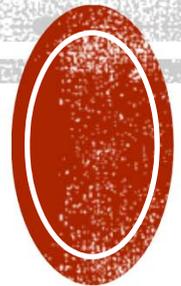


CITY OF CODY  
WYOMING

# CITY OF CODY, WYOMING

Basic Financial Statements

June 30, 2017



City of Cody, Wyoming  
Table of Contents  
For the fiscal year ended June 30, 2017

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3-12
BASIC FINANCIAL STATEMENTS:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position	13
Statement of Activities	14
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds	15-16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17-18
Statement of Net Position - Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	20
Statement of Cash Flows - Proprietary Funds	21
Notes to Basic Financial Statements	22-52
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	54-55
Budgetary Comparison Schedule - Major Governmental Funds	56-57
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	60
Schedule of Changes in Net Pension Liability and Related Ratios	61
Schedule of Federal Awards	62-63
OTHER INDEPENDENT AUDITOR'S REPORTS:	
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	64-65
Independent Auditor's Report on Compliance with Requirements that Could Have A Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OBM Circular A-133	66-67
Schedule of Findings and Questioned Costs	68
Summary of Prior Year Audit Findings	69

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CERTIFIED PUBLIC ACCOUNTANT

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**James B. Seckman, CPA, P.C.**

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PROFESSIONAL CORPORATION

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544 Gateway Drive  
Powell, Wyoming 82435

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council  
City of Cody

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund of City of Cody, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Cody'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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of City of Cody, as of June 30, 2017, 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.

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CERTIFIED PUBLIC ACCOUNTANT

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James B. Seckman, CPA, P.C.

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PROFESSIONAL CORPORATION

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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, budgetary comparison information and the schedule of net pension liability and the schedule of contribution on pages 3-12, 54-57 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

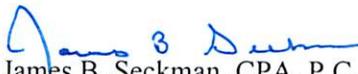
#### ***Other Information***

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards on pages 62-63 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards 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 6, 2017, on our consideration of the City of Cody's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cody's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cody's internal control over financial reporting and compliance.

  
James B. Seckman, CPA, P.C.

Cody, Wyoming

October 6, 2017

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

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The management of the City of Cody, Wyoming offers the readers of the City's financial statements this narrative overview and analysis for the year ended June 30, 2017. When read in conjunction with the financial statements, this section's financial highlights, overview and analysis should assist the reader in gaining a more complete knowledge of the City's financial performance.

**Financial Highlights**

- The City of Cody's net position at the close of the current fiscal year was \$83,638,409. Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$65,027,463 (78%) 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 \$666,964 (less than 1%) is restricted by constraints imposed from outside the City such as grantors, laws or regulations.
  - (3) Unrestricted net position of \$17,943,982 (21%) represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total net position increased by \$3,432,750 over the prior fiscal year. The governmental-type net position increased by \$2,015,165 and the business-type net position increased by \$1,417,585.
- Total expenses during the year were \$26,651,002 compared to total revenues of \$30,286,112.
- The unassigned fund balance for the General Fund was \$6,896,174 or approximately 67% of total General Fund expenditures for the fiscal year.
- The City's total debt increased \$1,432,554 due to changes in compensated absence accruals, customer deposit balances, the clean water state revolving fund loan in the Wastewater Fund, and the net pension liability.
- The City's net pension liability increased by \$206,804.
- Assessed Valuation: the assessed valuation for the City of Cody for 2017 was \$128,105,164, an increase of approximately 2% over 2016 (\$2,049,643).

**Overview of the Financial Statements**

The annual report consists of three parts: 1) Management's Discussion and Analysis (this section), 2) the basic financial statements, and 3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status similar to a private-sector company. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting City operations in more detail than what is presented in the government-wide statements.

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	The activities of the City that are not proprietary such as administration, police, streets, and parks & recreation	Activities the City operates similar to private businesses such as the solid waste, water, wastewater, and electric utilities
Required financial statements	Statement of Net Position, Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that become due during the year or soon thereafter, no capital assets are included	All assets and liabilities both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid

### **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.

### **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

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

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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, the Specific Purpose Tax Fund, and 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), schedule of net changes in pension liability and pension contributions, and schedule of federal awards.

#### **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 (78%) 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, 2016-2017 with comparison totals for the prior fiscal year 2015-2016:

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

Condensed Statement of Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$12,113,387	\$10,104,146	\$15,809,667	\$14,823,725	\$27,923,054	\$24,927,871
Capital assets	29,208,044	28,484,130	35,819,419	33,901,587	65,027,463	62,385,717
Deferred outflows - pensions	<u>1,306,563</u>	<u>1,259,767</u>	<u>499,327</u>	<u>482,574</u>	<u>1,805,890</u>	<u>1,742,341</u>
Total assets & deferred outflows	\$42,627,994	\$39,848,043	\$52,128,413	\$49,207,886	\$94,756,407	\$89,055,929
Long-term debt outstanding	\$157,249	\$142,829	\$1,379,917	\$103,097	\$1,537,166	\$245,926
Other current liabilities	668,008	820,474	1,765,564	1,630,666	2,433,572	2,451,140
Deferred inflows	750,319	-	36,933	-	787,252	-
Net pension liability	<u>4,601,467</u>	<u>4,448,954</u>	<u>1,758,541</u>	<u>1,704,250</u>	<u>6,360,008</u>	<u>6,153,204</u>
Total liabilities	\$6,177,043	\$5,412,257	\$4,940,955	\$3,438,013	\$11,117,998	\$8,850,270
Net position						
Net investment in capital assets	\$29,208,044	\$28,484,130	\$35,819,419	\$33,901,587	\$65,027,463	\$62,385,717
Restricted	666,964	62,021	-	-	666,964	62,021
Unrestricted	<u>6,575,943</u>	<u>5,889,635</u>	<u>11,368,039</u>	<u>11,868,286</u>	<u>17,943,982</u>	<u>17,757,921</u>
Total net position	\$36,450,951	\$34,435,786	\$47,187,458	\$45,769,873	\$83,638,409	\$80,205,659

