

City of Cody, Wyoming



CITY OF CODY
WYOMING

Basic Financial Statements

June 30, 2015

City of Cody, Wyoming
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For the fiscal year ended June 30, 2015

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James B. Seckman, CPA, P.C.

PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
Cody, Wyoming

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 Cody, Wyoming, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Yellowstone Regional Airport, which statements reflect total assets of \$27,794,481 as of June 30, 2015 and total revenues of \$3,485,548 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Yellowstone Regional Airport, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

James B. Seckman, CPA, P.C.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 67-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

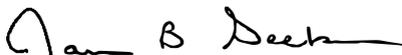
Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements 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 October 14, 2015 on our consideration of the City of Cody Wyoming's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Cody, Wyoming's internal control over financial reporting and compliance.


James B. Seckman, CPA, P.C.

Cody, Wyoming
October 15, 2015

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

The management of the City of Cody, Wyoming offers the readers of Cody's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

- The City of Cody's net position at the close of the current fiscal year was \$78,884,152. Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$62,499,653 (79%) include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$94,979 (less than 1%) is restricted by constraints imposed from outside the City such as grantors, laws or regulations.
 - (3) Unrestricted net position of \$16,289,520 (21%) represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total net position increased by \$1,150,927 over the prior fiscal year. The governmental-type net position increased by \$574,793 and the business-type net position increased by \$576,134
- Total expenses during the year were \$29,283,672 compared to total revenues of 30,617,305.
- The unassigned fund balance for the General Fund was \$5,433,834 or approximately 41% of total General Fund expenditures for the fiscal year.
- The City's total debt decreased \$18,006 due to changes in compensated absence accruals and customer deposit balances. The City did not acquire any new debt during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. Cody's basic financial statements are comprised of three components (1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements.

This report also contains supplemental schedules and information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Cody's finances, in a manner similar to a private-sector business. The *statement of activities* presents information reflecting how Cody's net position has changed during the fiscal year just ended.

The government-wide financial statements distinguish the functions of Cody that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, administrative services, public safety, parks, public facilities, recreation, and public works. The business-type activities include solid waste collection, water, wastewater and electric.

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

The government-wide financial statements include not only the City of Cody but also the Yellowstone Regional Airport, a discretely presented component unit. See Note 5 in the notes to the financial statements for more details regarding this entity.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cody, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Cody can be divided into two categories: governmental funds and proprietary funds.

- Governmental Funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. These funds focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

- Proprietary funds. Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.

Notes to the Financial Statements

The notes to the financial statements are considered an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided in both the government-wide and fund financial statements.

Supplemental Information

In addition to the basic financial statements, which include the accompanying notes, this report also presents *required supplemental information*. Included is a budgetary comparison for the General Fund and the Lodging Tax Fund comparing actual results (using the basis of budgeting) with the original budget and the final amended budget.

Other supplemental information included with the basic financial statements are the combining balance sheet and combining statement of revenues, expenditures and changes in fund balance schedules for the non-major governmental funds (special revenue and capital projects).

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The largest portion of Cody's net position (79%) reflects its investment in capital assets (e.g. land, buildings, machinery & equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; consequently, they are not available for future spending.

The following summary of net position and changes in net position are presented for the current fiscal year, 2014-2015 with comparison totals for the prior fiscal year 2013-2014.

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

Condensed Statement of Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,760,125	\$10,430,679	\$13,494,934	\$ 11,415,962	\$23,255,059	\$21,846,641
Capital assets	28,284,187	28,075,614	34,215,466	34,484,468	62,499,653	62,560,082
Deferred outflows - pensions	390,542	-	147,251	-	537,793	-
Total assets & deferred outflows	\$ 38,434,854	\$38,506,293	\$47,857,651	\$ 45,900,430	\$86,292,505	\$84,406,723
Long-term debt outstanding	\$ 152,640	\$ -	\$ 115,115	\$ -	\$ 267,755	\$ -
Other current liabilities	1,212,592	2,402,006	1,592,486	473,765	2,805,078	2,875,771
Net pension liability	3,148,420	-	1,187,100	-	4,335,520	-
Total liabilities	\$ 4,513,652	\$ 2,402,006	\$ 2,894,701	\$ 473,765	\$ 7,408,353	\$ 2,875,771
Net position						
Net investment in capital assets	\$ 28,284,187	\$28,075,614	\$34,215,466	\$ 34,484,468	\$62,499,653	\$ 62,560,082
Restricted	94,979	172,869	-	-	94,979	172,869
Unrestricted	5,542,036	7,855,804	10,747,484	10,942,197	16,289,520	18,798,001
Total net position	\$ 33,921,202	\$36,104,287	\$44,962,950	\$ 45,426,665	\$78,884,152	\$ 81,530,952

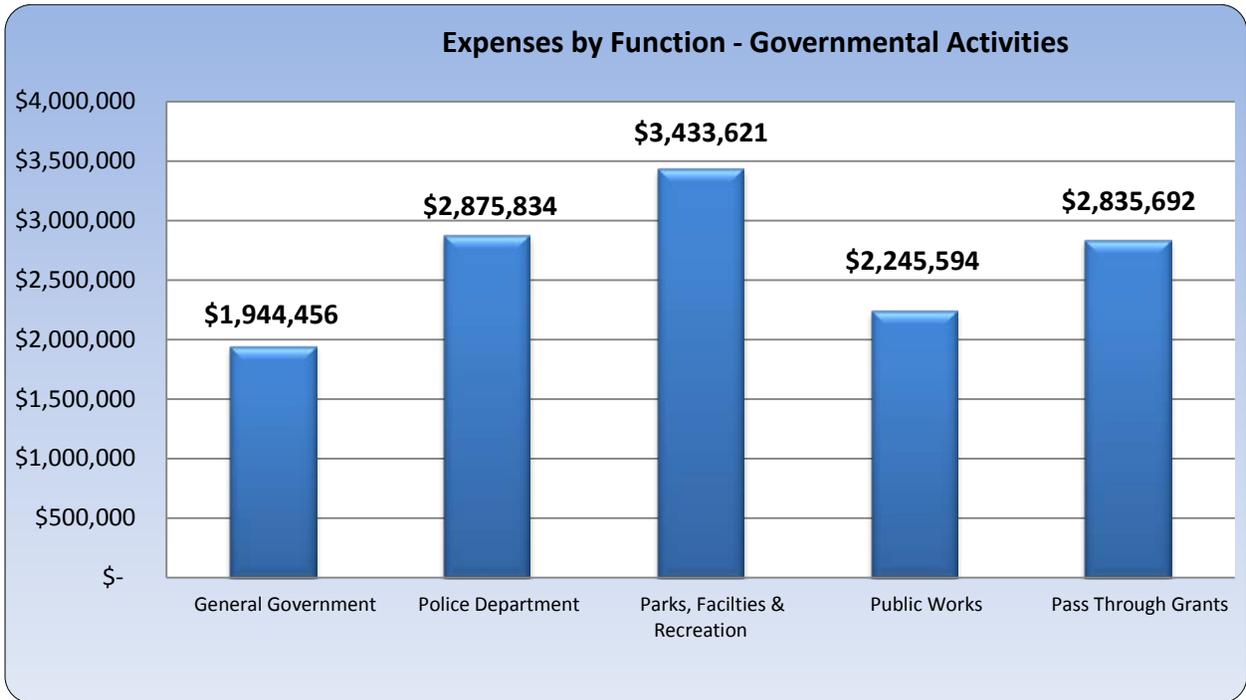
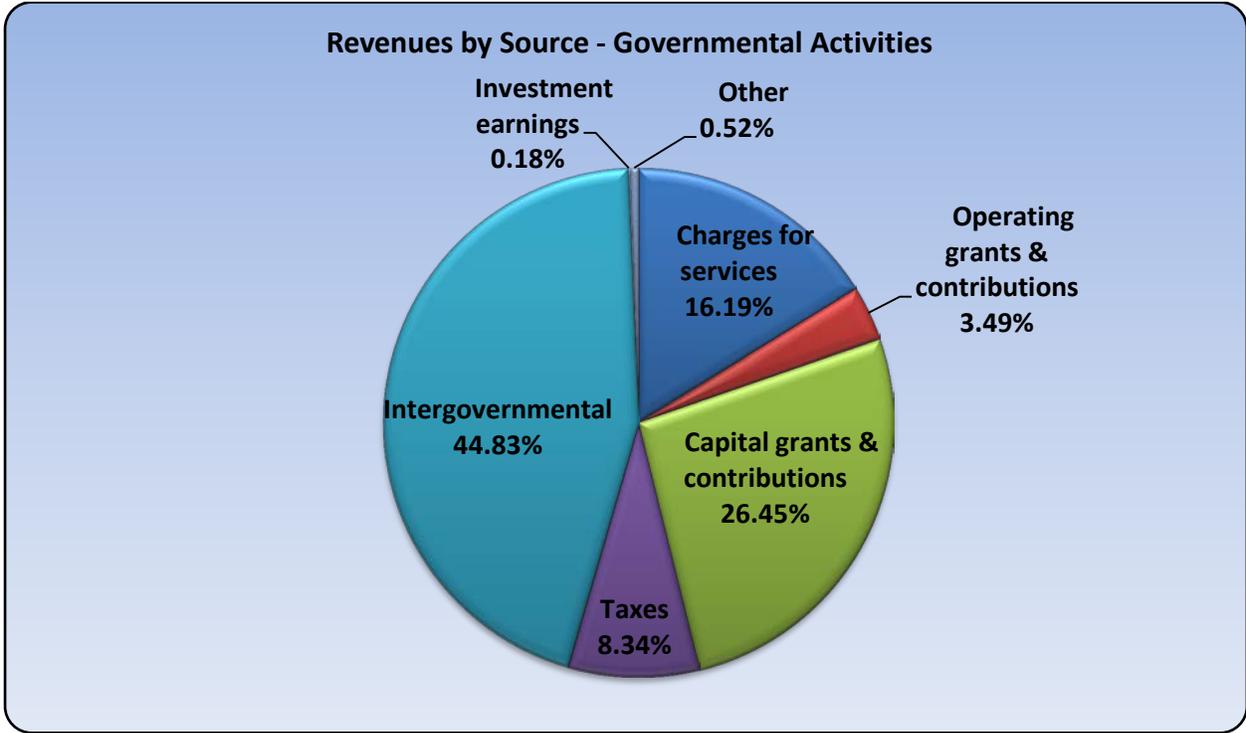
Changes in Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 1,898,777	\$1,884,747	\$18,504,656	\$18,850,084	\$20,403,433	\$20,734,831
Operating grants/contributions	409,509	445,753	4,800	4,800	414,309	450,553
Capital grants/contributions	3,102,058	1,266,872	287,835	385,646	3,389,893	1,652,518
General revenues						
Taxes	978,588	963,152	-	-	978,588	963,152
Intergovernmental	5,257,235	5,573,647	-	-	5,257,235	5,573,647
Investment earnings	19,210	83,087	24,251	102,561	43,461	185,648
Other	61,320	17,803	69,066	64,272	130,386	82,075
Total Revenues	11,726,697	10,235,061	18,890,608	19,407,363	30,617,305	29,642,424
Expenses:						
General Government	1,944,456	1,751,382	-	-	1,944,456	1,751,382
Police Department	2,875,834	2,781,836	-	-	2,875,834	2,781,836
Parks , Facilities & Recreation	3,433,621	3,410,630	-	-	3,433,621	3,410,630
Public Works	2,245,594	2,091,478	-	-	2,245,594	2,091,478
Pass Through Grants	2,835,692	712,654	-	-	2,835,692	712,654
Proprietary	-	-	15,948,475	15,840,503	15,948,475	15,840,503
Total Expenses	13,335,197	10,747,980	15,948,475	15,840,503	29,283,672	26,588,483
Other Sources:						
Transfers-internal activity	2,365,999	2,375,285	(2,365,999)	(2,375,285)	-	-
Transfers-to component unit	(182,706)	(151,806)	-	-	(182,706)	(151,806)
Total Transfers	2,183,293	2,223,479	(2,365,999)	(2,375,285)	(182,706)	(151,806)
Change in net position	574,793	1,710,560	576,134	1,191,575	1,150,927	2,902,135
Net position - July 1	33,346,409	34,393,727	44,386,816	44,235,090	77,733,225	78,628,817
Net position - June 30	\$33,921,202	\$36,104,287	\$44,962,950	\$45,426,665	\$78,884,152	\$81,530,952

City of Cody, Wyoming
 Management Discussion and Analysis
 June 30, 2015

Governmental Activities

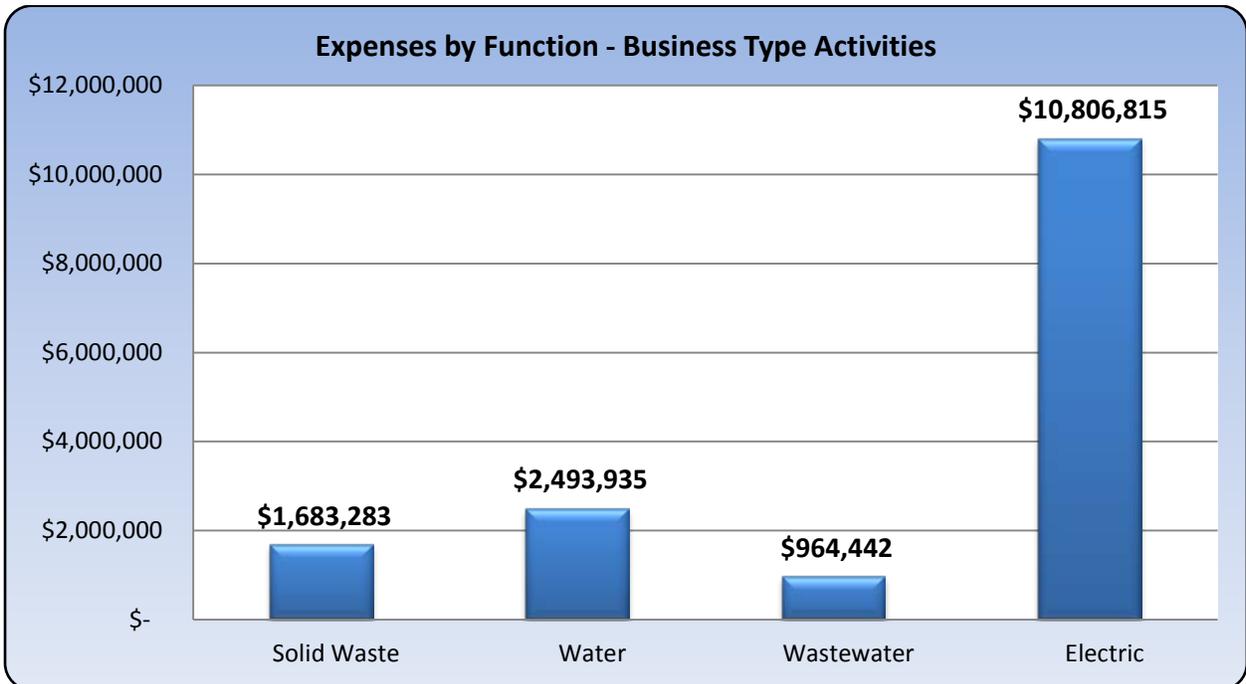
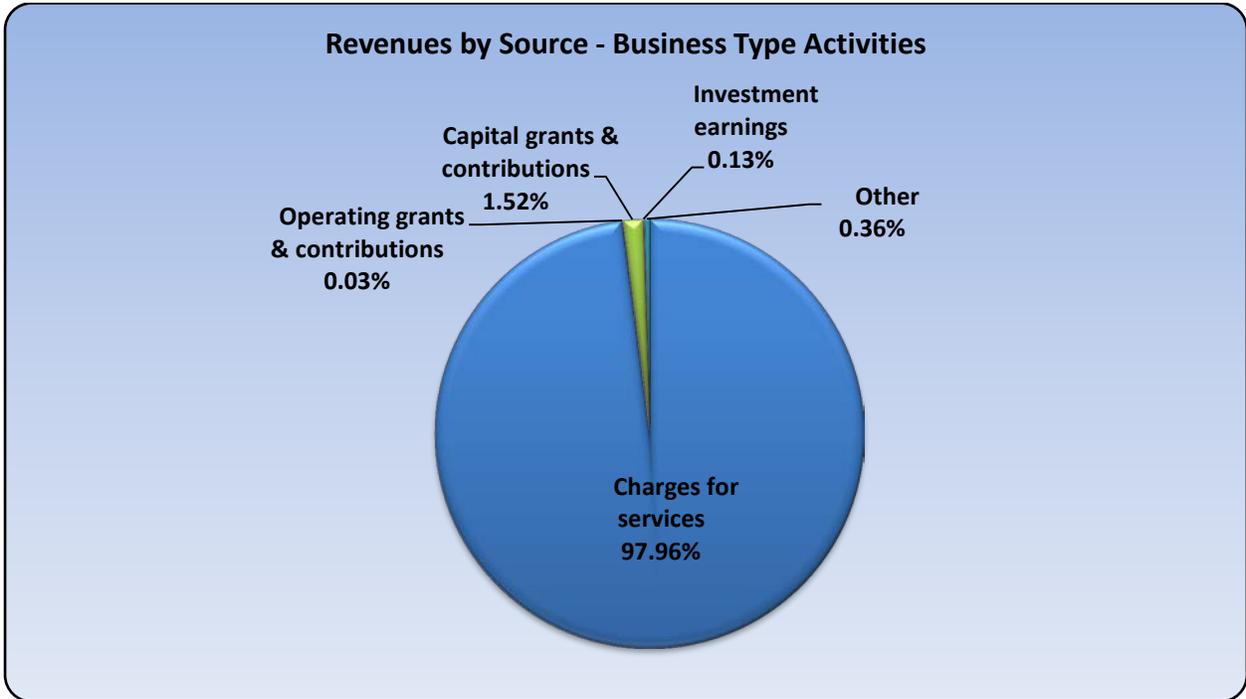
The following charts illustrate governmental revenues by source and the governmental expenses by function as reported on the statement of changes in net position.



