANCES - END OF YEAR	<u>\$ 1,167,809</u>	<u>\$ 223,642</u>	<u>\$ 180,740</u>	<u>\$ 483,917</u>	<u>\$ 155,376</u>

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	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	\$ -	\$ 447,400	\$ -	\$ -	\$ -	\$ -
Intergovernmental	147,144	300,003	107,263	204,253	5,653	88,537
Investment Income	-	-	-	-	-	-
Other Revenues	-	34,507	-	-	42,831	-
Total Revenues	147,144	781,910	107,263	204,253	48,484	88,537
EXPENDITURES						
General Government	165,504	220,232	107,263	-	-	-
Public Safety	-	3,032	-	-	-	-
Public Works	-	186	-	-	-	-
Public Health and Social Services	-	-	-	-	-	-
Recreation	-	13,634	-	-	-	-
Education	-	385,820	-	-	-	-
Capital Outlay	-	-	-	339,626	1,104,033	310,552
Total Expenditures	165,504	622,904	107,263	339,626	1,104,033	310,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,360)	159,006	-	(135,373)	(1,055,549)	(222,015)
OTHER FINANCING SOURCES (USES)						
Premium on Bonds Issued	-	-	-	-	-	-
Transfers In	454,763	328	-	309,011	806,034	606,492
Transfers Out	-	(820)	-	-	-	-
Total Other Financing Sources (Uses)	454,763	(492)	-	309,011	806,034	606,492
NET CHANGE IN FUND BALANCES	436,403	158,514	-	173,638	(249,515)	384,477
Fund Balances - Beginning of Year	203,025	1,028,372	-	4,039,813	1,041,568	2,920,520
FUND BALANCES - END OF YEAR	\$ 639,428	\$ 1,186,886	\$ -	\$ 4,213,451	\$ 792,053	\$ 3,304,997

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	BOE Capital Reserve	Other Capital Projects	Permanent Fund Captain Bessie	Interfund Eliminations	Total Nonmajor Governmental Funds
REVENUES					
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ 3,340,271
Intergovernmental	354,799	651,895	-	-	20,134,909
Investment Income	-	-	-	-	1
Other Revenues	200,000	-	-	-	300,677
Total Revenues	554,799	651,895	-	-	23,775,858
EXPENDITURES					
General Government	-	-	-	-	1,074,902
Public Safety	-	-	-	-	1,416,421
Public Works	-	-	-	-	189,166
Public Health and Social Services	-	-	-	-	1,591,180
Recreation	-	-	-	-	164,085
Education	-	-	-	-	15,386,887
Capital Outlay	48,699	357,050	-	-	2,159,960
Total Expenditures	48,699	357,050	-	-	21,982,601
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	506,100	294,845	-	-	1,793,257
OTHER FINANCING SOURCES (USES)					
Premium on Bonds Issued	-	467,817	-	-	467,817
Transfers In	744,000	403,260	-	(410,072)	2,917,132
Transfers Out	-	(177,055)	-	410,072	(409,716)
Total Other Financing Sources (Uses)	744,000	694,022	-	-	2,975,233
NET CHANGE IN FUND BALANCES	1,250,100	988,867	-	-	4,768,490
Fund Balances - Beginning of Year	(49,145)	724,693	4,883	-	16,966,770
FUND BALANCES - END OF YEAR	<u>\$ 1,200,955</u>	<u>\$ 1,713,560</u>	<u>\$ 4,883</u>	<u>\$ -</u>	<u>\$ 21,735,260</u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022**

	Self- Insurance Fund	Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 13,710,447	\$ -	\$ 13,710,447
Prepays	479,000	-	479,000
Receivables, Net	410,232	54,517	464,749
Total Assets	<u>14,599,679</u>	<u>54,517</u>	<u>14,654,196</u>
LIABILITIES			
Current Liabilities:			
Accounts and Other Payables	1,655,344	21,309	1,676,653
Due to Other Funds	200,000	321,473	521,473
Total Liabilities	<u>1,855,344</u>	<u>342,782</u>	<u>2,198,126</u>
NET POSITION			
Unrestricted	<u>12,744,335</u>	<u>(288,265)</u>	<u>12,456,070</u>
Total Net Position	<u>\$ 12,744,335</u>	<u>\$ (288,265)</u>	<u>\$ 12,456,070</u>

CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022

	Self- Insurance Fund	Maintenance Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 23,543,946	\$ 1,662,558	\$ 25,206,504
Other	1,507,464	-	1,507,464
Total Operating Revenues	<u>25,051,410</u>	<u>1,662,558</u>	<u>26,713,968</u>
OPERATING EXPENSES			
Payroll and Employee Benefits	-	948,622	948,622
Repairs and Maintenance	-	170,276	170,276
Materials and Supplies	-	35,166	35,166
Utilities	-	315,139	315,139
Other Operating Expense	-	156,767	156,767
Insurance and Program Services	20,527,875	11,990	20,539,865
Total Operating Expenses	<u>20,527,875</u>	<u>1,637,960</u>	<u>22,165,835</u>
OPERATING INCOME	4,523,535	24,598	4,548,133
NONOPERATING REVENUE			
Interest Expense:			
Income on Investments	<u>(584)</u>	<u>-</u>	<u>(584)</u>
INCOME BEFORE TRANSFERS	4,522,951	24,598	4,547,549
TRANSFERS			
Transfers Out	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
CHANGE IN NET POSITION	2,522,951	24,598	2,547,549
Net Position - Beginning of Year	<u>10,221,384</u>	<u>(312,863)</u>	<u>9,908,521</u>
NET POSITION - END OF YEAR	<u><u>\$ 12,744,335</u></u>	<u><u>\$ (288,265)</u></u>	<u><u>\$ 12,456,070</u></u>

**CITY OF TORRINGTON, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2022**

	Self- Insurance Fund	Maintenance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 25,051,410	\$ 1,617,055	\$ 26,668,465
Cash Payments for Insurance Claims and Premiums	(20,346,570)	(1,617,055)	(21,963,625)
Net Cash Provided by Operating Activities	4,704,840	-	4,704,840
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) Other Funds, Net	(2,000,000)	-	(2,000,000)
Net Cash Used by Noncapital Financing Activities	(2,000,000)	-	(2,000,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received on Investments	(584)	-	(584)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,704,256	-	2,704,256
Cash and Cash Equivalents - Beginning of Year	11,006,191	-	11,006,191
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,710,447	\$ -	\$ 13,710,447
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 4,523,535	\$ 24,598	\$ 4,548,133
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivables	(407,845)	(45,503)	(453,348)
(Increase) Decrease in Prepaid Expenses	6,000	-	6,000
Increase (Decrease) in Accounts Payable	102,056	(19,474)	82,582
(Increase) Decrease in Due From Other Funds	281,094	-	281,094
Increase (Decrease) in Due to Other Funds	200,000	40,379	240,379
Net Cash Provided by Operating Activities	\$ 4,704,840	\$ -	\$ 4,704,840

CITY OF TORRINGTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2022
(IN THOUSANDS)

Total Cash Collections for the Year Ended June 30, 2021:

Taxes, Interest, and Lien Fees	\$ 94,828
Reimbursement for Revenue Loss on:	
Tax Relief for Elderly - Elderly Freeze	<u>-</u>
Base	<u><u>\$ 94,828</u></u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt Limitations:					
2-1/4 Times Base	\$ 213,363	\$ -	\$ -	\$ -	\$ -
4-1/2 Times Base	-	426,726	-	-	-
3-3/4 Times Base	-	-	355,605	-	-
3-1/4 Times Base	-	-	-	308,191	-
3 Times Base	-	-	-	-	284,484
Total Debt Limitation	<u>213,363</u>	<u>426,726</u>	<u>355,605</u>	<u>308,191</u>	<u>284,484</u>
Indebtedness:					
Bonds Payable	28,738	3,117	-	-	-
Clean Water Fund Loans	-	-	47,809	-	-
Bonds Authorized and Unissued	14,150	59,566	7,993	-	-
Total Indebtedness	<u>42,888</u>	<u>62,683</u>	<u>55,802</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 170,475</u></u>	<u><u>\$ 364,043</u></u>	<u><u>\$ 299,803</u></u>	<u><u>\$ 308,191</u></u>	<u><u>\$ 284,484</u></u>

Note: In no case shall total debt service exceed seven times annual receipts from taxation. \$ (663,796)