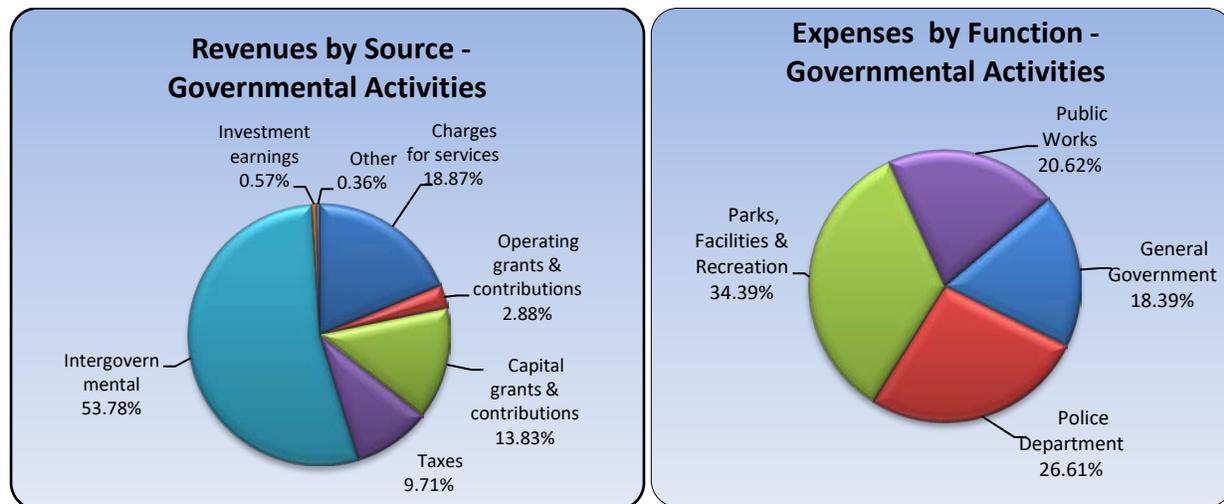
Changes in Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$1,962,588	\$1,869,403	\$19,014,450	\$18,884,177	\$20,977,038	\$20,753,580
Operating grants/contributions	299,210	369,652	4,378	4,608	303,588	374,260
Capital grants/contributions	1,439,124	913,892	747,130	265,389	2,186,254	1,179,281
General revenues						
Taxes	1,010,139	1,002,347	-	-	1,010,139	1,002,347
Intergovernmental	5,594,531	5,101,794	-	-	5,594,531	5,101,794
Investment earnings	59,540	66,248	42,796	51,934	102,336	118,182
Other	<u>37,849</u>	<u>86,815</u>	<u>74,377</u>	<u>72,269</u>	<u>112,226</u>	<u>159,084</u>
Total Revenues	10,402,981	9,410,151	19,883,131	19,278,377	30,286,112	28,688,528
Expenses:						
General Government	1,933,761	2,093,978	-	-	1,933,761	2,093,978
Police Department	2,816,010	2,739,684	-	-	2,816,010	2,739,684
Parks , Facilities & Recreation	3,607,903	3,618,475	-	-	3,607,903	3,618,475
Public Works	2,166,677	2,239,664	-	-	2,166,677	2,239,664
Pass Through Grants	-	15,682	-	-	-	15,682
Proprietary	-	-	<u>16,329,016</u>	<u>16,046,390</u>	<u>16,329,016</u>	<u>16,046,390</u>
Total Expenses	10,524,351	10,707,483	16,329,016	16,046,390	26,853,367	26,753,873
Other Sources:						
Transfers-internal activity	<u>2,136,531</u>	<u>2,243,236</u>	<u>(2,136,531)</u>	<u>(2,246,236)</u>	-	-
Total Transfers	2,136,531	2,243,236	(2,136,531)	(2,246,236)	-	-
Change in net position	2,015,161	945,904	1,417,584	988,751	3,432,745	1,934,655
Net position - July 1	34,435,790	33,489,882	45,769,874	44,781,122	80,205,664	78,271,004
Net position - June 30	\$36,450,951	\$34,435,786	\$47,187,458	\$45,769,873	\$83,638,409	\$80,205,659

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

### 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.



Governmental activities during Fiscal Year 2016-2017 increased Cody's net position by \$2,015,165. The following information describes key changes for the year:

Assets and Deferred Outflows of Resources –increased approximately \$2.77 million

- Cash, cash equivalents, and investments increased approximately \$870,000
- Accounts receivable and due from other governments increased approximately \$973,000
- Inventory and prepaid expenses increased approximately \$160,000
- Net investment in capital assets increased approximately \$725,000
- Deferred outflows related to pensions increased approximately \$47,000

Liabilities and Deferred Outflows of Resources –increased approximately \$765,000

- Accounts payable decreased approximately \$41,000
- Accrued liabilities and other payables decreased approximately \$104,000
- Compensated absences increased approximately \$7,200
- Net pension liability increased approximately \$152,000
- Deferred revenues increased approximately \$25,000
- Deferred inflows related to pensions increased approximately \$96,000
- Deferred inflows related to property taxes increased approximately \$630,000

Revenues – total revenues increased approximately \$990,000

- Charges for services increased approximately \$93,000
- Operating grants and contributions decreased approximately \$70,000
- Capital grants and contributions increased approximately \$525,000
- Taxes increased approximately \$7,800
- Intergovernmental revenues increased approximately \$490,000
- Investment earnings and miscellaneous revenue decreased approximately \$55,000

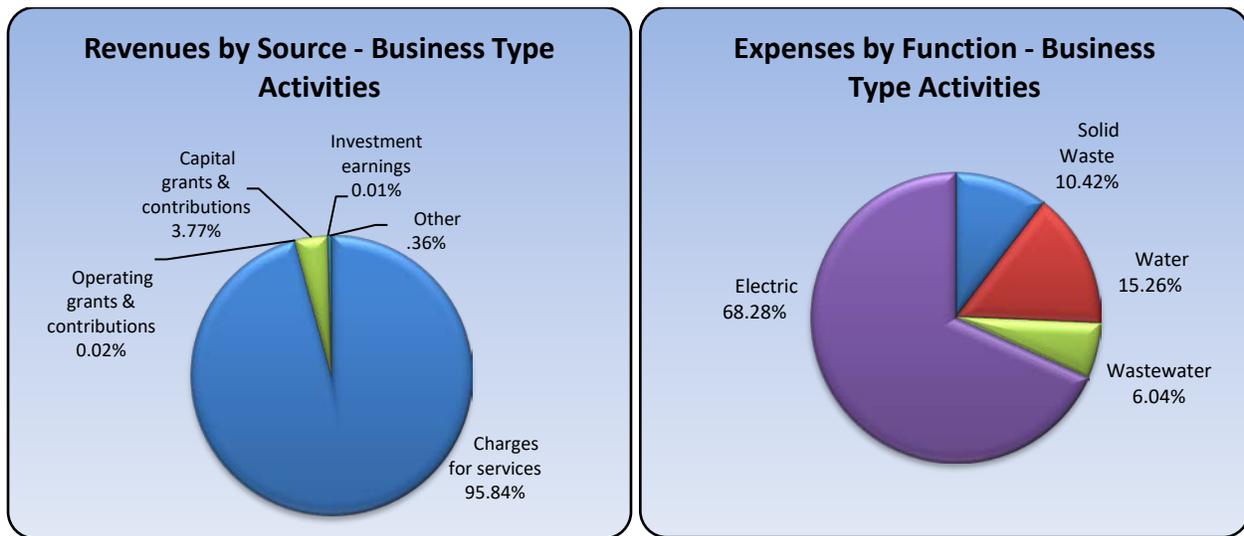
City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