City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

Business-type Activities

The following charts illustrate business-type revenues by source and the business-type expenses by function as reported on the statement of changes in net position.



City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

Governmental Activities. Governmental activities during Fiscal Year 2014-2015 increased Cody's net position by \$574,793. The following information describes key changes for the year:

Assessed Valuation: the assessed valuation for the City of Cody for 2015 was \$123,457,355, an increase of approximately 7% over 2014 (\$115,434,315).

Revenues – total revenues increased approximately \$1,490,000

- Charges for services increased approximately \$14,000
- Operating grants and contributions decreased approximately \$37,000
- Capital grants and contributions increased approximately \$1,835,000
- Taxes increased approximately \$15,000
- Intergovernmental revenues decreased approximately \$316,000
- Investment income and other revenues decreased approximately \$20,000

Expenses – total expenses increased approximately \$2,588,000

- General Government expenses increased approximately \$193,000
- Police Department expenses increased approximately \$94,000
- Parks, Facilities and Recreation expenses increased approximately \$23,000
- Public Works expenses increased approximately \$154,000
- Pass Through Grant expenses increased approximately \$2,124,000

Assets – total assets decreased approximately \$71,000

- Cash and cash equivalents decreased approximately \$552,000
- Accounts receivable and due from other governments decreased approximately \$156,000
- Inventory and prepaid expenses increased approximately \$39,000
- Net investment in capital assets increased approximately \$208,000
- Deferred outflows related to pensions increased approximately \$390,000

Liabilities – total liabilities increased approximately \$2,111,000

- Accounts payable decreased approximately \$1,047,000
- Customer deposits decreased approximately \$26,000
- Accrued liabilities and other payables increased approximately \$29,000
- Compensated absences increased approximately \$7,700
- Net pension liability increased approximately \$3,148,000

Business-type Activities. Business-type activities during Fiscal Year 2014-2015 increased Cody's net position by \$576,134. The following information describes key changes for the year:

Revenues – total revenues decreased approximately \$516,000

- Charges for services decreased approximately \$345,000
- Capital grants & contributions decreased approximately \$98,000
- Investment income and other revenues decreased approximately \$73,000

Expenses – total expenses increased approximately \$107,000

- Solid Waste expenses decreased approximately \$63,000
- Water expenses increased approximately \$183,000
- Wastewater expenses decreased approximately \$56,000
- Electric expenses increased approximately \$43,000

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

Assets - total assets increased approximately \$1,960,000

- Net investment in capital assets decreased approximately \$270,000
- Cash and cash equivalents increased approximately \$2,298,000
- Inventory decreased approximately \$183,000
- Accounts receivable and due from other governments decreased approximately \$35,000
- Deferred outflows related to pensions increased approximately \$150,000

Liabilities - total liabilities increased approximately \$2,420,000

- Accounts payable increased approximately \$1,176,000
- Accrued liabilities and other payables increased approximately \$35,000
- Compensated absences and customer deposits increased approximately \$22,000
- Net pension liability increased approximately \$1,187,000

General Fund Budgetary Highlights

The City adopts an annual budget for all funds. The City Council may adopt budget amendments during the year for supplemental appropriations which are generally contingent upon new or additional revenue sources or the spending of reserves.

During the year there was a \$222,992 increase in appropriations between the original and final amended budget. The main reason for the increase resulted from the carryover budget process. Some major projects and pass through grant activities were not completed at the end of Fiscal Year 2013-2014 and therefore had to be carried over into Fiscal Year 2014-2015.

Debt Administration

As of June 30, 2015 the City of Cody's debt consisted of \$537,212 for accrued compensated absences and \$261,956 for customer deposits for a total of \$799,168.

City of Cody Outstanding Debt As of June 30 each year							
	Governmental Activities		Business-type Activities		Total		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Accrued Compensated Absence Payable	336,724	328,967	200,488	187,296	537,212	516,263	
Customer Deposit Liability	<u>12,276</u>	<u>38,039</u>	<u>249,680</u>	<u>240,343</u>	<u>261,956</u>	<u>278,382</u>	
Total Outstanding Debt	<u>\$ 349,000</u>	<u>\$ 367,006</u>	<u>\$ 450,168</u>	<u>\$ 427,639</u>	<u>\$799,168</u>	<u>\$ 794,645</u>	

Capital Assets

The City of Cody's net investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounted to \$62,499,653. This investment in capital assets includes land, easements, buildings & improvements, machinery, equipment, infrastructure associated with the water, wastewater and electric distribution systems, as well as streets, trails and park facilities. The following summary of capital assets is presented for the current fiscal year, 2014-2015 with comparison totals for the prior fiscal year 2013-2014. Additional information pertaining to capital assets activity is available in the notes to the financial statements.

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

City of Cody's Capital Assets Net of Depreciation As of June 30 each year						
	Governmental Activities		Business-type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$2,406,086	\$2,277,647	\$614,332	\$614,332	\$ 3,020,418	\$2,891,979
Intangibles	76,400	76,400	19,900	19,900	96,300	96,300
Buildings	13,255,897	13,010,558	1,623,979	1,869,319	14,879,876	14,879,877
Improvements other than Buildings	4,889,790	4,889,790	139,788	139,788	5,029,578	5,029,578
Furniture & Fixtures	75,503	75,503	-	-	75,503	75,503
Machinery & Equipment	4,920,226	4,825,121	4,121,658	4,259,781	9,041,884	9,084,902
Infrastructure	16,980,403	16,306,206	47,445,242	46,910,221	64,425,645	63,216,427
Construction in Progress	<u>126,876</u>	<u>188,745</u>	<u>267,859</u>	<u>41,761</u>	<u>394,735</u>	<u>230,506</u>
Total Assets	<u>\$42,731,181</u>	<u>\$41,649,970</u>	<u>\$ 54,232,758</u>	<u>\$ 53,855,102</u>	<u>\$ 96,963,939</u>	<u>\$95,505,072</u>
Less Accumulated Depreciation	<u>\$(14,446,994)</u>	<u>\$(13,574,356)</u>	<u>\$(20,017,292)</u>	<u>\$(19,370,634)</u>	<u>\$(34,464,286)</u>	<u>\$(32,944,990)</u>
Total Net Assets	<u>\$28,284,187</u>	<u>\$28,075,614</u>	<u>\$34,215,466</u>	<u>\$ 34,484,468</u>	<u>\$ 62,499,653</u>	<u>\$62,560,082</u>

Major capital asset acquisitions during the current fiscal year include:

- Construction in Progress \$353,752
 - Rec center LED lighting upgrade
 - 19th St water main
 - Parks shop renovation
 - Wastewater pretreatment facility
 - Electrical lines Skyline Subdivision and Beacon Hill
 - Valley View subdivision electric conversion

- Infrastructure \$1,209,218
 - Storm sewer upgrades
 - Street reconstruction
 - Water and sewer line construction
 - Sewer discharge relocation

- Land & Buildings \$149,843
 - Rumsey Avenue lot

- Machinery & Equipment \$826,478
 - Office equipment
 - Police radios
 - Replacement vehicles & heavy equipment
 - Transformers
 - Computer equipment
 - Fitness equipment

City of Cody, Wyoming
Management Discussion and Analysis
June 30, 2015

Significant Variations and Currently Known Facts

The State of Wyoming, by constitution, does not have a state personal income tax; therefore it operates primarily using sales and use, gasoline, severance and mineral royalty taxes. As a result, the City of Cody relies heavily on sales and use tax and a limited array of other revenues passed through from the State and well as locally generated revenues such as franchise fees, business licenses, and charges for services to provide services to the community. There are also a limited number of recurring and non-recurring federal, state and local grants that benefit the City of Cody. For business-type services such as solid waste collection, water distribution, wastewater treatment and electric distribution the users of the services pay a related fee or charge associated with the activity.

In Fiscal Year 2014-2015 there was a slim increase of approximately 1% in taxes (property tax, franchise fees and lodging tax) and a decrease in the intergovernmental revenues (sales & use tax, severance taxes & royalties, motor vehicle & gasoline taxes, cigarette taxes and supplemental state funding) of approximately 5%. Cody is mainly a tourist-driven economy and due to the reliance on state revenue sources the City of Cody is vulnerable to changes in the economic conditions in the State of Wyoming including fluctuations in the mineral industry. Therefore, we cannot anticipate nor predict what the local economy will do with any certainty.

Park County currently does not have a 1-cent optional sales tax. The most recent attempt to pass the 1-cent tax in the 2012 election was not successful. The City of Cody in partnership with Powell, Meeteetse and Park County are currently working with a consultant to assess the needs and wants of the citizens and educate voters on the benefits of the additional tax with the expectation that the tax proposal will be again presented to voters in 2016.

The City of Cody participates in various federal and state pass through grant opportunities, partnering with local businesses to make improvements to existing businesses, bring new businesses to the community and provide affordable housing options. In Fiscal Year 2014-2015 the City administered approximately \$2.8 million dollars in grant funding for entities such as Cody Laboratories and Habitat for Humanity.

In Fiscal Year 2013-2014 the City of Cody increased the wastewater base rate in anticipation of a large multi-year sewer reconstruction project. The estimated \$3.8 million dollar project is projected to begin in Fiscal Year 2015-2016 and be funded through a combination of grants, loans, user fees and cash reserves. Through the end of the current fiscal year the rate increase has generated approximately \$435,000 towards funding the project.

In Fiscal Year 2014-2015 the City of Cody hired a consultant to perform a rate study on the electric fund and to develop a rate model for use by the City in determining future rate increases based on the system needs. As a result of this study an electric rate increase reflecting an average 3% inflation rate was implemented in April 2015.

Financial Contact

The City of Cody's financial statements are designed to provide its users (citizens, taxpayers, customers, investors and creditors) with a general overview of Cody's finances and to demonstrate Cody's accountability. Questions concerning any of the information presented in this report or requests for additional information should be sent to:

Finance Officer, City of Cody
PO Box 2200 Cody, WY 82414

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City of Cody, Wyoming
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Cash and cash equivalents	\$ 5,669,465	\$ 7,028,159	\$ 12,697,624	\$ 232,515
Investments	2,642,560	3,337,014	5,979,574	-
Accounts receivable, net of allowance	-	2,368,297	2,368,297	84,672
Franchise tax receivable	60,432	-	60,432	-
Court fine receivable, net of allowance	46,620	-	46,620	-
Due from other governments	823,056	-	823,056	93,250
Other receivables, net of allowance	136,095	-	136,095	-
Inventory	153,100	511,784	664,884	12,162
Prepaid expenses	216,521	-	216,521	26,502
Restricted assets:				
Cash and cash equivalents	12,276	249,680	261,956	325,766
Capital assets:				
Land and construction in progress	2,532,962	882,191	3,415,153	758,430
Other capital assets, net of depreciation	25,751,225	33,333,275	59,084,500	26,261,184
Total Assets	38,044,312	47,710,400	85,754,712	27,794,481
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows Related to Pensions	390,542	147,251	537,793	79,549
Total Assets and Deferred Outflows of Resources	38,434,854	47,857,651	86,292,505	27,874,030
LIABILITIES:				
Accounts payable	654,803	254,718	909,521	119,847
Related party payables	-	921,481	921,481	-
Accrued liabilities	288,965	53,703	342,668	15,442
Deferred Revenue	-	-	-	11,960
Compensated Absenses	184,084	85,373	269,457	-
Retainage payable	38,501	-	38,501	-
Customer deposits	12,276	249,680	261,956	-
Other payables	33,963	27,531	61,494	-
Long-term liabilities:				
Compensated Absences	152,640	115,115	267,755	21,442
Net Pension Liability	3,148,420	1,187,100	4,335,520	350,534
Total Liabilities	4,513,652	2,894,701	7,408,353	519,225
NET POSITION				
Net investment in capital assets	28,284,187	34,215,466	62,499,653	27,019,614
Restricted for:				
Capital projects	83,081	-	83,081	325,766
Public Safety	11,898	-	11,898	-
Unrestricted	5,542,036	10,747,484	16,289,520	692
Total Net Position	\$ 33,921,202	\$ 44,962,950	\$ 78,884,152	\$ 27,346,072

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Activities
For the fiscal year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services & Fines	Operating Grants & Contributions	Capital Grants & Contributions
Primary Government				
Governmental activities:				
General Government	\$ 1,944,456	\$ 145,794	\$ -	\$ -
Police Department	2,875,834	155,653	150,114	-
Parks, Facilities & Recreation	3,433,621	1,228,303	259,395	30,797
Public Works	2,245,594	369,027	-	235,569
Pass Through Grants	2,835,692	-	-	2,835,692
Total Governmental Activities	<u>\$ 13,335,197</u>	<u>\$ 1,898,777</u>	<u>\$ 409,509</u>	<u>\$ 3,102,058</u>
Business-Type Activities:				
Solid Waste	\$ 1,683,283	\$ 2,288,886	\$ 4,800	\$ -
Water	2,493,935	3,152,023	-	133,620
Wastewater	964,442	1,351,019	-	76,357
Electric	10,806,815	11,712,728	-	77,858
Total Business-Type Activities	<u>\$ 15,948,475</u>	<u>\$ 18,504,656</u>	<u>\$ 4,800</u>	<u>\$ 287,835</u>
Total Primary Government	<u>\$ 29,283,672</u>	<u>\$ 20,403,433</u>	<u>\$ 414,309</u>	<u>\$ 3,389,893</u>
Component Unit				
Yellowstone Regional Airport	<u>\$ 2,549,948</u>	<u>\$ 563,516</u>	<u>\$ 76,823</u>	<u>\$ 2,845,209</u>
Total Component Units	<u>\$ 2,549,948</u>	<u>\$ 563,516</u>	<u>\$ 76,823</u>	<u>\$ 2,845,209</u>