Expenses – total expenses decreased approximately \$385,000

- General Government decreased approximately \$196,000
- Police Department increased approximately \$6,600
- Parks, Facilities and Recreation decreased approximately \$68,000
- Public Works decreased approximately \$110,000
- Pass Through Grants decreased approximately \$15,000

### 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.



**Business-type Activities.** Business-type activities during Fiscal Year 2016-2017 increased Cody's net position by \$1,417,585. The following information describes key changes for the year:

Assets and Deferred Outflows of Resources - increased approximately \$2.92 million

- Cash and cash equivalents increased approximately \$740,000
- Accounts receivable decreased approximately \$180,000
- Due from other governments increased approximately \$460,000
- Net investment in capital assets increased approximately \$1.9 million
- Deferred outflows related to pensions increased approximately \$16,000

Liabilities and Deferred Inflows of Resources – increased approximately \$1.5 million

- Accounts payable increased approximately \$185,000
- Accrued liabilities and other payables increased approximately \$14,000
- Compensated absences and customer deposits decreased approximately \$25,000
- Loans payable increased approximately \$1.23 million
- Net pension liability increased approximately \$54,000
- Deferred inflows related to pensions increase approximately \$37,000

City of Cody, Wyoming  
 Management Discussion and Analysis  
 June 30, 2017

Revenues – total revenues increased approximately \$605,000

- Charges for services increased approximately \$130,000
- Capital grants and contributions increased approximately \$480,000
- Investment earnings and miscellaneous revenue decreased approximately \$8,000

Expenses – total expenses increased approximately \$280,000

- Solid Waste expenses increased approximately \$56,000
- Water expenses decreased approximately \$180,000
- Wastewater expenses increased approximately \$30,000
- Electric expenses increased approximately \$380,000

**General Fund Budgetary Changes**

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 fiscal year, there was a \$312,047 increase in appropriations between the original and final amended budget in the General Fund. 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 2015-2016 and therefore had to be carried over into Fiscal Year 2016-2017.

**Debt Administration**

As of June 30, 2017, the City of Cody’s outstanding debt totaled \$8,370,097, an increase of \$1,432,554 over fiscal year 2015-2016. The City’s debt consisted of the following:

City of Cody Outstanding Debt As of June 30 each year							
	Governmental Activities		Business-type Activities		Total		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Accrued Compensated Absence Payable	\$334,162	\$326,913	\$196,559	\$188,470	\$530,721	515,383	
Customer Deposit Liability	20,006	14,076	222,221	254,875	\$242,227	268,951	
Loans Payable	-	-	<u>1,237,141</u>	-	<u>1,237,141</u>	-	
Net Pension Liability	<u>4,601,467</u>	<u>4,448,954</u>	<u>1,758,541</u>	<u>1,704,250</u>	<u>6,360,008</u>	<u>6,153,204</u>	
<b>Total Outstanding Debt</b>	<u>\$4,955,635</u>	<u>\$4,789,943</u>	<u>\$3,414,462</u>	<u>\$2,147,595</u>	<u>\$8,370,097</u>	<u>\$6,937,538</u>	

**Capital Assets**

The City of Cody’s net investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$65,027,463. 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, 2016-2017 with comparison totals for the prior fiscal year 2015-2016. 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, 2017

City of Cody's Capital Assets Net of Depreciation As of June 30 each year						
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$2,418,607	\$2,418,607	\$614,332	\$614,332	\$3,032,939	\$3,032,939
Intangibles	76,400	76,400	24,900	24,900	101,300	101,300
Buildings	14,078,495	13,255,897	1,623,979	1,623,979	15,702,474	14,879,876
Improvements	5,302,369	5,153,327	139,788	139,788	5,442,157	5,293,115
Furniture & Fixtures	318,164	232,602	-	-	318,164	232,602
Machinery & Equipment	5,284,886	5,153,942	4,414,625	4,207,447	9,699,511	9,361,389
Infrastructure	17,701,575	17,352,770	48,435,311	48,159,110	66,136,886	65,511,880
Construction in Progress	404,845	242,493	2,882,513	194,916	3,287,358	437,409
Total Assets	<u>\$45,585,340</u>	<u>\$43,886,038</u>	<u>\$58,135,449</u>	<u>\$54,964,472</u>	<u>\$103,720,789</u>	<u>\$98,850,510</u>
Less Accumulated Depreciation	(\$16,377,296)	(\$15,401,908)	(\$22,316,030)	(\$21,062,885)	(\$38,693,326)	(\$36,464,793)
Total Net Assets	<u>\$29,208,044</u>	<u>\$28,484,130</u>	<u>\$35,819,419</u>	<u>\$33,901,587</u>	<u>\$ 65,027,463</u>	<u>\$62,385,717</u>

Major capital asset acquisitions during the current fiscal year include:

- Buildings \$822,598
  - Cody cupboard building remodel
  - Parks shop renovation
- Construction in Progress \$3,106,857
  - Trailhead opens space development
  - Mentock Park all inclusive play ground
  - Wastewater treatment facility
  - Water lines
  - Electric lines
  -
- Furniture & Fixtures \$85,562
  - Swim blocks
- Improvements other than Buildings \$149,041
  - Chamber building repairs
  - Beck Lake mountain bike park
- Infrastructure \$625,007
  - Street reconstruction
  - Concrete replacement
  - Water lines
  - Sewer lines
  - Sewer lagoon improvements
  - Electric lines
- Machinery & Equipment \$603,129
  - Replacement vehicles and equipment
  - Transformers
  - Construction equipment

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

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**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 2016-2017 there was a slim increase of less than 1% in taxes (property tax, franchise fees and lodging tax) and an increase in the intergovernmental revenues (sales & use tax, severance taxes & royalties, motor vehicle & gasoline taxes, cigarette taxes and supplemental state funding) of approximately 9%. 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.