General Revenues:
 Taxes
 Intergovernmental
 Investment Income
 Gain(Loss) on Disposal of Assets
 Miscellaneous
 Payments Between Primary Government and Component Unit
 Transfers

Total General Revenues

Change in Net Position

Net Position - beginning

Net Position - ending

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Activities
For the fiscal year ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activites	Total	Component
\$ (1,798,662)	\$ -	\$ (1,798,662)	\$ -
(2,570,067)	-	(2,570,067)	-
(1,915,126)	-	(1,915,126)	-
(1,640,998)	-	(1,640,997)	-
-	-	-	-
<u>\$ (7,924,853)</u>	<u>\$ -</u>	<u>\$ (7,924,852)</u>	<u>\$ -</u>
\$ -	\$ 610,403	\$ 610,403	-
-	791,708	791,708	-
-	462,934	462,934	-
-	983,771	983,771	-
<u>\$ -</u>	<u>\$ 2,848,816</u>	<u>\$ 2,848,816</u>	<u>\$ -</u>
<u>\$ (7,924,853)</u>	<u>\$ 2,848,816</u>	<u>\$ (5,076,036)</u>	<u>\$ -</u>
			<u>\$ 935,600</u>
			<u>\$ 935,600</u>
\$ 978,588	\$ -	978,588	128,016
5,257,235	-	5,257,235	-
19,210	24,251	43,461	1,703
4,461	35,984	40,445	2,113
56,859	33,082	89,941	17,661
(182,706)	-	(182,706)	182,706
2,365,999	(2,365,999)	-	121,846
<u>\$ 8,499,646</u>	<u>\$ (2,272,682)</u>	<u>6,226,964</u>	<u>454,045</u>
574,793	576,134	1,150,927	1,389,645
33,346,409	44,386,816	77,733,225	25,956,427
<u>\$ 33,921,202</u>	<u>\$ 44,962,950</u>	<u>\$ 78,884,152</u>	<u>\$ 27,346,072</u>

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Balance Sheet
Governmental Funds
June 30, 2015

	MAJOR FUNDS		Non-Major Governmental Funds	Total Governmental Funds
	General	Lodging Tax Fund		
ASSETS:				
Cash and cash equivalents	\$ 3,015,709	\$ 49,357	\$ 2,604,399	\$ 5,669,465
Investments	2,642,560	-	-	2,642,560
Restricted cash and cash equivalents	12,276	-	-	12,276
Accounts receivable, net of allowance				
Franchise tax receivable	60,432	-	-	60,432
Court fine receivable, net of allowance	46,620	-	-	46,620
Other receivables, net of allowance	136,095	-	-	136,095
Due from other governments	811,927	11,129	-	823,056
Inventory	153,100	-	-	153,100
Prepaid expenses	216,521	-	-	216,521
Total Assets	7,095,240	60,486	2,604,399	9,760,125
LIABILITIES				
Liabilities:				
Accounts payable	598,053	9,084	47,666	654,803
Accrued wages and related charges	288,965	-	-	288,965
Retainage payable	38,501	-	-	38,501
Customer deposits	12,276	-	-	12,276
Other payables	33,963	-	-	33,963
Total Liabilities	971,758	9,084	47,666	1,028,508
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue	155,695	-	-	155,695
Total Deferred Inflows of Resources	155,695	-	-	155,695
Fund Balances:				
Nonspendable:				
Inventory/prepaid expenses	369,621	-	-	369,621
Restricted for:				
Police forfeitures	11,898	-	-	11,898
Public Improvements	-	-	49,481	49,481
Convention Center	21,100	-	-	21,100
PEG Grant	12,000	-	-	12,000
Committed:				
-	-	-	-	-
Assigned:				
Capital Assets	-	-	2,507,252	2,507,252
Open space contributions	119,334	-	-	119,334
Community Support	-	51,402	-	51,402
Unassigned	5,433,834	-	-	5,433,834
Total Fund Balances	5,967,787	51,402	2,556,733	8,575,922
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 7,095,240	\$ 60,486	\$ 2,604,399	\$ 9,760,125

See accompanying notes to the basic financial statements

City of Cody, Wyoming
 Balance Sheet
 Governmental Funds
 June 30, 2015

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

Total Fund Balances - Governmental Funds	\$	8,575,922
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of: \$ 14,446,990		28,284,187
Certain long-term assets are not available to pay for current fund liabilities and therefore are deferred in the funds:		
Court fine receivable		26,676
Motor vehicle taxes		70,136
Severance taxes		58,875
Franchise Fees		-
Receivable from other governments		-
		155,687
Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:		
Accrued compensated absences		(336,724)
		(336,724)
Deferred outflows and inflows related to pension applicable to future liabilities		(2,757,870)
Net Position of Governmental Activities:	\$	33,921,202

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Revenues, Expenditures Changes in Fund Balances
Governmental Funds
for the fiscal year ended June 30, 2015

	MAJOR FUNDS		Non-Major Governmental Funds	Total Governmental Funds
	General	Lodging Tax Fund		
Revenues:				
Taxes (intergovernmental & service generated)	\$ 4,948,935	\$ 115,640	\$ -	\$ 5,064,575
Royalties	466,350	-	-	466,350
State and Federal Funding	846,827	-	-	846,827
Pass Through Grants	2,835,691	-	-	2,835,691
Fines & Forfeitures	154,362	-	-	154,362
Charges for Services:				
Penalties & Fees	73,202	-	-	73,202
Parks & Recreation Fees	1,206,245	-	-	1,206,245
Public Works	369,027	-	-	369,027
Licenses & Permits	72,592	-	-	72,592
Facility Rental	22,058	-	-	22,058
Investment Income	19,183	-	27	19,210
Contributions & Donations	387,203	-	-	387,203
Miscellaneous	56,859	-	-	56,859
Total Revenues	11,458,534	115,640	27	11,574,201
Expenditures:				
Current:				
Mayor & Council	276,846	62,388	-	339,234
City Administrator	153,787	-	-	153,787
Administrative Services	1,443,974	-	-	1,443,974
Police Department	2,780,767	-	-	2,780,767
Parks Maintenance	661,318	-	-	661,318
Public Facilities	484,883	-	-	484,883
Recreation Center	1,751,137	-	-	1,751,137
Community Development	529,811	-	-	529,811
Streets	1,167,586	-	-	1,167,586
Vehicle Maintenance	116,757	-	-	116,757
Pass Through Grants	2,835,692	-	-	2,835,692
Capital Outlay	675,850	-	622,252	1,298,102
Total Expenditures	12,878,408	62,388	622,252	13,563,048
Excess(deficiency) of revenues over expenditures	(1,419,874)	53,252	(622,225)	(1,988,847)
Other Financing Sources(Uses):				
Transfers In(Out)	2,011,373	(32,053)	561,377	2,540,697
Payment to component Unit	(182,706)	-	-	(182,706)
Sale of Governmental Assets	34,346	-	-	34,346
Total Other Financing Sources(Uses)	1,863,013	(32,053)	561,377	2,392,337
Net Change in Fund Balance	443,139	21,199	(60,848)	403,490
Fund Balances - Beginning	5,524,648	30,203	2,617,581	8,172,432
Fund Balances - Ending	\$ 5,967,787	\$ 51,402	\$ 2,556,733	\$ 8,575,922

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Revenues, Expenditures Changes in Fund Balances
Governmental Funds
for the fiscal year ended June 30, 2015

**Reconciliation of the Statement of Revenues, Expenditures & Changes in Fund Balances of Governmental Funds
to the Statement of Activities**

Net changes in fund balances - total governmental funds	\$ 403,490
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays and issue costs as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	949,440
Capital assets transferred from business-type funds	173,964
Capital asset disposal	(29,885)
Depreciation expense	(1,062,494)
	<u>31,025</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Contributed assets	177,547
Deferred revenue	(29,512)
	<u>148,035</u>
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 governmental funds:	
Accrued compensated absences	(7,757)
	<u>(7,757)</u>
Change in Net Position of Governmental Activities	\$ 574,793

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds				Total
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Proprietary Funds
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 1,293,668	\$ 1,969,361	\$ 1,742,845	\$ 2,022,285	\$ 7,028,159
Investments	996,596	723,364	237,173	1,379,881	3,337,014
Restricted cash and cash equivalents	-	-	-	249,680	249,680
Accounts receivable, net of allowance	303,109	419,150	177,624	1,468,414	2,368,297
Inventory	1,164	102,351	8,297	399,972	511,784
Total Current Assets	<u>2,594,537</u>	<u>3,214,226</u>	<u>2,165,939</u>	<u>5,520,232</u>	<u>13,494,934</u>
Non-current Assets:					
Capital Assets:					
Land and other non-depreciable assets	232,916	32,634	479,987	136,654	882,191
Other capital assets, net of depreciation	1,198,458	10,121,591	11,131,488	10,881,738	33,333,275
Total Non-current Assets	<u>1,431,374</u>	<u>10,154,225</u>	<u>11,611,475</u>	<u>11,018,392</u>	<u>34,215,466</u>
Total Assets	<u>\$ 4,025,911</u>	<u>\$ 13,368,451</u>	<u>\$ 13,777,414</u>	<u>\$ 16,538,624</u>	<u>\$ 47,710,400</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred Outflows Related to Pensions	35,562	30,693	16,455	64,541	147,251
Total Deferred Outflows of Resources	<u>35,562</u>	<u>30,693</u>	<u>16,455</u>	<u>64,541</u>	<u>147,251</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	\$ 102,247	\$ 188,032	\$ 39,952	\$ 845,968	\$ 1,176,199
Sales tax payable	-	-	-	27,531	27,531
Accrued expenses	13,156	12,423	5,156	22,968	53,703
Customer deposits	-	-	-	249,680	249,680
Accrued compensated absences	22,936	20,230	11,944	30,263	85,373
Total Current Liabilities	<u>138,339</u>	<u>220,685</u>	<u>57,052</u>	<u>1,176,410</u>	<u>1,592,486</u>
Non-current Liabilities:					
Net Pension Liability	286,696	247,437	132,655	520,312	1,187,100
Compensated Absences	21,441	33,389	16,090	44,195	115,115
Total Non-current Liabilities	<u>308,137</u>	<u>280,826</u>	<u>148,745</u>	<u>564,507</u>	<u>1,302,215</u>
Total Liabilities	<u>446,476</u>	<u>501,511</u>	<u>205,797</u>	<u>1,740,917</u>	<u>2,894,701</u>
NET POSITION					
Net investment in capital assets	1,431,374	10,154,225	11,611,475	11,018,392	34,215,466
Unrestricted	<u>2,183,623</u>	<u>2,743,408</u>	<u>1,976,597</u>	<u>3,843,856</u>	<u>10,747,484</u>
Total Net Position	<u>\$ 3,614,997</u>	<u>\$ 12,897,633</u>	<u>\$ 13,588,072</u>	<u>\$ 14,862,248</u>	<u>\$ 44,962,950</u>

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
for the fiscal year ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	
Operating Revenues:					
Charges for Services:					
Solid waste charges	\$ 2,243,766	\$ -	\$ -	\$ -	\$ 2,243,766
Recycling revenue	45,121	-	-	-	45,121
Water charges	-	3,003,801	-	-	3,003,801
Water crane sales	-	16,212	-	-	16,212
Wastewater charges	-	-	1,306,903	-	1,306,903
Electric charges	-	-	-	11,639,162	11,639,162
Miscellaneous	-	-	1,250	24,752	26,002
Total Operating Revenues	<u>2,288,887</u>	<u>3,020,013</u>	<u>1,308,153</u>	<u>11,663,914</u>	<u>18,280,967</u>
Operating Expenditures:					
Personal Services	578,873	382,464	279,863	991,663	2,232,863
Utility Purchases	812,067	1,414,327	-	8,842,311	11,068,705
Materials, Maintenance & Services	194,111	376,555	278,547	548,686	1,397,899
Depreciation expense	98,232	320,589	406,032	424,155	1,249,008
Total Operating Expenses	<u>1,683,283</u>	<u>2,493,935</u>	<u>964,442</u>	<u>10,806,815</u>	<u>15,948,475</u>
Operating Income(Loss)	605,604	526,078	343,711	857,099	2,332,492
Non-Operating Revenues(Expenses):					
Investment income	7,234	5,259	1,735	10,023	24,251
Development fees	-	-	-	36,350	36,350
Hook up fees	-	42,919	-	37,216	80,135
Plant investment fees	-	-	36,150	-	36,150
Tap fees	-	66,377	-	-	66,377
Impact Fees	-	-	7,966	-	7,966
Gain(Loss) on disposal of assets/inventory	2,667	(316)	31,779	1,854	35,984
Miscellaneous	844	28,879	-	-	29,723
Total Non-Operating Revenues(Expenses)	<u>10,745</u>	<u>143,118</u>	<u>77,630</u>	<u>85,443</u>	<u>316,936</u>
Net Income(Loss) before contributions & transfers	616,349	669,196	421,341	942,542	2,649,428
Capital contributions	-	133,620	402,011	100,866	636,497
Operating contributions	4,800	-	-	-	4,800
Transfers in(out)	(426,089)	(606,364)	(415,576)	(1,266,632)	(2,714,661)
Changes in Net Position	195,060	196,452	407,776	(223,224)	576,064
Total Net Position - beginning	<u>3,419,937</u>	<u>12,701,181</u>	<u>13,180,296</u>	<u>15,085,472</u>	<u>44,386,886</u>
Total Net Position - ending	<u>\$ 3,614,997</u>	<u>\$ 12,897,633</u>	<u>\$ 13,588,072</u>	<u>\$ 14,862,248</u>	<u>\$ 44,962,950</u>

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Cash Flows
Proprietary Funds
for the fiscal year ended June 30, 2015