During the 2016 State of Wyoming Legislative session the county wide consensus grant program through the Office of State Lands and Investments was not funded. This resulted in an expected loss of approximately \$1.6 million in capital grant funding for the City of Cody in the next biennium. Additionally, direct distribution funding for cities and towns in Wyoming is in jeopardy due to the downturn in mineral revenues. This funding is derived from “over-the-cap” mineral revenues that flow through the State’s general fund. Previous years’ distributions have been made annually however for the upcoming fiscal year only half the distribution will be made as scheduled. Although the Legislature fully funded the allocation in 2016-2017 it is unknown if this funding source will continue in the future and if so, at what level.

In November 2016 Park County voters passed a 1-cent specific purpose tax. This tax went into effect April 1, 2017. The City of Cody anticipates receiving \$5 million in revenue from this tax over a four-year period to fund sewer lagoon upgrades, ADA ramp improvements throughout the City and crack and chip sealing improvements within various subdivisions. Construction on the chip seal and ADA ramp projects will begin in July 2017 and the sewer lagoon improvements are expected to begin sometime in 2019.

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. The City sponsored a Wyoming Business Council grant in the amount of \$750,000 as a pass through to Wyoming Authentic Products to expand their manufacturing facility in Cody. The City also applied for a U.S. Department of Justice grant to assist in the purchase and implementation of a police body-worn camera system. If awarded the City expects to receive \$50,000 in federal funds from this grant.

The City of Cody has been accumulating additional reserves in the Wastewater Fund for the sewer lagoon upgrade project which began in Fiscal Year 2016-2017. The total estimated project cost for phase 1 is \$3.6 million which is being funded through a combination of fund reserves, an Office of State Lands and Investments mineral royalty grant and a loan through the State Clean Water Revolving Account program with funds provided by the U.S. Environmental Protection Agency. The loan has a 20-year maturity and carries a 2.5% annual interest rate. Repayment is expected to begin in January 2019 and the total interest payments are expected to be \$533,697 over the life of the loan.

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2017

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**Requests for Information**

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:

Attn: Finance Officer,  
City of Cody  
PO Box 2200  
Cody, WY 82414  
[finance@cityofcody.com](mailto:finance@cityofcody.com)

City of Cody, Wyoming  
Statement of Net Position  
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,876,843	\$ 9,020,846	\$ 13,897,689
Investments	4,654,675	3,345,736	8,000,411
Accounts receivable, net of allowance	-	2,288,519	2,288,519
Franchise tax receivable	50,226	-	50,226
Court fine receivable, net of allowance	65,854	-	65,854
Taxes, net of allowance	644,954	-	644,954
Due from other governments	1,311,095	459,482	1,770,577
Other receivables, net of allowance	131,956	-	131,956
Inventory	210,206	472,863	683,069
Prepaid expenses	145,423	-	145,423
Restricted assets:			
Cash and cash equivalents	22,155	222,221	244,376
Capital assets:			
Land and construction in progress	2,823,454	3,496,844	6,320,298
Other capital assets, net of depreciation	26,384,590	32,322,575	58,707,165
Total Assets	<u>41,321,431</u>	<u>51,629,086</u>	<u>92,950,517</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	<u>1,306,563</u>	<u>499,327</u>	<u>1,805,890</u>
Total Assets and Deferred Outflows of Resources	<u>42,627,994</u>	<u>52,128,413</u>	<u>94,756,407</u>
<b>LIABILITIES:</b>			
Accounts payable	339,252	1,425,672	1,764,924
Accrued liabilities	89,068	25,896	114,964
Compensated Absences	176,913	53,783	230,696
Retainage payable	36,114	-	36,114
Customer deposits	20,006	222,221	242,227
Other payables	4,506	37,992	42,498
Due to other governments	2,149	-	2,149
Long-term liabilities:			
Compensated Absences	157,249	142,776	300,025
CWSRF Loan	-	1,237,141	1,237,141
Net Pension Liability	4,601,467	1,758,541	6,360,008
Total Liabilities	<u>5,426,724</u>	<u>4,904,022</u>	<u>10,330,746</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to property taxes	627,715	-	627,715
Deferred inflows related to pensions	96,648	36,933	133,581
Deferred revenue	25,956	-	25,956
Total Deferred Inflows of Resources	<u>750,319</u>	<u>36,933</u>	<u>787,252</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,177,043</u>	<u>4,940,955</u>	<u>11,117,998</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,208,044	35,819,419	65,027,463
Restricted for:			
Capital projects	664,898	-	664,898
Public Safety	2,066	-	2,066
Unrestricted	<u>6,575,943</u>	<u>11,368,039</u>	<u>17,943,982</u>
Total Net Position	<u>\$ 36,450,951</u>	<u>\$ 47,187,458</u>	<u>\$ 83,638,409</u>

See accompanying notes to the basic financial statements



City of Cody, Wyoming  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<b>MAJOR FUNDS</b>				<b>Total Governmental Funds</b>
	<b>General</b>	<b>Lodging Tax Fund</b>	<b>Specific Purpose Tax Fund</b>	<b>Non-Major Governmental Funds</b>	
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 3,937,841	\$ 34,580	\$ 133,471	\$ 770,952	\$ 4,876,843
Investments	2,649,466	-	-	2,005,209	4,654,675
Restricted cash and cash equivalents	22,155	-	-	-	22,155
Accounts receivable, net of allowance					
Franchise tax receivable	50,226	-	-	-	50,226
Court fine receivable, net of allowance	65,854	-	-	-	65,854
Other receivables, net of allowance	131,956	-	-	-	131,956
Property tax, net of allowance	17,239	-	-	-	17,239
Due from other governments	814,587	12,221	484,287	-	1,311,095
Inventory	210,206	-	-	-	210,206
Prepaid expenses	145,423	-	-	-	145,423
<b>Total Assets</b>	<b>8,044,953</b>	<b>46,801</b>	<b>617,758</b>	<b>2,776,161</b>	<b>11,485,672</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	338,706	546	-	-	339,251
Accrued wages and related charges	89,068	-	-	-	89,069
Retainage payable	36,114	-	-	-	36,114
Customer deposits	20,006	-	-	-	20,006
Due to other governments	2,149	-	-	-	2,149
Other payables	4,506	-	-	-	4,506
<b>Total Liabilities</b>	<b>490,549</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>491,095</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Revenue	132,979	-	-	-	132,979
<b>Total Deferred Inflows of Resources</b>	<b>132,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,979</b>
Fund Balances:					
Nonspendable:					
Inventory/prepaid expenses	355,629	-	-	-	355,629
Restricted for:					
Police forfeitures	2,066	-	-	-	2,066
Public Improvements	-	-	617,758	14,040	631,798
Convention Center	21,100	-	-	-	21,100
PEG Grant	12,000	-	-	-	12,000
Committed:					
Assigned:					
Capital Assets	-	-	-	2,762,120	2,762,120
Open space contributions	134,456	-	-	-	134,456
Community Support	-	46,255	-	-	46,255
Unassigned	6,896,174	-	-	-	6,896,174
<b>Total Fund Balances</b>	<b>7,421,425</b>	<b>46,255</b>	<b>617,758</b>	<b>2,776,160</b>	<b>10,861,598</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 8,044,953</b>	<b>\$ 46,801</b>	<b>\$ 617,758</b>	<b>\$ 2,776,160</b>	<b>\$ 11,485,672</b>