Business-Type Activities - Enterprise Funds						
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Total Proprietary Funds	Discretely Presented Component Unit
Cash Flows From Operating Activities						
Receipts from customers	\$ 2,285,374	\$ 3,021,316	\$ 1,320,192	\$ 11,596,023	\$ 18,222,905	\$ 564,946
Payments to suppliers	(889,605)	(1,608,154)	(240,865)	(8,366,386)	(11,105,010)	(334,091)
Payments to employees	(561,369)	(368,761)	(274,959)	(965,975)	(2,171,064)	(619,118)
Other receipts/payments	-	-	1,250	24,752	26,002	16,115
Net Cash Provided by(used in) Operating Activities	<u>834,400</u>	<u>1,044,401</u>	<u>805,618</u>	<u>2,288,414</u>	<u>4,972,833</u>	<u>(372,148)</u>
Cash Flows From Non-Capital Financing Activities						
Operating grants	4,800	-	-	62,799	67,599	76,823
Passenger facility tax	-	-	-	-	-	128,016
Proceeds from hook up fees	-	42,919	-	37,217	80,136	-
Proceeds from tap fees	-	66,377	-	-	66,377	-
Miscellaneous income(expense)	845	28,878	-	-	29,723	3,659
Other Non-Capital Financing Activities	-	-	-	-	-	-
Operating transfers in(out)	(425,665)	(434,344)	(414,818)	(1,265,874)	(2,540,701)	304,552
Net Cash Provided by(used in) Noncapital Financing Activities	<u>(420,020)</u>	<u>(296,170)</u>	<u>(414,818)</u>	<u>(1,165,858)</u>	<u>(2,296,866)</u>	<u>513,050</u>
Cash Flows From Capital and Related Financing Activities						
Purchase of capital assets	(18,730)	(165,344)	(255,159)	(129,752)	(568,985)	(3,237,058)
Contributed capital revenues	-	58,484	-	61,166	119,650	3,134,844
Other Capital Financing Activities	-	-	-	(111,477)	(111,477)	-
Proceeds from development fees	-	-	-	36,350	36,350	-
Proceeds from plant investment & impact fees	-	-	44,116	-	44,116	-
Proceeds from the sale of capital assets	4,221	-	65,625	8,971	78,817	1,500
Net Cash Used in Capital and Related Financing Activities	<u>(14,509)</u>	<u>(106,860)</u>	<u>(145,418)</u>	<u>(134,742)</u>	<u>(401,529)</u>	<u>(100,714)</u>
Cash Flows From Investing Activities						
Interest and dividends	7,234	5,259	1,736	10,023	24,252	1,703
Net Cash Provided by(Used in) Investing Activities	<u>7,234</u>	<u>5,259</u>	<u>1,736</u>	<u>10,023</u>	<u>24,252</u>	<u>1,703</u>
Net Increase(Decrease) in Cash and Cash Equivalents	407,105	646,630	247,118	997,837	2,298,690	41,891
Balances - beginning of year	<u>1,883,159</u>	<u>2,046,095</u>	<u>1,732,900</u>	<u>2,654,009</u>	<u>8,316,163</u>	<u>516,390</u>
Balances - end of year	<u>\$ 2,290,264</u>	<u>\$ 2,692,725</u>	<u>\$ 1,980,018</u>	<u>\$ 3,651,846</u>	<u>\$ 10,614,853</u>	<u>\$ 558,281</u>
Reconciliation of Operating Income(Loss) to Net Cash Provided by Operating Activities						
Operating income(loss)	\$ 605,604	\$ 526,078	\$ 343,711	\$ 857,099	\$ 2,332,492	\$ (1,970,317)
Adjustments reconcile operating income to net cash provided(used) by operating activities:						
Depreciation	98,232	320,589	406,032	424,155	1,249,008	1,560,473
Change in assets and liabilities:						
Receivables	(3,513)	1,303	13,289	(52,476)	(41,397)	(9,030)
Inventory	14,326	(5,304)	(2,270)	177,013	183,765	10,408
Accounts payable	102,247	188,032	39,952	845,968	1,176,199	5,327
Accrued expenses	11,867	11,528	4,560	20,652	48,607	17,885
Prepaid expenses	-	-	-	-	-	(1,923)
Sales tax payable	-	-	-	1,630	1,630	-
Deferred Revenue	-	-	-	-	-	11,960
Customer deposit liability	-	-	-	9,337	9,337	-
Accrued compensated absences	5,637	2,175	344	5,036	13,192	3,069
Net Cash Provided by(Used in) Operating Activities	<u>\$ 834,400</u>	<u>\$ 1,044,401</u>	<u>\$ 805,618</u>	<u>\$ 2,288,414</u>	<u>\$ 4,972,833</u>	<u>\$ (372,148)</u>
Non-Cash Activities:						
Loss on sale of capital assets	\$ -	\$ 316	\$ 715	\$ -	1,031	\$ -
Contributed capital assets	\$ -	\$ 91,320	\$ 402,011	\$ 23,008	\$ 516,339	\$ -

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. FINANCIAL REPORTING ENTITY
- B. BASIS OF PRESENTATION
- C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
- D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION
- E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES
- F. REVENUES, EXPENDITURES AND EXPENSES
- G. USE OF ESTIMATES
- H. RECENTLY ISSUED ACCOUNTING STANDARDS

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. DEFICIT FUND BALANCES OR NET POSITION
- B. BUDGET REQUIREMENTS
- C. DEPOSITS AND INVESTMENTS REQUIREMENTS
- D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES
- E. DEBT RESTRICTIONS AND COVENANTS

NOTE 3. DETAIL NOTES - TRANSACTION CLASSIFICATION

- A. DEPOSITS AND INVESTMENTS
- B. RECEIVABLES
- C. DUE FROM OTHER GOVERNMENTS
- D. RESTRICTED ASSETS
- E. CAPITAL ASSETS
- F. LONG-TERM DEBT
- G. INTERFUND BALANCES AND ACTIVITIES
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NOTE 4. OTHER NOTES

- A. EMPLOYEE PENSION PLANS
- B. RISK MANAGEMENT
- C. LEASES
- D. COMPENSATED ABSENCES
- E. RELATED PARTY TRANSACTIONS
- F. SEGMENT INFORMATION FOR ENTERPRISE FUNDS
- G. COMMITMENTS AND CONTINGENCIES
- H. CHANGE IN ACCOUNTING PRINCIPLE
- I. SUBSEQUENT EVENTS/OTHER

NOTE 5. COMPONENT UNIT - YELLOWSTONE REGIONAL AIRPORT

- A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- B. CASH AND INVESTMENTS
- C. CAPITAL ASSETS
- D. RISK MANAGEMENT
- E. CURRENT LIABILITIES

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- F. NET POSITION
- G. CAPITAL CONTRIBUTIONS
- H. PENSION PLAN
- I. DEFERRED COMPENSATION PLAN
- J. LEASE AGREEMENTS
- K. ECONOMIC DEPENDENCY
- L. RELATED PARTY TRANSACTIONS
- M. COMMITMENTS/SUBSEQUENT EVENTS/OTHER
- N. PRIOR PERIOD ADJUSTMENT

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's accounting and financial reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent sections of this Note.

1.A. FINANCIAL REPORTING ENTITY

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 61, and includes all component units of which the City is fiscally accountable.

The reporting entity is comprised of the primary government and a discretely presented component unit. The primary government of the City of Cody consists of all funds and departments that are not legally separate from the City.

The City of Cody (City) is a municipal corporation located in Park County, Wyoming. The elected Mayor and six-member City Council represent the governing body responsible for the activities related to City government within the jurisdiction of the City. The government receives funding from local, state and federal government sources and must comply with the accompanying requirements of these funding sources.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organizations; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the City in that the City approves the budget, levies their taxes or issues their debt.

The City has one component unit that is discretely presented in the City's report as presented below:

Yellowstone Regional Airport - created in 1980 to construct, maintain, equip, operate and conduct an airport and incidental facilities. The governing body consists of seven members of whom four are appointed by the City Council and three are appointed by the Park County Commissioners. Any issuance of debt would require the approval of the City and Park County. The City funds approximately 60% of the Airport's operational revenue shortfall. Additional disclosures related to Yellowstone Regional Airport are located in NOTE 5. Complete financial statements of the individual discretely presented component unit can be obtained from the administrative office at: Yellowstone Regional Airport, Attn: Administrative Offices, 2101 Roger Sedam Drive, Cody, WY 82414.

City of Cody, Wyoming
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The component unit column included on the government-wide financial statements identifies the financial data of the City's discretely presented component unit. It is reported separately to emphasize that it is legally separate from the City.

Related Organizations

The following related organizations are not included in the financial reporting entity:

Wyoming Municipal Power Agency - provides electrical generation and distribution services to its eight member communities.

Shoshone Municipal Pipeline - operates a pipeline and water treatment facility to sell water to the six communities participating in the joint powers venture.

The City appoints one or two representatives to serve on each of these joint powers boards. However, in each case there are at least 5 other board members selected by other entities. Each board hires its own management, sets its own rates and is responsible for its own expenses. The City is not liable for losses of any of the boards and does not provide a significant amount of funding for any of the boards.

1.B. BASIS OF PRESENTATION

New Accounting Standards Implemented:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, enhances the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Requirements of this statement which are applicable to the City of Cody were implemented for the fiscal year ending June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68*, the objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. Requirements of this statement which are applicable to the City of Cody were implemented for the fiscal year ending June 30, 2015.

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity except for fiduciary activities, of which the City maintains none. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds

City of Cody, Wyoming
Notes to Basic Financial Statements
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are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirements of the program or activity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Separate financial statements are presented for the two major fund categories: governmental and proprietary. An emphasis of the fund financial statements is placed on major governmental and enterprise funds. The General Fund is always reported as a major fund. Other funds are considered major if they meet the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund is at least 10% of the corresponding total for all funds of that category or type, AND
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund that are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

All remaining governmental and enterprise funds not meeting the above criteria are aggregated and reported as non-major funds. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the primary operating fund of the City. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. This fund is always a major fund.

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Notes to Basic Financial Statements
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Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue fund:

Lodging Tax Fund - accounts for revenues and expenditures of lodging taxes which are to be used to support community functions and activities. This fund is a major fund by the election of management.

Capital Projects Funds

Capital Projects funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital projects funds, of which all are non-major funds:

Public Improvements Fund - accounts for proceeds specifically required for the use of public improvements for governmental type activities and for proceeds designated for capital improvements by the management.

Vehicle Replacement Fund - accounts for transfers from other funds within the primary government which is for the purchase vehicles and equipment. Transfers are based upon each department's vehicles and assigned replacement schedules to allocate appropriate funds to cover future replacements. Although projects such as construction are not being performed, the City considers this a capital project fund.

Proprietary Funds

Proprietary funds include enterprise and internal service funds. Enterprise funds are used to account for business-like activities for services provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Non-operating revenues of the proprietary funds include such items as investment earnings and subsidies. The reporting entity includes the following proprietary funds, each of which are major funds:

Solid Waste Fund - accounts for the activities of the department responsible for maintaining a dependable system for collecting and disposing of solid waste and recyclable materials in the City.

Water Fund - accounts for activities of the department responsible for providing a safe, potable water supply and an irrigation water supply to the community.

Wastewater Fund - accounts for the activities of the department responsible for maintaining a dependable system for collecting and treating the City's wastewater.

Electric Fund - accounts for activities of the department responsible for providing a dependable electric supply to the community.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe **how** transactions are recorded within the financial statements. Basis of accounting refers to **when** transactions are recorded regardless of the measurement focus applied.

Measurement Focus

Government-wide and Proprietary Fund Financial Statements

In the government-wide Statement of Net Position and the Statement of Activities, and the proprietary and fiduciary fund statements the "economic resources" measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

Governmental Fund Financial Statements

In the governmental fund financial statements, a "current financial resources" measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements

In the government-wide Statement of Net Position and Statement of Activities, and the proprietary fund financial statements the accrual basis of accounting is applied. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental Fund Financial Statements

In the governmental fund financial statements the modified accrual basis of accounting is applied. Under the modified accrual basis of accounting revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City has defined "available" as collected within 60 days after year end. Sales and use taxes, franchise taxes, lodging taxes, court fines and interest are considered susceptible to accrual. Expenditures, including capital outlay, are recorded when the related fund liability is incurred, except for long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financial sources.

**1.D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES,
AND NET POSITION/FUND EQUITY**

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Investments in open-ended mutual fund money market accounts are also considered cash equivalents and are reported at the funds current share price.

Investments

Investments consist of U.S. government securities and bonds. These investments are purchased with the intention of holding to maturity and are therefore reported at cost.

Receivables

Material receivables in governmental funds and governmental activities include revenue accruals such as sales tax, franchise tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in accordance with GASB 33. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available at the fund level.

Proprietary-type funds, business-type activities and similar component unit's material receivables consist of all revenues earned at year -end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Component unit material receivables consist of due from other governments and various fee receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Prepaid Items

Payments made to vendors for service that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as non-spendable as this amount is not available for general appropriation.

Inventories

The City records consumable materials and supplies as an asset when purchased and expended as consumed. Such inventory is valued at average cost.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund type operations and whether they are reported in the government-wide or fund financial statements.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

Government-Wide Statements

In the government-wide financial statements, property, plant and equipment are accounted for as capital assets. The City's capitalization threshold varies by asset classification and category. The range of asset capitalization threshold by asset classification is noted below:

Classification	Threshold
Land	\$5,000
Intangibles	\$5,000
Buildings	\$25,000
Other Improvements	\$25,000
Machinery & Equipment	\$ 5,000
Furniture & Fixtures	\$ 5,000
Infrastructure	\$5,000 - \$25,000

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2006, are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or significantly extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is calculated over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Asset Type	Useful Life
Buildings	30 – 50 Years
Other Improvements	10 Years
Intangibles	1-5 Years
Machinery & Equipment	5 – 10 Years
Furniture & Fixtures	5 Years
Infrastructure	5 – 50 Years

In the government fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted Assets

Restricted assets include cash and investments of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to customer utility deposits.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund and component unit resources are reported as liabilities incurred. The long-term debt consists primarily of accrued compensated absences, liability for claims, notes payable, and revenue bonds payable. This long-term debt is reported net of unamortized premiums, discounts, and amounts deferred from refundings, if applicable.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

As of June 30, 2015 the only debt that exists is accrued compensated absences and customer deposit liabilities in both the governmental and business-type funds.

Compensated Absences

The City's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by management.

The City's sick leave policy caps sick leave accruals at 720 hours and employees with balances in excess of 720 as of the adoption date are allowed to keep all of the hours accrued until such time that the employees use the hours below 720. Eligible employees may be able to convert a portion of their accrued sick leave towards the employee's 457 Deferred Compensation account or Health Savings account or a combination of both based on a longevity percentage table upon an eligible separation of employment.

Vacation time off with pay is available to regular full time and regular part time employees. The amount of paid vacation time employees receive each year increases with the length of their employment. Full time employees may carry 80 hours of accrued vacation leave and part time employees may carry 40 hours of accrued vacation leave into a new calendar year. Vacation time off is paid at the employee's base rate of pay at the time of vacation

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet may include a line for deferred outflows of resources. This element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

In addition to liabilities, the statement of net position/balance sheet may include a line for deferred inflows of resources. This element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

At June 30, 2015 the City of Cody reported on the Statement of Net Position a deferred outflow in the amount of \$537,793 for its proportionate share of the Wyoming Retirement System's net pension liability. The amount attributable to the General Fund is \$390,542 and the amount attributable to the proprietary funds is \$147,251. See Notes 4.A. and 4.H. for additional information regarding the pension liability. The City has deferred revenue that qualifies for reporting on the Balance Sheet in this category in the amount of \$155,695 which represents court fines, motor vehicle taxes and severance taxes.

Equity Classifications

Government-Wide and Proprietary Fund Financial Statements:

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following categories:

- a. Net investment in capital assets – Consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction or improvement of the assets.
- b. Restricted net position – Consists of amounts restricted by creditors, grantors, contributors or laws or regulations of other governments.
- c. Unrestricted net position – Consists of the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Governmental Fund Financial Statements:

In the fund financial statements, governmental fund balance is presented in five possible categories:

- a. Nonspendable – resources which cannot be spent because they are either (a) not in spendable form or; (b) legally or contractually required to be maintained intact.
- b. Restricted – resources with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed – resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner. The commitment or use of Committed Resources is accomplished through an Ordinance or Resolution of the City Council, usually during the annual budget process or subsequent budget amendment.

City of Cody, Wyoming
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- d. Assigned – resources neither restricted nor committed for which a government has as stated intended use as established by the governing body. The assignment or use of Assigned Resources is accomplished by Council action.
- e. Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount.

Application of Net Position:

It is the City of Cody’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Application of Fund Balance:

When both restricted and unrestricted fund balances are available for use, it is the City’s policy to use externally restricted fund balances first. Furthermore, committed fund balances are reduced first, followed by assigned fund balances and then unassigned fund balances when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide financial statement, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Vehicle Maintenance Allocation: The City of Cody operates a Vehicle Maintenance department in the General Fund. The main function of this department is to provide maintenance and repair services on fleet vehicles and equipment. Under City policies, certain interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate cost of programs. For reporting purposes, the Enterprise Fund charges are shown as transfers in/out between funds. The General Fund activities are credited to the performing department and charged as an expense to the receiving departments. The cost allocation is calculated annually based on each department’s percentage of use; therefore, actual costs are not being allocated. The cost allocation for this fiscal year was distributed as follows:

Fund	Allocation Value
General Fund	\$ 150,135
Solid Waste Fund	74,062
Water Fund	6,388
Wastewater Fund	29,104
Electric Fund	19,899
Total	\$ 279,588

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
- b. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds are not eliminated in the statement of activities.
- c. Primary government and component unit activity and balances – resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental, proprietary fund and fiduciary categories is reported as follows in the fund financial statements:

- a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
- d. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. REVENUES, EXPEDITURES, AND EXPENSES

Sales Tax

The City presently levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the State and remitted to the City the month following receipt by the State. The sales tax recorded is allocated to General Fund operations. Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and are

City of Cody, Wyoming
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June 30, 2015

included under the caption, *Due from other governments* since they represent taxes on sales occurring during the reporting period.

Property Tax

The Park County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed after the end of each month.

Property Tax Calendar

August 10	Taxes are levied and become an enforceable lien on the properties
September 1	First of two equal installment payments is due
November 10	First installment is delinquent
March 1	Second installment is due
May 10	Second installment is delinquent

According to GASB #33 (Non-exchange Revenues), a receivable can be recorded at the earliest of the date of the assessment or the date a lien is placed on the property. Neither of these items occurs prior to June 30th for the upcoming levy, therefore the August levy included in the current fiscal year is the basis for the receivable.

Grants

The City participates in various grant activities depending on the applicable projects and/or grants available. Expenditures from certain grants are subject to audit by the grantor, and the City is contingently liable to refund amounts received in excess of allowable expenditures.

During the fiscal year the City of Cody acted as the pass through agency for the following grants through the Wyoming Business Council:

Cody Laboratories Expansion Project: A project between the City of Cody, Forward Cody Wyoming Inc, Cody LCI Realty LLC and Wyoming Business Council (WBC) to construct a 10,282 square foot hazardous materials warehouse facility on two lots totaling 2.6 acres located in the North Cody Industrial Park. This grant was awarded for \$2,531,424. As part of the consideration for funding the construction of the warehouse the City of Cody was required to file a security interest on the facility prior to any other security interests and liens. The City of Cody shall release its security interest after twenty (20) years or upon WBC's approval.

Habitat for Humanity Project: A project between Mountain Spirit Habitat for Humanity and the City of Cody to complete the installation of streets, water and wastewater infrastructure in an affordable housing subdivision. The grant was awarded for \$395,000.

Expenditures & Expenses

In the government-wide statement of activities expenses including depreciation of capital assets are reported by function or activity. In the governmental fund financial statements expenditures are reported by class (further reported by function) as current, capital outlay and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

1.G. USE OF 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 certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1.H. RECENTLY ISSUED ACCOUNTING STANDARDS

GASB Statement No. 72, *Fair Value Measurement and Application*. Effective for periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2015-2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. Effective for periods beginning after June 15, 2016. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. This Statement also clarifies the application of certain provisions of Statements 67 and 68. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2016-2017.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans. Other than Pension Plans*. Effective for periods beginning after June 15, 2016. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2016-2017.

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Notes to Basic Financial Statements
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GASB Statement No. 75, *Financial Reporting for Postemployment Benefit Plans. Other than Pension Plans*. Effective for periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2017-2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Effective for periods beginning after June 15, 2015. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2015-2016.

GASB Statement No. 77, *Tax Abatement Disclosures*. Effective for periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2015-2016.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state and local laws and contractual regulations.

2.A. DEFICIT FUND BALANCES OR NET POSITION

Wyoming Statutes prohibit the creation of a deficit fund balance in any individual fund of the City. For the year ended June 30, 2015, the City had not incurred a fund balance deficit in any individual fund.

2.B. BUDGET REQUIREMENTS

The City prepares its annual operating budget under the provisions of Wyoming State Statutes for all the funds. In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. A public hearing is conducted to obtain citizen comments.

- c. Subsequent to the public hearing the budget is adopted by Ordinance of the City Council.
- d. By July 31 the adopted budget is filed with the State and County.

Budgets for governmental funds are prepared using the modified cash basis of accounting. Proprietary funds budgets are prepared using the accrual basis of accounting. The statutory legal level of control at which expenditures may not legally exceed appropriations is the fund level. The City adopts, manages and amends its budget at the department level as well as by total fund level. Management control is at budgetary line item level. The Council may amend the budget once it is approved and may authorize transfers within the various budgetary programs in any fund. Unused appropriations for all funds lapse at the end of the year. The City does not use encumbrance accounting.

2.C. DEPOSITS AND INVESTMENTS REQUIREMENTS (POLICIES)

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds. Investments of a City are limited by State law to the following:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Wyoming is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper and repurchase agreements involving securities which are authorized investments under State Statutes.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c and d.

2.D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Related Party Payables

The City of Cody had \$921,481 payable to the following related parties at June 30, 2015: \$143,801 in the Water Fund payable to Shoshone Municipal Pipeline and \$777,680 payable to Wyoming Municipal Power Agency. Further disclosure of related party transaction is reported in Note 4E.

Accrued Expenses

The City of Cody reported \$342,668 in accrued expenses as of June 30, 2015. Accrued expenses consist of wages earned by employees through June 30, 2015 which had not yet been paid and related payroll liabilities such as FICA. Due to the dates and report filing of certain payroll related expenses for items such as workers compensation and retirement these items are also included in the accrual. These items were not paid prior to June 30, 2015 for their respective liability.

2.E. DEBT RESTRICTIONS AND COVENANTS

General Long-Term Debt

As required by State Statutes, the City may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2015 the City incurred no such debt or obligations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSIFICATION

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. DEPOSITS AND INVESTMENTS

The City's investment policy is adopted pursuant to the requirements of W.S. 9-4-831(h). It is the policy of the City of Cody to invest public funds in a manner which will provide a reasonable rate of investment return while assuring the maximum holding of principal, meeting the daily cash flow demand of the City of Cody, and conforming to all federal, state, and local laws and regulations governing the investment of public funds. This policy applies to the investment of all public funds maintained by the City of Cody and except for cash held for certain restricted purposes the City of Cody consolidates cash balances from all funds to maximize investment earnings. Investment income is allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles.

City of Cody, Wyoming
Notes to Basic Financial Statements
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Deposits with Financial Institutions

The City of Cody maintains funds on deposit at a local bank branch in non-interest bearing checking accounts. At June 30, 2015 the carrying amount of the City's cash and cash equivalents was \$12,959,580. The deposits with financial institutions as of the same date totaled \$12,885,257. The deposits were collateralized as follows:

Balance at June 30, 2015	Pledged Collateral	FDIC Insurance	Total Bank Collateral	Bank Collateral Over(under) Requirements
\$ 12,959,580	\$ 17,292,443	\$ 250,000	\$ 17,542,443	\$ 4,582,863

Investments

The City of Cody maintains investments in direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged. It is the City's policy to purchase investments and hold them to maturity, therefore investments are reported at cost rather than fair market value. As of June 30, 2015 the City of Cody held the following investments:

Issuing Agency	Original Cost	Par Value	Market Value at June 30, 2015
Federal Farm Credit Banks (FFCD)	\$1,542,918	\$1,540,000	\$1,529,720
Federal Home Loan Mortgage Corporation (FHLMC)	\$2,330,467	\$2,340,000	\$2,299,599
Federal National Mortgage Association (FNMA)	\$2,106,189	\$2,120,000	\$2,099,344
Total	\$5,979,574	\$6,000,000	\$5,928,663

Investment and Deposit Risk

Custodial credit risk is the risk that, in the event of bank failure, 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 (Wells Fargo Bank).

Bank Deposits – The City of Cody maintained 100% pledging of its deposits in financial institutions. FDIC covered \$250,000 of the bank balance while the remaining balance was secured by the pledging of additional collateral. At June 30, 2015 the collateral on the City of Cody's deposits exceeded the amount on deposit by \$4,582,863.

Third Party Payment Processors – the City of Cody utilizes third party payment processors for the collection of electronic payments from customers via credit card or automatic bank account debits. These transactions are processed through a financial institution and covered under the FDIC insurance.

Interest rate risk is the risk that is associated with declines or rises in interest rates which cause an investment in a fixed-income holding to increase or decrease in value. The City's policy provides that to the extent practicable, investments are matched with anticipated cash flows and are diversified to minimize the risk of loss resulting from an over-concentration of assets in a specific maturity period or single issuer.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City of Cody invests only in U.S. backed securities and bonds issued by different government agencies.

Call risk is the risk that is specific to bond issues and refers to the possibility that an instrument will be called prior to maturity and usually goes hand in hand with reinvestment risk. The City of Cody’s investments are split 44% callable and 56% non-callable.

Reinvestment risk is the risk that in a declining interest rate environment investments offered do not provide the same level of income. Falling interest rates lead to a decline in cash flow from an investment when its principal is reinvested at lower rates. As of June 30, 2015 none of the City’s bond investments had been called or had matured.

Market risk is the risk that the value of a holding will increase or decline as a result of changes in market conditions. The City of Cody has a “buy and hold” policy meaning that bonds are held until maturity.

3.B. RECEIVABLES

As required by GASB #33, there is a court fine receivable recorded on the books in the amount of \$357,997 with an uncollectible allowance recorded of \$311,377. Many of the outstanding fines fall into the category of over 120 days past due, however, they are typically years past due and not considered collectible. Many of these accounts have been sent to collections.

A significant portion of the charges for services receivables are due from residents of Cody, Wyoming for utility services. Other receivables in the governmental funds consist of billings through the City’s accounts receivable system for items such as building permits, miscellaneous items, licenses, etc. Proprietary funds accounts receivable consist of usage and tap fees billed to customers (solid waste, water, wastewater, and electric). They are as follows:

	Governmental	Enterprise Funds	Total
Accounts Receivable – billed	\$ 174,611	\$ 1,207,964	\$ 1,382,575
Accounts Receivable – unbilled	6,513	1,280,303	1,286,816
Allowance for Uncollectible Accounts	(45,029)	(119,970)	(164,999)
Accounts Receivable, net of allowance for uncollectible accounts	\$ 136,095	\$ 2,368,297	\$ 2,504,392

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

3.C. DUE FROM OTHER GOVERNMENTS

Due from other governments consists of those revenues due from outside governmental agencies such as the county, state and federal government. The following is a schedule of those receivables and related deferred revenues:

	Governmental		Business-Type
	<u>Receivable</u>	<u>Deferred</u>	<u>Receivable</u>
Grants	\$ 59,960	\$ 0	\$ 0
Sales and Use Tax	568,946	-	-
Ad Valorem (Property) Tax	14,649	-	-
Severance Tax	58,875	58,876	-
Cigarette Tax	6,146	-	-
Lodging Tax	11,129	-	-
Motor Vehicle Tax	70,135	70,135	-
Gasoline Tax	33,216	-	-
Total	\$ 823,056	\$ 129,011	\$ 0

The amount shown on this schedule for Governmental deferred revenue (\$129,011) differs from deferred revenue total shown on the Governmental Funds Balance Sheet deferred revenue (\$155,695) due to certain deferred revenue not derived from intergovernmental sources.

3.D. RESTRICTED ASSETS

The restricted assets as of June 30, 2015 are comprised of customer deposits (see Note 3.F.) and were as follows:

Type of Restricted Assets	Governmental	Enterprise Funds
General Fund	\$ 12,276	\$ -
Electric Fund	-	249,680
Total Restricted Assets	\$ 12,276	\$ 249,680

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

3.E. CAPITAL ASSETS

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

GOVERNMENTAL CAPITAL ASSETS

	Balance at July 1, 2014	Adjustments	Additions	Disposals	Balance at June 30, 2015
Land	\$ 2,277,647	\$ -	\$ 149,844	\$ (21,405)	\$ 2,406,086
Construction in Progress	188,745	-	92,362	(154,231)	126,876
Buildings	13,010,558	245,339	-	-	13,255,897
Intangibles	76,400	-	-	-	76,400
Improvements	4,889,790	-	-	-	4,889,790
Furniture & Fixtures	75,503	-	-	-	75,503
Machinery & Equipment	4,825,121	-	388,282	(293,177)	4,920,226
Infrastructure	16,306,206	-	674,197	-	16,980,403
Total Assets	41,649,970	245,339	1,304,685	(468,813)	42,731,181
Accumulated Depreciation:	(13,574,356)	(73,319)	(1,062,495)	263,176	(14,446,994)
Net Capital Assets	28,075,614	172,020	242,190	(205,637)	28,284,187

PROPRIETARY CAPITAL ASSETS

	Balance at July 1, 2014	Adjustments	Additions	Disposals	Balance at June 30, 2015
Land	\$ 614,332	\$ -	\$ -	\$ -	\$ 614,332
Construction in Progress	41,761	-	261,392	(35,294)	267,859
Buildings	1,869,319	(245,340)	-	-	1,623,979
Intangibles	19,900	-	-	-	19,900
Improvements	139,788	-	-	-	139,788
Machinery & Equipment	4,259,781	-	438,196	(576,319)	4,121,658
Infrastructure	46,910,221	-	535,021	-	47,445,242
Total Assets	53,855,102	(245,340)	1,234,609	(611,613)	54,232,758
Accumulated Depreciation:	(19,370,634)	73,319	(1,249,010)	529,029	(20,017,292)
Net Capital Assets	\$ 34,484,468	\$(172,021)	\$ (14,401)	\$ (82,584)	\$ 34,215,466

3.F. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental funds (Government Activities Long-Term Debt) and the amounts to be repaid from proprietary funds (Business-Type Activities Debt).

As of June 30, 2015 the City's long-term debt consisted of the following:

Accrued Compensated Absences: Accrued compensated absences reported in the governmental activities are comprised of accrued vacation leave, sick leave and compensatory time.

Customer Deposit Liability: Utility customers without acceptable credit history are required to pay a meter deposit to obtain utility services. Utility deposits are refundable

City of Cody, Wyoming
Notes to Basic Financial Statements
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after 12 consecutive months of on-time payment history. Other customer deposits include encroachment deposits, landscaping deposits and bid bonds. Other deposits are refundable upon completion of the requirements of each type of deposit, typically within 12 months.

CHANGES IN LONG TERM DEBT

	Balance at July 1, 2014	Additions	Deductions	Balance at June 30, 2015	Amounts Due within a Year
Governmental Activities:					
Accrued Compensated Absences	\$328,967	\$7,757	\$ -	\$336,724	\$184,084
Customer Deposits	<u>38,039</u>	<u>-</u>	<u>(25,763)</u>	<u>12,276</u>	<u>12,276</u>
Total Governmental Activities	367,006	7,757	(25,763)	349,000	196,360
Business-Type Activities:					
Accrued Compensated Absences	\$187,296	\$ 13,192	\$ -	\$200,488	\$85,373
Customer Deposits	<u>240,343</u>	<u>9,337</u>	<u>-</u>	<u>249,680</u>	<u>249,680</u>
Total Business-Type Activities	427,639	22,529	-	450,168	335,053
Total Long Term Debt	\$794,645	\$30,286	\$(25,763)	\$799,168	\$531,413

3.G. INTERFUND BALANCES AND ACTIVITIES

The City of Cody utilizes interfund transfers for both operating and capital purposes such as allocations to the Vehicle Replacement Fund, operating transfers from the Lodging Tax fund to the General Fund to finance community events and activities paid for by General Fund departments, and operating transfers from the Proprietary Funds to the General Fund to pay for costs associated with accounting, utility billing, and other administrative services paid for by the General Fund. Interfund transfers for the year ended June 30, 2015 were as follows:

		TO		
Fund	General Fund	Vehicle Replacement Fund	Total	
General Fund	\$ -	\$ 288,950	\$ 288,950	
Lodging Tax Fund	\$ 32,053	\$ -	\$ 32,053	
Solid Waste Fund	\$ 354,360	\$ 71,305	\$ 425,665	
Water Fund	\$ 418,561	\$ 15,783	\$ 434,344	
Wastewater Fund	\$ 286,932	\$ 127,885	\$ 414,817	
Electric Fund	\$ 1,208,422	\$ 57,452	\$ 1,265,874	
Totals	\$ 2,300,328	\$ 561,375	\$ 2,861,703	

The amount shown in this chart differs from the transfers shown on the Statement of Activities due to certain capital assets being transferred between funds.