See accompanying notes to the basic financial statements

City of Cody, Wyoming  
Balance Sheet  
Governmental Funds  
June 30, 2017

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

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<b>Total Fund Balances - Governmental Funds</b>	\$ 10,861,598
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: \$ 16,377,299	29,208,044
Certain long-term assets are not available to pay for current fund liabilities and therefore are deferred in the funds:	
Court fine receivable	48,037
Severance taxes	58,986
	107,023
Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:	
Accrued compensated absences	(334,162)
	(334,162)
Change in accounting principle related to net pension liability	(3,391,552)
Net Position of Governmental Activities:	\$ 36,450,951

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, 2017

	<b>MAJOR FUNDS</b>				<b>Total Governmental Funds</b>
	<b>General</b>	<b>Lodging Tax Fund</b>	<b>Specific Purpose Tax Fund</b>	<b>Non-Major Governmental Funds</b>	
<b>Revenues:</b>					
Taxes (intergovernmental & service generated)	\$ 4,747,219	\$ 126,939	\$ 617,758	\$ -	\$ 5,491,916
Royalties	450,828	-	-	-	450,828
State and Federal Funding	1,616,966	-	-	-	1,616,966
Fines & Forfeitures	146,215	-	-	-	146,215
Charges for Services:					
Penalties & Fees	105,375	-	-	-	105,375
Parks & Recreation Fees	1,248,788	-	-	-	1,248,788
Public Works	366,624	-	-	-	366,624
Licenses & Permits	65,134	-	-	-	65,134
Facility Rental	31,075	-	-	-	31,075
Investment Income	33,890	-	-	25,650	59,540
Contributions & Donations	511,896	-	-	-	511,896
Miscellaneous	40,834	-	-	-	40,834
<b>Total Revenues</b>	<b>9,364,844</b>	<b>126,939</b>	<b>617,758</b>	<b>25,650</b>	<b>10,135,191</b>
<b>Expenditures:</b>					
Current:					
Mayor & Council	453,579	44,873	-	-	498,452
City Administrator	153,026	-	-	-	153,026
Administrative Services	1,225,591	-	-	-	1,225,591
Police Department	2,647,964	-	-	-	2,647,964
Parks Maintenance	727,563	-	-	-	727,563
Public Facilities	480,810	-	-	-	480,810
Recreation Center	1,794,199	-	-	-	1,794,199
Community Development	572,637	-	-	-	572,637
Streets	970,651	-	-	2,500	973,151
Vehicle Maintenance	108,561	-	-	-	108,561
Capital Outlay	1,276,880	-	-	519,002	1,795,882
<b>Total Expenditures</b>	<b>10,411,461</b>	<b>44,873</b>	<b>-</b>	<b>521,502</b>	<b>10,977,836</b>
<b>Excess(deficiency) of revenues over expenditures</b>	<b>(1,046,617)</b>	<b>82,066</b>	<b>617,758</b>	<b>(495,852)</b>	<b>(842,645)</b>
<b>Other Financing Sources(Uses):</b>					
Transfers In(Out)	1,930,670	(111,354)	-	573,785	2,393,101
Sale of Governmental Assets	24,300	-	-	-	24,300
<b>Total Other Financing Sources(Uses)</b>	<b>1,954,970</b>	<b>(111,354)</b>	<b>-</b>	<b>573,785</b>	<b>2,417,401</b>
<b>Net Change in Fund Balance</b>	<b>908,353</b>	<b>(29,288)</b>	<b>617,758</b>	<b>77,933</b>	<b>1,574,756</b>
<b>Fund Balances - Beginning</b>	<b>6,513,072</b>	<b>75,543</b>	<b>-</b>	<b>2,698,227</b>	<b>9,286,842</b>
<b>Fund Balances - Ending</b>	<b>\$ 7,421,425</b>	<b>\$ 46,255</b>	<b>\$ 617,758</b>	<b>\$ 2,776,160</b>	<b>\$ 10,861,598</b>

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, 2017

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

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<b>Net changes in fund balances - total governmental funds</b>	<b>\$ 1,574,756</b>
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	1,539,315
Capital assets transferred from business-type funds	-
Capital asset disposal	(27,285)
Depreciation expense	(1,132,786)
	<u>379,244</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Contributed assets	344,667
Deferred revenue	(73,892)
	<u>270,775</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:	
Pension expense	(202,365)
Accrued compensated absences	(7,249)
	<u>(209,614)</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,015,161</b>