City of Cody, Wyoming
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The following capital contributions are recorded as other financing sources due to the purchase of capital assets by the Vehicle Replacement Fund:

Fund	Amount
Wastewater	\$ 325,654
Electric	23,008
Total	\$ 348,662

The amount shown on this schedule (\$348,662) for capital contributions differs from capital contributions total shown on the Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds capital contributions (\$636,497) due to contributed capital received from outside agencies.

At fund level, the purchase by the governmental fund is recorded as capital outlay expenditure and is a capital contribution in the proprietary fund. However for the government-wide financial statements this activity is treated as a transfer between funds and activity is eliminated.

Payments between the primary government and the component unit for the year ended June 30, 2015 were as follows:

Payment From	Payment To	Amount	Nature of Transfer
General Fund	Yellowstone Regional Airport	\$182,706	Operational Subsidy

3.H. FUND BALANCES AND NET POSITION

Components of Fund Balances

As of June 30, 2015 fund balances components consisted of the following:

Fund	Non-Spendable	Restricted	Committed	Assigned
General Fund	\$ 369,621	\$ 44,998	\$ -	\$ 119,334
Public Improvements Fund	-	49,481	-	-
Vehicle Replacement Fund	-	-	-	2,507,252
Lodging Tax Fund	-	-	-	51,402
Total	\$ 369,621	\$ 94,479	\$ -	\$ 2,677,988

Net Asset Restrictions

In the governmental activities at the government-wide level there is a restriction in the amount of \$94,479 due to certain assets being restricted to a specific use such as the public improvements fund (\$49,481), police forfeiture funds (\$11,898), PEG grant (\$12,000) and convention center project (\$21,100).

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

The City and all full-time and regular part-time employees participate in the Wyoming Retirement System (WRS), a cost-sharing multi-employer public employee retirement system. All Full-time employees are required to participate in WRS.

The WRS has plan assets of \$6,672,165,875 and a total pension liability of \$8,436,858,102, creating a net pension liability of \$1,764,692,227. The City of Cody's prorated share of the net pension liability is based on the ratio of actual contributions paid to WRS by the City to the total paid by all participants of the plan. The measurement date of the unfunded pension liability was December 31, 2014. The City of Cody's share of the net pension liability is \$4,335,520, which is attributable to the funds as follows:

Fund	Net Pension Liability	Deferred Outflow	Net Change
General Fund	\$ 3,148,420	\$ 390,542	\$ 2,757,878
Solid Waste Fund	286,696	35,562	251,134
Water Fund	247,437	30,693	216,744
Wastewater Fund	132,655	16,455	116,200
Electric Fund	<u>520,312</u>	<u>64,541</u>	<u>455,771</u>
Total	\$ 4,335,520	\$ 537,793	\$ 3,797,727

WRS pays employees a defined benefit depending upon years of service and earnings using an accrued benefit cost method. The total contribution rate for public employees in Fiscal Year 2014-2015 was 15.87%, of which the City paid 11.44% and the employee paid 4.43%. Law enforcement employees participate at a higher contribution level of 17.2% of which the City paid 10.9% and employees paid 6.3%. Approximate contribution and payroll amounts for the last three fiscal years is as follows

Year	Contribution Amount	Payroll Amount
June 30, 2015	\$ 876,714	\$ 5,416,756
June 30, 2014	\$ 793,200	\$ 5,223,490
June 30, 2013	\$ 771,512	\$ 5,172,244

Wyoming Retirement System has two tiers of benefits for City employees:

Tier 1: For employees who have made a contribution to the Plan for service prior to September 1, 2012, benefits are calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and the employee's three-year highest average salary. Employees under this tier are eligible for full retirement at age 60 or the Rule of 85 (age plus years of service in WRS equals 85 or more).

City of Cody, Wyoming
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Tier 2: For employees who made their first contribution to the Plan for service on or after September 1, 2012 or if an employee terminated employment before being vested, or took a refund and then were reemployed on or after September 1, 2012, benefits are calculated using a multiplier of 2 percent for all years of service and the employee's five-year highest average salary. Employees under this tier are eligible for full retirement benefits at age 65 or the Rule of 85.

City employees are eligible for a reduced benefit when:

Under Tier 1 the employee reaches age 50 and are vested;

Under Tier 2 the employee reaches age 55 and are vested or

Under either Tier if the employee completes 25 years of service at any age

Law enforcement employees are eligible for full retirement after reaching age 60 and are vested or at any age with 20 years of service. Early retirement benefits are available with a reduced benefit after reaching age 50 and are vested.

WRS also provides death and disability benefits and is established by State Statute. Financial statements of WRS are available from the Wyoming Retirement System, 6101 Yellowstone Road Suite 500, Cheyenne, WY 82002.

4.B. RISK MANAGEMENT

Liability

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks of loss through participation in the Wyoming Local Government Liability Pool (LGLP). The City pays an annual actuarially determined assessment to LGLP for liability coverage. The coverage provides \$250,000 per claimant, but not more than \$500,000 per occurrence for all claimants. The deductible per occurrence is \$5,000. The contribution to the plan in the current year was \$55,399. Should claims exceed LGLP deposits, each participant is liable and will be assessed for its proportionate share whether or not it continues to participate in the plan, should LGLP terminate, the City would receive its proportionate share of excess funds remaining in the LGLP account. The City has incurred no losses of significance in excess of coverage provided by LGLP in the last three years.

Health Insurance

The City also participates in the Wyoming Association of Municipalities Joint Powers Insurance Coverage (WAM-JPIC) as a means to acquiring health and life insurance at competitive rates. The package is acquired by pooling resources with other governmental entities. The City pays 100% of the cost for single coverage and 90% of the cost for dependent coverage with employees paying the other 10%. The total cost for health insurance for the City in the current year was \$1,405,145.

City of Cody, Wyoming
Notes to Basic Financial Statements
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Property Insurance

Buildings and equipment are adequately insured under commercial insurance policies. The City has incurred no losses of significance in excess of coverage provided by the commercial carriers in the last three years. Total costs for property insurance for the City in the current year were approximately \$63,711.

4.C. LEASES

The City has entered into a lease agreement with the Cody Council on Aging, Inc. for a building constructed by the City for use as a senior center. The annual fair market value under the lease is approximately \$87,000. The term of the lease is 30 years beginning January 1, 2002 with valuation adjustments to be considered every five years. The annual lease payment is considered an in-kind contribution from the City to the Cody Council on Aging, a 501(c) (3) organization.

4.D. COMPENSATED ABSENCES

Accumulated vacation, sick leave and compensatory pay of the City's employees vest every other week and is recorded as a liability in the respective City funds. The General Fund's accrued vacation pay and sick leave is reported as a liability on the government-wide financial statements. Liabilities of the proprietary funds are reported within those funds at the fund level and government-wide level of financial statements. See Note 3.F. for further disclosure of the liabilities.

4.E. RELATED PARTY TRANSACTIONS

Jointly Governed Organizations

The City purchased water for a cost of \$1,414,327 from the Shoshone Municipal Water Joint Powers Board (SMP) during the fiscal year ended June 30, 2015 and owed the Board \$143,801 as of June 30, 2015.

The City purchased electricity for a cost of \$8,842,311 from the Wyoming Municipal Power Agency during the fiscal year ended June 30, 2015 and owed the Agency \$777,680 as of June 30, 2015.

Purchases from Elected Officials

During Fiscal Year 2014-2015 the City of Cody purchased materials and services from a council member in the amount of \$55,591.

4.F. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four business-type activities which provide solid waste, water, wastewater and electric services. Only the Water Fund and the Electric Fund are required to have segment information presented, however Management has chosen to show limited segment information on each Proprietary Fund in this Note. Each fund is a major fund therefore the full segment

City of Cody, Wyoming
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information can be easily seen in the proprietary funds financial statements. Segment information for the year ended June 30, 2015 as follows:

	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Combined Total
Total Assets	\$ 4,061,473	\$ 13,399,144	\$ 13,793,869	\$ 16,603,165	\$ 47,857,651
Current Assets	2,594,537	3,214,226	2,165,939	5,520,232	13,494,934
Capital Assets	1,434,374	10,154,225	11,611,475	11,018,392	34,215,466
Current Liabilities	138,339	220,685	57,052	1,176,410	1,592,486
Net Position Capital Assets	1,434,374	10,154,225	11,611,475	11,018,392	34,215,466
Net Position Unrestricted	2,173,623	2,743,408	1,976,597	3,843,856	10,747,484
Operating Revenues	2,288,887	3,020,013	1,308,153	11,663,914	18,280,967
Operating Expense	1,683,283	2,493,935	964,442	10,086,815	15,948,475
Operating Income (Loss)	605,604	526,078	343,711	857,099	2,332,492
Interest Income	7,234	5,259	1,735	10,023	24,251
Development Fees	-	-	-	36,350	36,350
Hook-up Fees	-	42,919	-	37,216	80,135
Plant Investment Fees	-	-	36,150	-	36,150
Impact Fees	-	-	7,966	-	7,966
Tap Fees	-	66,377	-	-	66,377
Transfers Out	426,089	606,364	415,576	1,266,632	2,714,661
Change in Net Position	195,060	196,452	407,776	(223,224)	576,064
Net Position Beginning	3,419,937	12,701,181	13,180,296	15,085,472	44,386,886
Net Position Ending	3,614,937	12,897,633	13,588,072	14,862,248	44,962,950
Net Cash Flow Operations	834,400	1,044,401	805,618	2,288,414	4,972,833
Net Cash Flow Non-Capital	(420,020)	(296,170)	(414,818)	(1,165,858)	(2,296,866)
Net Cash Flow Capital	(14,509)	(106,860)	(145,418)	(134,742)	(401,529)
Net Cash Flow Investing	7,234	5,259	1,736	10,023	24,252
Beginning Cash	1,883,159	2,046,095	1,732,900	2,654,009	8,316,163
Ending Cash	\$ 2,290,264	\$ 2,692,725	\$ 1,980,018	\$ 3,651,846	\$ 10,614,853

City of Cody, Wyoming
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June 30, 2015

4.G. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2015 the following construction commitments were outstanding of which some are being performed by City of Cody employees/departments:

Project	Fund/Department	Actual as of June 30, 2015	Anticipated Remaining Cost
South Beck Lake/BLM Project	General Fund – Parks	\$ 38,817	\$ 191,884
Grants - SLIB Parks Shop	General Fund – Parks	8,658	391,341
Grants - SLIB Glendale Park Play Equipment	General Fund – Parks	336	124,664
Rec Center LED Lighting Upgrade	General Fund – Recreation	79,061	22,527
Watermain Replacement - 19th & Rumsey	Water Fund	32,633	4,500
Wastewater Pretreatment Building/Ancillary	Wastewater Fund	105,571	3,694,428
Beacon Hill Electric Tie Line	Electric Fund	10,372	215,990
Skyline Subdivision Electric Cable	Electric Fund	84,619	119,019
Valley View Electric Upgrade	Electric Fund	<u>34,668</u>	<u>7,531</u>
Total		\$ 394,735	\$ 4,771,884

Contingencies

Grant Program Involvement – in the normal course of operations the City participated in various federal and state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by the granting or loan agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation – the City is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State Statute relating to judgments, the City feels that any settlement or insurance would not have a material adverse effect on the financial condition of the City.

4.H. CHANGE IN ACCOUNTING PRINCIPLE

Net position as of July 1, 2014 has been restated as follows for the implementation of GASB Statement No. 68 and as amended by GASB Statement No. 71:

	Governmental	Enterprise Funds	Total
Net Position as previously reported at June 30, 2014	\$ 36,104,287	\$ 45,426,665	\$ 81,530,952
Net Pension Liability	(3,148,420)	(1,187,100)	(4,335,520)
Deferred Outflows	<u>390,542</u>	<u>147,251</u>	<u>537,793</u>
Total Prior Period Adjustment	(2,757,878)	(1,039,849)	\$3,797,727
Net Position as restated, July 1, 2014	\$ 33,346,409	\$ 44,386,816	\$ 77,733,225

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

4.I. SUBSEQUENT EVENTS/OTHER

The following actions were taken by the City Council subsequent to the June 30th end of the fiscal year but prior to the issue date of this report:

Awarded Bid 2015-08 to Bobcat of the Big Horn Basin Inc for one new Bobcat S770 Skid Street Loader in the amount of \$45,640.97, less a trade in value of \$11,000 for a total amount of \$34,640.97.

Awarded Bid 2015-09 for a new 2015 or newer diesel cab and chassis w/55' articulating/telescoping aerial device and 156" utility line body to Jack's Heavy Equipment without the optional three phase conductor tree, in the amount of \$210,225, less a trade in value of \$22,000 leaving a net total bid of \$188,225.

Awarded and authorized the Mayor to sign a professional service contract between the City of Cody and GDA as it relates to the 12th Street Storm Drainage Project in the amount of \$55,590 contingent upon the review by the City Attorney.

Awarded and authorize the Mayor to sign a professional service contract between the City of Cody and GDA as it relates to the Cougar Avenue Street Design Project in the amount of \$40,000 contingent upon the review by the City Attorney.

Awarded Bid 2015-12 for two (2) 2016 newer SUV or Crossovers to Fremont Motors Cody in the amount of \$46,362, less trade in value of \$3,840, for a total amount of \$42,622.

Awarded Bid 2015-10 for (1) new 2016 1 Ton 4X4 Pickup w/Utility Body to Denny Menholt, of Cody, in the amount of \$42,593, less trade in value of \$4,600, for a total amount of \$37,993.

Awarded Bid 2015-13 and authorize the Mayor to enter into and sign a contract and other construction related documents between the City of Cody and Trail Source LLC. for the Beck Lake Trails Construction contingent upon review and approval by the City Attorney and authorize the submission to the WY Recreational Trails Program and obligate the grant to include base bid and all alternate bids not to exceed \$53,128.48.

Passed a resolution authorizing submission of a federal mineral royalty capital construction account grant application in the amount of \$1,769,500 to the State Loan and Investment Board for the purpose of the water treatment plant/facilities upgrade.

Passed resolution authorizing submission of a pre-application form to the State Loan and Investment Board for a loan in the amount of \$915,250 through the state revolving fund for the purpose of the water treatment plant/facilities upgrade.

At June 30, 2015 and through the date of the report management was unaware of further subsequent events warranting disclosure on the financial statements.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE 5. COMPONENT UNIT - YELLOWSTONE REGIONAL AIRPORT

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Airport have been prepared in conformity with generally accepted accounting principles (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 of the government's accounting policies are described below.

A) Reporting Entity

The Yellowstone Regional Airport Joint Powers Board (Airport) is a governmental subdivision of the State of Wyoming, formed under Wyoming Statute §16-1-104, located in Cody, Wyoming. The Airport is governed by a seven member board of trustees, four members are appointed by the City of Cody and three by Park County. The Board of Trustees has the authority to exercise all of the powers and privileges provided under law. These powers include the ability to establish and collect rates, rentals and other charges, the authority to acquire, construct, operate, manage and maintain airport facilities, the authority to buy and sell real and personal property, the authority to issue debt for acquiring or constructing any facility or permanent improvement, and the ability to sue or be sued in its corporate name. The Airport receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

In determining the financial reporting entity, the Airport implemented the provision of Governmental Accounting Standards Council Statement No. 61, *The Financial Reporting Entity: Omnibus*. Component units are legally separate organizations for which the Airport is financially accountable. The Airport is financially accountable for an organization which appoints a voting majority of the organization's government board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the Airport has no component units requiring inclusion in these financial statements.

Due to the City of Cody having the ability to appoint a majority of the Board of Trustees of the Airport and additional items noted above, the Airport is a discretely presented component unit of the City of Cody.

B) Basis of Accounting/Masurement Focus

The Airport's accounting system is organized and operated on a fund basis. The fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which is for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Airport's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting utilizing a proprietary fund. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Fund revenues are recognized when they are earned and expenses are recognized when incurred. Allocations of costs, such as depreciation and amortization, are recorded in the proprietary fund.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

B) Basis of Accounting/Measurement Focus (cont.)

The Airport follows GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements* which eliminates any potential conflict between the application of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Accounting Principles Board (APB) opinion, Accounting Research Bulletins issued on or before November 30, 1989 and GASB pronouncements, as all Pre-November 30, 1989 standards are now in the GASB's codification.

Cash and Cash Equivalents

The Airport'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.

Accounts Receivable/Due from Other Governments

The Airport's accounts receivable consists of revenues earned by the Airport prior to year end but not yet received. These receivables consist of user fees and charges for services. No allowance for doubtful accounts has been recorded as all accounts historically have been fully collected.

Due from other governments consists of funds from outside governmental entities, such as the state, for funds expended prior to year end but not yet received from the outside entity as of June 30, 2015.

Inventories

Inventories are recorded at cost and expended as used. The majority of inventory includes firefighting chemicals and supplies and parts for airport vehicles.

Prepaid Expense

Prepaid expenses are paid in advance of the expenditure's due date prior to the entity's fiscal year end. Prepaid expense consists of the health insurance premiums and liability insurance premiums that had been paid in advance for coverage occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Capital assets include land, land improvements, structures and improvements, equipment, infrastructure and intangible assets. 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. The capitalization threshold is \$5,000 for all purchases and projects. Donated capital assets are capitalized at estimated fair market value on the date donated.

Capital assets are depreciated/amortized using the straight-line method over the following useful lives:

Buildings	30-40 years
Infrastructure and Improvements	15-30 years
Machinery and equipment	5-15 years

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

B) Basis of Accounting/Measurement Focus (cont.)

Equity Classifications

In accordance with standards promulgated by the Governmental Accounting Standards Board (GASB), net position is classified as follows:

- Invested in capital assets – All capital assets (including restricted capital assets) net of accumulated depreciation
- Restricted net position – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation
- Unrestricted net position – All other net positions not included in the “Restricted net position” category or “invested in capital assets” category.

When both restricted and unrestricted resources are available for use, it is the Airport’s practice to use externally restricted resources first, then unrestricted resources.

Operating Revenues and Expenses

Operating revenues are generated directly from primary activities and include charges for services and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the Airport.

Contributions of Capital

Contributions of capital arise from outside contributions of capital assets or outside contributions of resources restricted to capital acquisition and construction.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

New Accounting Pronouncements

GASB Statement No 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, effective for periods beginning after June 15, 2014, enhances the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports by required recognition of the entire net pension liability and a more comprehensive measure of pension expense. The Airport implemented the new requirements for fiscal year 2014-2015, as applicable.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, which is applicable to in concurrence with GASB Statement No. 68.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

B) Basis of Accounting/Measurement Focus (cont.)

Budget

Joint Powers Boards are not legally required by state statute to prepare an annual budget, however, the Airport's Board prepares an operational budget annually. This budget is presented to the two governments, the City of Cody and Park County, for final budget approval.

Construction projects funded by federal and state grants are typically not included within this budget as they are not operational in nature. The Board may amend the budget after it is approved, and may also authorize transfers within various budgetary line items. The budget is prepared using the modified cash basis of accounting and any unused appropriations lapse at the end of the year.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the Airport recognizes deferred outflows and inflows of resources.

In the prior year, the Airport implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, providing for financial reporting guidance to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources, based on the definitions of those elements in Concepts No. 4, Elements of Financial Statements.

Pensions

In general, the Airport recognizes a net pension liability, which represents the Airport's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the Wyoming Retirement System (WRS). The net pension liability is measured as December 31, 2014. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the Airport's pension plan with WRS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

B) Basis of Accounting/Measurement Focus (cont.)

expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

NOTE B. CASH AND INVESTMENTS

Wyoming statutes allow the Airport to deposit un-invested funds with federal or state banks and savings and loan institutions. All deposits must be fully insured by the FDIC or FSLIC, or secured by a pledge of financial institution assets.

The Airport maintained 100% pledging of its deposits in financial institutions. FDIC covered \$250,000 of the bank balance, while the remaining \$353,272 was secured by the pledging of additional collateral. The total carrying value of these deposited was \$558,281.

The Airport follows state law regarding deposits in financial institutions and maintains all deposits in one financial institution. Due to the types of deposits held by the Airport, there is no interest rate risk or credit risk requiring disclosure in accordance with GASB Statement No. 40. All Airport investments were held in accounts authorized by Wyoming state statutes.

Restricted Cash

The passenger facility account with a balance of \$179,461, is monitored by the Federal Aviation Administration (FAA). The revenue deposited into this account is directly related to the passenger facility charges earned through the use of the airport by commercial airlines. Other funds are held from the sale of the old terminal building of \$146,305, and are restricted due to the original funding of the project being provided by the FAA. Such funds can be used for any Airport expenditure with the exception of operating and administrative salaries.

NOTE C. CAPITAL ASSETS

Depreciation expense in the current year was \$1,537,829 and amortization expense was \$24,144.

Certain assets are reported on the Airport's books to which the Airport does not maintain title. These assets are those which were part of the airport upon inception of the Joint Powers Board in 1980. These assets include land, buildings, and a small amount of infrastructure and improvements. The title remains with the City of Cody, however, the Airport is now responsible for the operations and maintenance of these assets. Therefore, considering the Airport is a discretely presented component unit of the City and the assets are not being reported in duplicate, it is appropriate that the assets remain as part of the Airport's financial statements.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE C. CAPITAL ASSETS (cont.)

	June 30, 2014	Transfers/ Additions	Transfers/ Dispositions	June 30, 2015
<i>Assets not being depreciated:</i>				
Construction in progress	\$ 345,308	\$ 2,897,561	\$ (3,207,489)	\$ 35,380
Land	723,050	-	-	723,050
<i>Assets being depreciated:</i>				
Buildings and improvements	14,793,977	-	-	14,793,977
Infrastructure and improvements	17,905,594	3,215,067	-	21,120,661
Machinery and equipment	2,604,326	41,396	(22,720)	2,623,002
Intangibles	241,441	-	-	241,441
Total capital assets	36,613,696	6,154,024	(3,230,209)	39,537,511
<i>Less: accumulated depreciation/amortization</i>				
Buildings and improvements	(2,939,097)	(486,482)	-	(3,425,579)
Infrastructure and improvements	(6,682,371)	(919,734)	-	(7,602,105)
Machinery and equipment	(1,318,948)	(131,613)	22,720	(1,427,841)
Intangibles	(38,228)	(24,144)	-	(62,372)
Total accumulated depreciation/ amortization	(10,978,644)	(1,561,973)	22,720	(12,517,897)
Net capital assets	\$ 25,635,052	\$ 4,592,051	\$ (3,207,489)	\$ 27,019,614

NOTE D. RISK MANAGEMENT

The Airport is exposed to various risks of loss related to property loss, torts, errors and omissions, as well as medical benefits provided to employees. The Airport has purchased commercial insurance to cover such claims. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current or prior two years.

NOTE E. CURRENT LIABILITIES

Accounts Payable

Accounts payable consist of costs incurred but not yet paid at June 30, 2015. These costs include operational costs such as utilities, security costs, capital project costs and advertising costs. Total accounts payable for June 30, 2015 is \$119,847 (\$27,220 of operational expenses and \$92,627 of construction expenses).

Retainage Payable

Retainage payable would consist of expenses incurred but not yet paid at year end on construction costs related to airport improvement projects. This payable is accumulated throughout the projects, if applicable, and will be paid upon completion of the project. For GAAP purposes and due to the certainty of payment upon completion, retainage is typically recorded as incurred. All retainage payments had been made prior to June 30, 2015.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE E. CURRENT LIABILITIES (cont.)

Accrued Expenses

Accrued expenses include payroll taxes and other monthly and quarterly payments due related to payroll through June 30, 2015. It also includes an accrued payroll liability for wages earned in June 2015 of approximately \$13,400, but not paid until July 2015. Total accrued expenses are \$15,442.

Accrued Compensated Absences

It is the Airport's policy to allow the accumulation of vacation time. The accrual varies by employee due to the accrual rate being based on the years of service. Vacation can only be accrued to a maximum of 80 hours and may be carried over from year to year at that maximum rate. Upon termination of employment, an employee will be paid all accrued vacation earned through the last day of employment. Total accrued vacation at June 30, 2015 was \$21,442. This is considered to be a current liability due to the history of the use of vacation time by employees.

NOTE F. NET POSITION

See **Note 1. B) – Equity Classifications** for explanation of the necessity and requirement of the balance of \$27,019,614 being recorded as "investment in capital assets".

As explained in **Note 2. Cash and Investments** the passenger facility account and new terminal contingency are restricted by use. The balance of restricted net position at June 30, 2015 is \$325,766.

NOTE G. CAPITAL CONTRIBUTIONS

Grants contributed by governmental agencies that are restricted for the construction of Airport assets are recorded as capital contributions. Total capital contributions were \$2,845,209 of which the majority was contributed by state and federal agencies.

NOTE H. PENSION PLAN

Plan Description

The Wyoming Retirement System (WRS) provides expert administration and responsible investment of Wyoming's public retirement and supplemental savings programs. Through WRS, the state's public employers can offer cost-effective retirement benefits that attract and retain highly qualified professionals. WRS has been a partner in building financial security for members and their families since 1953, when the Wyoming Teachers Retirement System (est. 1943) and the State Employees Retirement Association (est. 1949) merged.

WRS has grown to encompass most nonfederal public employees in Wyoming. WRS is administered by an 11-member board, which hires an executive director to oversee a staff of 38 employees. WRS consists of eight separate defined benefit pension plans, including: the Public Employee Plan; the Warden, Patrol and DCI Plan; two Paid Firefighter Plans; the Volunteer Firefighter & EMT Plan; the Air Guard Firefighter Plan; the Law Enforcement Plan and the Judicial Plan. The WRS 457 Deferred Compensation program and the State's Social Security 218 program are also administered by the Wyoming Retirement Board.

The active membership is comprised of employees from school districts, the University of Wyoming and community colleges, state and local government and various other political subdivisions. Any full-time or

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE H. PENSION PLAN (cont.)

regular part-time employee of an employer as defined under W.S. 9-3-402(a)(vii). Members who join the State of Wyoming Retirement System by August 31, 2012 are in Tier 1, while members who join on or after September 1, 2012 are in Tier 2. For Tier 1 member: employee's average annual salary for the highest paid three continuous years of service. For Tier 2 member: employee's average annual salary for the highest paid five continuous years of service.

Summary of Benefits

- Pension: WRS Pension Plans provide a member a monthly payment for life once the member meets age, vesting and service qualifications. In general, the amount of this "defined benefit" is determined by a formula based on the member's salary, length of service and age at retirement.
- Personal Investments: WRS administers a Deferred Compensation 457 Plan, which is an elective supplemental savings plan. The 457 Plan is a type of "defined contribution" plan and is commonly understood as a 401(k) plan for the public sector. The 457 Plan allows individuals to build personal assets for retirement inside a tax-advantaged structure with both pre-tax and after-tax options.
- Social Security: Most of WRS' members also participate in Social Security with the exception of paid firefighters and some police.

Eligibility for benefit

- Tier 1 members may retire upon normal retirement on the date he/she attains age 60 with four or more years of service while Tier 2 members may retire upon normal retirement on the date he/she attains age 65 with four or more years of service.
- All employees may also retire upon normal retirement on the date that the sum of the member's age and service is at least 85.
- Tier 1 members are eligible for a reduced benefit at age 50 with four or more years of service and Tier 2 members are eligible for a reduced benefit at age 55 with four or more years of service.
- All members are eligible for a reduced benefit at any age with 25 or more years of service.
- Disability requires ten or more years of service with benefit earned as of the date of disability, payable immediately.
- Pre-retirement Death Benefit has no age or service requirement with a lump sum equal to two times the employee contributions with interest. If the employee is vested, the beneficiary can elect, in lieu of this lump sum, to receive a monthly annuity equal to the actuarial equivalent of the retirement benefit that would be due the employee.
- Cost-of-Living Improvements are prohibited under W.S. 9-3-454 unless the funded ration stays above 100% plus a margin for adverse experience throughout the life of the benefit change.

Vesting

- Any employee who has left employment with four or more years of service, and who has not withdrawn accumulated contributions, is eligible to receive the above benefit or can elect to receive a lump-sum refund of employee contributions with interest. An employee who terminates with less than four years of service is only eligible for the lump-sum benefit.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE H. PENSION PLAN (cont.)

Monthly benefit formula

- For Tier 1 member: 2.125% of employee's Final Average Salary for each year of credited service for the first 15 years of service credit plus 2.25% of Final Average Salary for any years of service credit exceeding 15 years.
- For Tier 2 member: 2.000% of employee's Final (5-year) Average Salary for each year of credited service. This amount is reduced by 5.0% per year that the employee is under age 60 for Tier 1 and under age 65 for Tier 2. However, members retiring with a combined age and service of at least 85 receive an unreduced benefit. Employees hired prior to July 1, 1981 may be entitled to benefits earned under a different formula.

Total number of members (employees) covered by benefit terms as of June 30, 2015:

- Retirees and Beneficiaries - 22,731
- Inactive, Nonretired Members - 24,773
- Active Members - 36,354
- Total - 83,858

Overview of Contributions

- Employee 7.50% of salary before July 1, 2014 and 8.25% after
- Employer 7.12% of salary before July 1, 2014, then 7.62% before July 1, 2015, and 8.37% after
- Interest 5.50% annually

Stand-Alone Statements

The PERS financial information is reported in the Wyoming Retirement System's *Comprehensive Annual Financial Report* for the fiscal year ended. It is available from the WRS at 6101 Yellowstone Road, Suite 500 Cheyenne, Wyoming 82002 (307) 777-7691.

CAFR information including WRS stand-alone financial statements can be found on their web site at <http://retirement.state.wy.us/home/reports.html>

The latest actuarial valuation and experience study can be found at their website at <http://retirement.state.wy.us/employers/GASB.html>

Deferred Inflows and Outflows

At June 30, 2015, the Airport reported a liability of \$350,534 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Airport's proportion of the net pension liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At December 31, 2014, the Airport's proportion was .021569521%, which was an increase of 0.002066713% from its proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the Airport recognized pension expense of \$46,777. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the Airport reported deferred outflows of

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE H. PENSION PLAN (cont.)

resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on retirements plan investments	42,749	-
Changes in proportion and differences between Airport contributions and proportionate share of contributions	-	8,733
Airport contributions subsequent to the measurement date	36,800	-
	\$ 79,549	\$ 8,733

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes in net pension liability to be recognized in future periods in a systematic and rational manner.