City of Cody, Wyoming  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	
<b>ASSETS:</b>					
Current Assets:					
Cash and cash equivalents	\$ 1,675,487	\$ 2,864,156	\$ 1,691,752	\$ 2,789,451	\$ 9,020,846
Investments	999,200	725,255	237,793	1,383,488	3,345,736
Restricted cash and cash equivalents	-	-	-	222,221	222,221
Accounts receivable, net of allowance	259,633	412,526	162,069	1,454,291	2,288,519
Due from other governments	-	-	459,482	-	459,482
Inventory	-	62,993	-	409,870	472,863
Total Current Assets	<u>2,934,320</u>	<u>4,064,930</u>	<u>2,551,096</u>	<u>6,259,321</u>	<u>15,809,667</u>
Non-current Assets:					
Capital Assets:					
Land and other non-depreciable assets	232,916	235,848	3,003,808	24,272	3,496,844
Other capital assets, net of depreciation	1,268,225	9,704,344	10,546,018	10,803,988	32,322,575
Total Non-current Assets	<u>1,501,141</u>	<u>9,940,192</u>	<u>13,549,826</u>	<u>10,828,260</u>	<u>35,819,419</u>
Total Assets	<u>\$ 4,435,461</u>	<u>\$ 14,005,122</u>	<u>\$ 16,100,922</u>	<u>\$ 17,087,581</u>	<u>\$ 51,629,086</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Outflows Related to Pensions	117,021	99,324	55,440	227,542	499,327
Total Deferred Outflows of Resources	<u>117,021</u>	<u>99,324</u>	<u>55,440</u>	<u>227,542</u>	<u>499,327</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable	\$ 92,728	\$ 258,866	\$ 243,381	\$ 830,697	\$ 1,425,672
Sales tax payable	-	-	-	37,992	37,992
Accrued expenses	6,612	4,792	2,915	11,577	25,896
Customer deposits	-	-	-	222,221	222,221
Accrued compensated absences	21,988	20,015	11,817	30,608	84,428
Total Current Liabilities	<u>121,328</u>	<u>283,673</u>	<u>258,113</u>	<u>1,133,095</u>	<u>1,796,209</u>
Non-current Liabilities:					
Net Pension Liability	412,128	349,800	195,252	801,361	1,758,541
Compensated Absences	23,364	24,614	17,045	47,108	112,131
Loans payable, net	-	-	1,237,141	-	1,237,141
Total Non-current Liabilities	<u>435,492</u>	<u>374,414</u>	<u>1,449,438</u>	<u>848,469</u>	<u>3,107,813</u>
Total Liabilities	<u>556,820</u>	<u>658,087</u>	<u>1,707,551</u>	<u>1,981,564</u>	<u>4,904,022</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows Related to Pensions	8,656	7,346	4,100	16,831	36,933
Total Deferred Inflows of Resources	<u>8,656</u>	<u>7,346</u>	<u>4,100</u>	<u>16,831</u>	<u>36,933</u>
<b>NET POSITION</b>					
Net investment in capital assets	1,501,141	9,940,192	13,549,826	10,828,260	35,819,419
Restricted for debt service	-	-	-	-	-
Unrestricted	<u>2,485,865</u>	<u>3,498,821</u>	<u>894,885</u>	<u>4,488,468</u>	<u>11,368,039</u>
Total Net Position	<u>\$ 3,987,006</u>	<u>\$ 13,439,013</u>	<u>\$ 14,444,711</u>	<u>\$ 15,316,728</u>	<u>\$ 47,187,458</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, 2017

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total Proprietary Funds</b>
	<b>Solid Waste Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Electric Fund</b>	
<b>Operating Revenues:</b>					
Charges for Services:					
Solid waste charges	\$ 2,170,064	\$ -	\$ -	\$ -	\$ 2,170,064
Recycling revenue	73,116	-	-	-	73,116
Water charges	-	3,128,006	-	-	3,128,006
Water crane sales	-	13,069	-	-	13,069
Wastewater charges	-	-	1,339,399	-	1,339,399
Electric charges	-	-	-	12,110,995	12,110,995
Miscellaneous	-	22,793	565	39,464	62,822
<b>Total Operating Revenues</b>	<b>2,243,180</b>	<b>3,163,868</b>	<b>1,339,964</b>	<b>12,150,459</b>	<b>18,897,471</b>
<b>Operating Expenditures:</b>					
Personal Services	561,000	336,060	310,266	1,037,846	2,245,172
Utility Purchases	810,340	1,494,367	-	9,122,293	11,427,000
Materials, Maintenance & Services	226,062	321,587	246,318	541,282	1,335,249
Depreciation expense	103,452	339,513	430,006	448,621	1,321,592
<b>Total Operating Expenses</b>	<b>1,700,854</b>	<b>2,491,527</b>	<b>986,590</b>	<b>11,150,042</b>	<b>16,329,013</b>
<b>Operating Income(Loss)</b>	<b>542,326</b>	<b>672,341</b>	<b>353,374</b>	<b>1,000,417</b>	<b>2,568,458</b>
<b>Non-Operating Revenues(Expenses):</b>					
Investment income	12,781	9,277	3,042	17,697	42,797
Development fees	-	-	-	60,607	60,607
Hook up fees	-	27,500	-	18,930	46,430
Plant investment fees	-	-	31,000	-	31,000
Tap fees	-	37,876	-	-	37,876
Miscellaneous	11,555	3,885	-	-	15,440
<b>Total Non-Operating Revenues(Expenses)</b>	<b>24,336</b>	<b>78,538</b>	<b>34,042</b>	<b>97,234</b>	<b>234,150</b>
<b>Net Income(Loss) before contributions &amp; transfers</b>	<b>566,662</b>	<b>750,879</b>	<b>387,416</b>	<b>1,097,651</b>	<b>2,802,608</b>
Capital contributions	218,276	26,855	551,732	206,837	1,003,700
Operating contributions	4,378	-	-	-	4,378
Transfers in(out)	(564,839)	(424,598)	(253,193)	(1,150,471)	(2,393,101)
<b>Changes in Net Position</b>	<b>224,477</b>	<b>353,136</b>	<b>685,955</b>	<b>154,017</b>	<b>1,417,585</b>
<b>Total Net Position - beginning</b>	<b>3,762,529</b>	<b>13,085,877</b>	<b>13,758,756</b>	<b>15,162,711</b>	<b>45,769,873</b>
Revised Net Position - beginning	3,762,529	13,085,877	13,758,756	15,162,711	45,769,873
<b>Total Net Position - ending</b>	<b>\$ 3,987,006</b>	<b>\$ 13,439,013</b>	<b>\$ 14,444,711</b>	<b>\$ 15,316,728</b>	<b>\$ 47,187,458</b>