\$36,800 reported as deferred outflows of resources related to pensions resulting from the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year Ending June 30,	Amount
2016	\$ 8,733
2017	8,733
2018	8,733
2019	7,817
2020	-
Thereafter	-
	\$ 34,016

Changes in actuarial assumptions and methods: There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes proportionate share: There were no changes between the measurement date of the collective Net Pension Liability and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the NPL.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE H. PENSION PLAN (cont.)

Actuarial Assumptions

The Total Pension Liability as of June 30, 2015, is based on the results of an actuarial valuation date of December 31, 2014. There were several significant assumptions and other inputs used to measure the Total Pension Liability. The actuarial assumptions used in the December 31, 2014 valuation were based on the results of the last actuarial experience study, dated January 1, 2014. Among those assumptions were the following:

General Wage Growth (including inflation)	4.25%-6.00%
Investment Return	7.75%
Price Inflation	3.25%
Post-Retirement Mortality	
- RP-2000 Combined Mortality Table, generational projected with Scale BB	

- Mortality assumptions among contributing members, terminated vested members, service retired members and beneficiaries based on RP 2000 Combined Employee and Annuitant Mortality Tables projected to 2014 with scale BB.
- Mortality assumptions among Disabled Retirees are based on RP 2000 Combined Employee and Annuitant Mortality Tables projected forward five years with scale BB.

Discount Rate

A Single Discount Rate of 7.750% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.750%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and the employer contributions will be made at the current schedule contribution rates. Based on these 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.

Target Allocations

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	2.5%	0.50%
Fixed Income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable Alternatives	15.50%	3.79%
Private Markets	12.00%	5.76%
Total	<u>100.00%</u>	

The figures in the above table were supplied by New England Pension Consultants (NEPC); the investment consulting firm to the Wyoming Retirement System.

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE H. PENSION PLAN (cont.)

Sensitivity Analysis

		1% Decrease 6.50%		Discount Rate 7.75%		1% Increase 8.50%
Airport's proportionate share of the net pension plan liability	\$	547,778	\$	350,534	\$	184,894

In accordance with GASB 68 regarding the disclosure of the sensitivity of the Net Pension Liability to changes in the discount rate, the above table presents the Net Pension Liability calculated using the discount rate of 7.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower (6.75%) or 1.00% higher (8.75%) than the current rate.

Recognition of Beginning Deferred Outflow – GASB 71

At June 30, 2015, the employer recognized a beginning deferred outflow of resources for the employers FY 2014 contributions of \$30,377.

NOTE I. DEFERRED COMPENSATION PLAN

The Airport offers its employees a deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. The amount in the plan is available to employees only upon termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchases with those amounts, property or rights (until paid or made available to the employee or the beneficiary) are solely the property of the Airport and are not restricted to providing benefits under the plan. Those amounts, property or rights are subject only to the claims of the Airport's general creditors. Participant's rights under the plan are equal to those of general creditors of the Airport in an amount equal to the fair market value of the deferred account for each participant. The Airport's management believes that it is not likely that it will use assets to satisfy the claim of general creditors in the future.

NOTE J. LEASE AGREEMENTS

The Airport leases facilities (hanger lots and space in the terminal building) to various parties under several operating leases. The majority of these leases are renewable annually and could be terminated upon the discretion of the Board.

NOTE K. ECONOMIC DEPENDENCY

The City of Cody and Park County provided approximately 28% of the Airport's operational funds for the year ending June 30, 2015. Total funds transferred from the governmental entities were \$304,552. The two entities have provided 25% and 30% of the Airport's operating funds for the year ending June 30, 2014 and 2013, respectively.

NOTE L. RELATED PARTY TRANSACTIONS

Hangar rentals and advertising space are available to all individuals and business therefore; it is possible that related parties are conducting normal business transactions with the Airport.

City of Cody
Notes to Basic Financial Statements
June 30, 2015

NOTE M. COMMITMENTS/ SUBSEQUENT EVENTS/ OTHER

Construction/Grants

In the prior year, the 4-22 Runway Project was started and substantially completed in the current year. Total estimated costs are approximately \$3,200,000 which includes engineering and construction costs. As of June 30, 2015, \$3,130,376 had been incurred on the project. The project is funded by a federal grant of \$3,050,000 and relative state grants and matching funds. The allocation of funding is 93.75% federally funded, 3.75% state funded and the remaining 2.5% is local matching funds.

As is standard practice for the Airport, passenger facility tax money was approved by the FAA to assist in airport matching fund required in the above project.

General

In the normal course of operations, the Airport receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with terms of the grant contract. Any liability for reimbursement which may arise as a result of these audits is deemed to be immaterial.

Litigation

The Airport is a party to various legal proceedings which normally occur in the course of government operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of any proceedings cannot be predicted, due to the insurance coverage maintained by the Airport and the state statute relating to judgments, the Airport feels that any settlement or insurance would not have a material adverse effect on the financial condition of the Airport, if necessary.

Subsequent Events/Other

The Airport acquired property from the State of Wyoming Military Department. The trade consisted of real property of 9.9 acres in the Airport Business Park plus 19.6 acres of airport property on the east side of Beacon Hill Road in exchange for the armory property, including the armory building. The transfer of property and related paperwork was completed in July 2014. The Airport's plan included demolishing the armory building, however, due to notification from the State this project was put on hold for an indefinite period. Funds expended to date towards this project are included as part of capital projects in the Construction in Progress account in the amount of \$35,380.

In the normal course of airport improvement and activities of the Airport, various grants and future projects are continually evaluated, along with related funding opportunities.

From July 1, 2015 through October 21, 2015 the date of this report was available for issuance, management was unaware of any further commitments, subsequent events, or other items which would require disclosure in the financial statements which have not already been disclosed elsewhere.

NOTE N. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$266,143 was made to decrease the beginning net position. The adjustment was necessary to implement the reporting of net pension liability required under GASB 68 and 71.

The restatement of beginning net position is summarized as follows:

City of Cody, Wyoming
Notes to Basic Financial Statements
June 30, 2015

NOTE N. PRIOR PERIOD ADJUSTMENT (cont.)

Net position at July 1, 2014, as previously stated	\$ 26,222,570
Net pension liability adjustment	<u>(266,143)</u>
Net position at July 1, 2014, as restated	<u>\$ 25,956,427</u>

REQUIRED SUPPLEMENTAL INFORMATION

City of Cody, Wyoming
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Modified Accrual Basis
for the fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (inflows):				
Taxes				
Sales and Use Tax	\$ 2,700,000	\$ 2,700,000	\$ 3,100,750	\$ 400,750
Franchise Tax	1,182,971	1,182,971	1,195,711	12,740
Licenses & Permits	66,700	66,700	72,592	5,892
Intergovernmental				
Federal Grants	391,660	392,790	340,124	(52,666)
State Grants	674,556	747,963	166,936	(581,027)
Pass Through Grants	2,551,424	2,587,507	2,577,604	(9,903)
Severance Tax	352,000	352,000	354,148	2,148
Royalties	484,000	484,000	467,408	(16,592)
State and Federal Funding	698,931	698,931	700,898	1,967
Other Taxes				
Motor Vehicle Tax	133,029	133,029	144,813	11,784
Gasoline Tax	390,000	390,000	390,859	859
Cigarette Tax	83,217	83,217	81,492	(1,725)
Ad Valorem Tax	569,404	569,404	587,479	18,075
Fines and Forfeitures	162,111	162,111	156,706	(5,405)
Charges for Services:				
Penalties and Fees	75,000	75,000	79,560	4,560
Parks and Recreation Fees	1,207,607	1,207,607	1,207,564	(43)
Public Works Fees	546,138	546,138	648,615	102,477
Assessment Revenue				
Investment Income	47,040	47,040	7,327	(39,713)
Contributions and Donations	639,494	464,494	420,876	(43,618)
Facility Rentals	29,625	29,625	22,058	(7,567)
Miscellaneous	17,800	12,300	91,205	78,905
Total Revenues	<u>13,002,707</u>	<u>12,932,827</u>	<u>12,814,725</u>	<u>(118,102)</u>
Other Financing Sources:				
Transfers from Other Funds	1,264,913	1,264,913	1,264,912	(1)
Total other Financing Sources	<u>1,264,913</u>	<u>1,264,913</u>	<u>1,264,912</u>	<u>(1)</u>
Amounts Available for Appropriation	<u>14,267,620</u>	<u>14,197,740</u>	<u>14,079,637</u>	<u>(118,103)</u>
Charges to Appropriations (outflows):				
General Government:				
Mayor and City Council	322,552	322,552	276,750	45,802
City Administrator	198,099	198,099	153,064	45,035
Administrative Services	4,603,930	4,353,916	1,499,570	2,854,346
Administrative Services - Pass Through Grants	-	-	2,835,692	(2,835,692)
Police	3,121,683	3,135,355	2,883,812	251,543
Parks	1,360,124	1,327,530	711,730	615,800
Public Facilities	542,194	591,008	514,998	76,010
Recreation Center	1,943,030	1,949,836	1,776,353	173,483
Community Development	564,121	564,121	540,353	23,768
Streets	1,622,467	2,058,775	1,874,331	184,444
Vehicle Maintenance	284,074	284,074	276,273	7,801
Total Charges to Appropriations	<u>14,562,274</u>	<u>14,785,266</u>	<u>13,342,926</u>	<u>1,442,340</u>
Payment to Component Unit	188,320	188,320	182,706	5,614
Transfers Out	-	-	-	-
Total Interfund Transfers	<u>\$ 188,320</u>	<u>\$ 188,320</u>	<u>\$ 182,706</u>	<u>\$ 5,614</u>
Net change in fund balance	\$ (294,654)	\$ (587,526)	\$ 554,005	\$ 1,141,531
Fund Balance, beginning	<u>\$ 5,524,648</u>	<u>\$ 5,524,648</u>	<u>\$ 5,524,648</u>	<u>\$ -</u>
Fund Balance, ending	<u>\$ 5,229,994</u>	<u>\$ 4,937,122</u>	<u>\$ 6,078,653</u>	<u>\$ 1,329,851</u>

City of Cody, Wyoming
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Modified Accrual Basis
for the fiscal year ended June 30, 2015

Adjustments to Generally Accepted Accounting Principles Basis:	
Changes in due from other governments	\$ (120,362)
Changes in due from other entities	(13,763)
Changes in court receivables and related accounts	(284)
Changes in other receivables	(21,084)
Changes in allowances	13,616
Changes in inventory	19,547
Changes in accrued liabilities	(18,040)
Changes in deferred revenue	<u>29,504</u>
Net change in fund balances - GAAP basis	<u>(110,866)</u>
Ending Fund Balance - GAAP Basis	<u><u>\$ 5,967,787</u></u>

Notes:

- (1) The City of Cody operates a Vehicle Maintenance department in the General Fund. The main function of this department is to provide maintenance and repair services on fleet vehicles and equipment. Under City policies, interdepartmental services performed by one department for another are credited to the performing department and charged to the receiving department to reflect the accurate cost of programs. For reporting purposes, the Enterprise Fund charges are shown as transfers in/out between funds. The General Fund activities are credited to the performing department and charged as an expense to the receiving departments. The cost allocation is calculated annually based on each department's percentage of use; therefore, actual costs are not being allocated. See Note 1.E. in the Notes to the Basic Financial Statements for additional details.

- (2) The City of Cody operates a Vehicle Replacement capital project fund which accounts for transfers from other funds within the primary government which is to be used to purchase vehicles and equipment. Transfers are based upon each department's vehicles and assigned replacement schedules to allocate appropriate funds to cover future replacements. See Note 3.G. in the Notes to the Basic Financial Statements for additional details.

- (3) The budget for the General Fund is prepared using the modified accrual basis of accounting.

City of Cody, Wyoming
 Budgetary Comparison Schedule - Modified Accrual Basis
 Major Governmental Fund
 for the fiscal year ended June 30, 2015

LODGING TAX FUND				
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Resources (inflows):				
Taxes	\$ 101,797	\$ 101,797	\$ 115,640	\$ 13,843
Amounts Available for Appropriation	101,797	101,797	115,640	13,843
Charges to Appropriations (outflows):				
Mayor and City Council	26,608	1,000	10,969	(9,969)
Community Support	51,592	70,507	51,419	19,088
Transfers Out	32,053	36,830	32,053	4,777
Total Charges to Appropriations	110,253	108,337	94,441	13,896
Net change in fund balance	\$ (8,456)	\$ (6,540)	\$ 21,199	\$ 27,739
Fund Balance, beginning	\$ 30,203	\$ 30,203	\$ 30,203	\$ -
Fund Balance, ending	\$ 21,747	\$ 23,663	\$ 51,402	\$ 27,739

See independent auditor's report as it relates to required supplementary information.

OTHER SUPPLEMENTAL INFORMATION

City of Cody, Wyoming
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	<u>Capital Projects Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Public Improvements Fund</u>	<u>Vehicle Replacement Fund</u>	
<u>Assets</u>			
Cash and Cash Equivalents	\$ 97,147	\$ 2,507,252	\$ 2,604,399
Total Assets	<u>\$ 97,147</u>	<u>\$ 2,507,252</u>	<u>\$ 2,604,399</u>
<u>Liabilities</u>			
Accounts Payable	\$ 47,666	\$ -	\$ 47,666
Total Liabilities	<u>\$ 47,666</u>	<u>\$ -</u>	<u>\$ 47,666</u>
<u>Fund Equity</u>			
Fund Balance:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:			
Public Improvements	49,481	-	49,481
Committed:	-	-	-
Assigned:	-	-	-
Capital Assets	-	2,507,252	2,507,252
Unassigned	-	-	-
Total Fund Equity	<u>\$ 49,481</u>	<u>\$ 2,507,252</u>	<u>\$ 2,556,733</u>
Total Liabilities and Fund Equity	<u>\$ 97,147</u>	<u>\$ 2,507,252</u>	<u>\$ 2,604,399</u>

See independent auditor's report as it relates to required supplementary information.

City of Cody, Wyoming
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
for the fiscal year ending June 30, 2015

	<u>Capital Projects Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Public Improvements Fund</u>	<u>Vehicle Replacement Fund</u>	
REVENUES			
Investment Income	\$ 1	\$ 26	\$ 27
Total Revenues	<u>1</u>	<u>26</u>	<u>27</u>
EXPENDITURES			
Capital Outlay	<u>79,062</u>	<u>543,190</u>	<u>622,252</u>
Total Expenditures	<u>79,062</u>	<u>543,190</u>	<u>622,252</u>
Revenues Over(Under) Expenditures	(79,061)	(543,164)	(622,225)
Other Financing Sources(Uses)			
Transfers In	-	561,377	561,377
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(79,061)	18,213	(60,848)
Fund Balance - beginning of year	<u>128,542</u>	<u>2,489,039</u>	<u>2,617,581</u>
Fund Balance - end of year	<u>\$ 49,481</u>	<u>\$ 2,507,252</u>	<u>\$ 2,556,733</u>

See independent auditor's report as it relates to required supplementary information.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and City Council
Cody, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cody, Wyoming, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Cody, Wyoming's basic financial statements, and have issued our report thereon dated October 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cody, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cody, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cody, Wyoming's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cody, Wyoming's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CERTIFIED PUBLIC ACCOUNTANT

James B. Seckman, CPA, P.C.

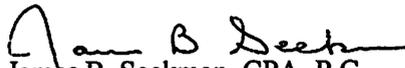
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


James B. Seckman, CPA, P.C.

Cody, Wyoming
October 15, 2015