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, 2017

	Business-Type Activities - Enterprise Funds				Total Proprietary Funds
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	
<b>Cash Flows From Operating Activities</b>					
Receipts from customers	\$ 2,278,710	\$ 3,176,459	\$ 1,368,223	\$ 12,158,562	\$ 18,981,954
Payments to suppliers	(1,033,085)	(1,790,717)	(81,107)	(9,627,287)	(12,532,196)
Payments to employees	(540,721)	(353,790)	(274,744)	(989,049)	(2,158,304)
Other receipts(payments)	-	22,793	565	39,464	62,822
Net Cash Provided by(used in) Operating Activities	<u>704,904</u>	<u>1,054,745</u>	<u>1,012,937</u>	<u>1,581,690</u>	<u>4,354,276</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Operating grants	4,378	-	-	168,543	172,921
Proceeds from hook up fees	-	27,500	-	18,930	46,430
Proceeds from tap fees	-	37,876	-	-	37,876
Miscellaneous income(expense)	11,761	3,885	-	-	15,646
Other Non-Capital Financing Activities	(204)	(5)	-	(2)	(211)
Operating transfers in(out)	(564,839)	(424,598)	(253,193)	(1,150,471)	(2,393,101)
Net Cash Provided by(used in) Noncapital Financing Activities	<u>(548,904)</u>	<u>(355,342)</u>	<u>(253,193)</u>	<u>(963,000)</u>	<u>(2,120,439)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchase of capital assets	-	(240,148)	(2,580,111)	(101,233)	(2,921,492)
Contributed capital revenues	-	-	523,382	-	523,382
Other Capital Financing Activities	-	-	-	(6,153)	(6,153)
Proceeds from development fees	-	-	-	60,607	60,607
Proceeds from plant investment & impact fees	-	-	31,000	-	31,000
Proceeds from loans and grants	-	-	777,659	-	777,659
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(240,148)</u>	<u>(1,248,070)</u>	<u>(46,779)</u>	<u>(1,534,997)</u>
<b>Cash Flows From Investing Activities</b>					
Interest and dividends	12,781	9,277	3,043	17,697	42,798
Net Cash Provided by(Used in) Investing Activities	<u>12,781</u>	<u>9,277</u>	<u>3,043</u>	<u>17,697</u>	<u>42,798</u>
<b>Net Increase(Decrease) in Cash and Cash Equivalents</b>	168,781	468,532	(485,283)	589,608	741,638
Balances - beginning of year	<u>2,505,906</u>	<u>3,120,879</u>	<u>2,414,828</u>	<u>3,805,552</u>	<u>11,847,165</u>
Balances - end of year	<u>\$ 2,674,687</u>	<u>\$ 3,589,411</u>	<u>\$ 1,929,545</u>	<u>\$ 4,395,160</u>	<u>\$ 12,588,803</u>
<b>Reconciliation of Operating Income(Loss) to Net Cash Provided by Operating Activities</b>					
Operating income(loss)	\$ 542,326	\$ 672,341	\$ 353,374	\$ 1,000,417	\$ 2,568,458
Adjustments reconcile operating income to net cash provided(used) by operating activities:					
Depreciation	103,452	339,513	430,006	448,621	1,321,592
Change in assets and liabilities:					
Receivables	35,530	35,384	28,824	80,221	179,959
Inventory	-	12,921	-	22,298	35,219
Accounts payable	3,317	12,316	165,211	4,474	185,318
Accrued expenses	859	1,389	528	1,532	4,308
Sales tax payable	-	-	-	9,516	9,516
Customer deposit liability	-	-	-	(32,654)	(32,654)
Pension Expense	14,606	(21,968)	35,180	46,653	74,471
Accrued compensated absences	4,814	2,849	(186)	612	8,089
Net Cash Provided by(Used in) Operating Activities	<u>\$ 704,904</u>	<u>\$ 1,054,745</u>	<u>\$ 1,012,937</u>	<u>\$ 1,581,690</u>	<u>\$ 4,354,276</u>
<b>Non-Cash Activities:</b>					
Loss on sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed capital assets	<u>\$ 218,276</u>	<u>\$ 26,855</u>	<u>\$ 28,350</u>	<u>\$ 38,294</u>	<u>\$ 311,775</u>

See accompanying notes to the basic financial statements

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City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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**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
- H. FUND BALANCES AND NET POSITION

**NOTE 4. OTHER NOTES**

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

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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**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.

The reporting entity is comprised of the primary government only. 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 of Cody has no component units presented in the financial statements.

**Related Organizations**

Based on the foregoing criteria, 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.

Yellowstone Regional Airport Joint Powers Board – created in 1980 to construct, maintain, equip, operate and conduct an airport and incidental facilities.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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Northwest Improvement Projects Joint Powers Board – this board is currently inactive. The City of Cody and the City of Powell are members of the Joint Powers Board.

The Lodging Tax Joint Powers Board – determines the disposition of lodging tax receipts to three communities in Park County, Wyoming.

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**

#### Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the City as a whole. 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 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

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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- 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.
  - d. GASB Statement No. 34 permits governments to report as a major fund any other governmental or enterprise fund that the government's officials believe is important to financial statement users.

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.

#### 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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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*Specific Purpose Tax Fund* – accounts for proceeds received from the additional on-cent specific purpose sales tax voted in by Park County residents in 2016. Expenditures from this fund are restricted to the specific projects identified on the ballot. This fund is a major fund by the election of management.

### 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

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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Proprietary-type funds and business-type activities material receivables consist of all revenues earned at year -end and not yet received. Utility accounts receivable comprise the majority of proprietary fund 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, 2017, 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.

*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:

<b>Classification</b>	<b>Threshold</b>
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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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:

<b>Asset Type</b>	<b>Useful Life</b>
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 funds 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.

#### 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, 2017, the City of Cody is not obligated in any manner for special assessment debt.

#### 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

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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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 financial statements may report a separate section for deferred outflows of resources. This separate financial statement element represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the financial statements may include a separate section for deferred inflows of resources. This separate financial statement element represents an increase of net position that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred outflows and inflows as follows:

*Unavailable Revenues* – Certain long-term assets are not available to pay for current liabilities and are therefore deferred on the governmental funds Balance Sheet. Property taxes are reported on the government-wide Statement of Net Position and are recorded as receivables when levied or assessed; however, they are reported as deferred revenue until the “available” criterion has been met. Other unavailable deferred revenue on the government-wide Statement of Net Position include prepaid lease revenue. The City has deferred revenue that qualifies for reporting on the Balance Sheet in this category in the amount of \$132,979 which represents prepaid lease revenue, court fines, and severance taxes.

*Pension Plan Items* – in the government-wide and proprietary funds statements of net position, a deferred outflow or inflow of resources is reported for the unrecognized items not yet charged to pension expense related to the net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) plans and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by WRS.

At June 30, 2017, the City of Cody reported on the government-wide Statement of Net Position a deferred outflow in the amount of \$1,805,890 and a deferred inflow of \$133,581 for its

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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proportionate share of the Wyoming Retirement System's net pension liability. See Notes 4.A. for additional information regarding the pension liability.

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.
- 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
- f. balance amount.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

**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	\$ 159,915
Solid Waste Fund	117,705
Water Fund	4,340
Wastewater Fund	6,153
Electric Fund	17,797
Total	\$ 305,910

*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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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- 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 five-cent sales tax on taxable sales within the City which includes the four-cent State tax plus a one-cent specific purpose tax levied in Park County. The sales tax generated from the four-cent 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. The one-cent specific purpose sales tax is collected by the State and remitted to Park County monthly. Park County disburses the tax to the other three municipalities in the county based on each entity's percentage of approved tax-funded projects. Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and are included under the caption, *Due from other governments* since they represent taxes on sales occurring during the reporting period.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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

Property taxes are considered “measurable” when levied and recorded as receivables when levied or assessed however they are reported as deferred revenue until the “available” criterion has been met. The City of Cody has recorded a receivable and a deferred inflow of resources for levied property taxes.

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.

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**

New Accounting Standards

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statement periods beginning after December 15, 2016. The requirements of this Statement are not applicable to the City of Cody

GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after July 15, 2017. Any requirements applicable to the City of Cody will be implemented by the effective date.

GASB Statement No. 83, *Certain Asset Retirements* – The objective of this Statement is to establish criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for certain asset retirement obligations (AROs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Any requirements applicable to the City of Cody will be implemented by the effective date.

GASB Statement No. 84, *Fiduciary Activities* – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Any requirements applicable to the City of Cody will be implemented by the effective date.

GASB Statement No. 85, *Omnibus 2017* – The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Any requirements applicable to the City of Cody will be implemented by the effective date.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The requirements of this Statement are not applicable to the City of Cody

GASB Statement No. 87, *Leases* – The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Any requirements applicable to the City of Cody will be implemented by the effective date.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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**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, 2017, 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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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- 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 \$930,558 payable to the following related parties at June 30, 2017: \$156,411 in the Water Fund payable to Shoshone Municipal Pipeline and \$774,147 payable to Wyoming Municipal Power Agency. Further disclosure of related party transaction is reported in Note 4E.

### Accrued Expenses

The City of Cody reported \$114,964 in accrued expenses as of June 30, 2017. Accrued expenses consist of wages earned by employees through June 30, 2017 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 worker's compensation and retirement these items are also included in the accrual. These items were not paid prior to June 30, 2017 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, 2017 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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

### 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.

#### 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, 2017, the carrying amount of the City's cash and cash equivalents was \$14,142,065. The deposits with financial institutions as of the same date totaled \$14,041,421. The deposits were collateralized as follows:

Balance at June 30, 2017	Pledged Collateral	FDIC Insurance	Total Bank Collateral	Bank Collateral Over(under) Requirements
\$ 14,041,421	\$ 14,636,415	\$ 250,000	\$ 14,886,416	\$ 844,995

#### 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, 2017, the City of Cody held the following investments:

Issuing Agency	Original Cost	Par Value	Market Value at June 30, 2017
Money Funds Federated Capital Reserve	\$15,927	\$15,927	\$15,927
U.S. Government Bonds	\$7,984,484	\$7,993,000	\$7,941,076
Total	\$8,000,411	\$8,008,928	\$7,957,003

#### 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, 2017, the collateral on the City of Cody's deposits exceeded the amount on deposit by \$844,995.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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Federated Capital Reserve Money Funds - Money funds held as investments are collateralized through the Securities Investor Protection Corporation (SIPC) which protects securities up to \$500,000. As of June 30, 2017, the collateral on the City of Cody's money funds deposit exceeded the amount on deposit by \$484,073.

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. Funds are transferred to the City's bank accounts weekly and pending transfers do not exceed \$250,000. As of June 30, 2017, the collateral on the City of Cody's third-party payment processor's balance exceeded the amount on deposit by \$75,659.

*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.

*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.

*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 \$313,661 with an uncollectible allowance recorded of \$247,807. 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 consists of usage and tap fees billed to customers (solid waste, water, wastewater, and electric). They are as follows:

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

	Governmental	Enterprise Funds	Total
Accounts Receivable – billed	\$ 172,162	\$ 1,219,731	\$ 1,391,893
Accounts Receivable – unbilled	6,977	1,246,718	1,253,695
Allowance for Uncollectible Accounts	(47,183)	(177,930)	(225,113)
Accounts Receivable, net of allowance for uncollectible accounts	\$ 131,956	\$ 2,288,519	\$ 2,420,475

### 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>	
Sales and Use Tax	\$542,351	\$-	\$-	\$-
Specific Purpose Sales Tax	484,287			
Severance Tax	58,986	58,986	-	-
Cigarette Tax	6,792	-	-	-
Lodging Tax	12,221	-	-	-
Lottery Proceeds	2,482	-	-	-
Motor Vehicle Tax	17,235	-	-	-
Grants	150,296	-	459,482	-
Gasoline Tax	36,455	-	-	-
Total	\$1,311,105	\$58,986	\$459,482	-

The amount shown on this schedule for Governmental deferred revenue (\$58,986) differs from deferred revenue total shown on the Governmental Funds Balance Sheet deferred revenue (\$132,979) due to certain deferred revenue not derived from intergovernmental sources.

### 3.D. RESTRICTED ASSETS

The restricted assets as of June 30, 2017 are comprised of customer deposits (see Note 3.F.) and were as follows:

Type of Restricted Assets	Governmental Funds	Enterprise Funds
General Fund	\$20,006	\$-
Electric Fund	-	222,221
Total Restricted Assets	\$20,006	\$222,221

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

### 3.E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

GOVERNMENTAL CAPITAL ASSETS					
	Balance at July 1, 2016	Adjustments	Additions	Disposals	Balance at June 30, 2017
Land	\$2,418,607	\$-	\$-	\$-	\$2,418,607
Construction in Progress	242,493	-	404,845	(242,493)	404,845
Buildings	13,255,897	-	822,598	-	14,078,495
Intangibles	76,400	-	-	-	76,400
Improvements	5,153,328	-	149,041	-	5,302,369
Furniture & Fixtures	232,602	-	85,562	-	318,164
Machinery & Equipment	5,153,942	-	319,989	(189,045)	5,284,886
Infrastructure	17,352,770	-	348,806	-	17,701,575
Total Assets	43,886,038	-	2,130,840	(431,538)	45,585,340
Accumulated Depreciation	(15,401,908)	-	(1,132,785)	157,394	(16,377,298)
Net Capital Assets	\$28,484,131	\$-	\$998,055	(\$274,144)	\$29,208,044

PROPRIETARY CAPITAL ASSETS					
	Balance at July 1, 2016	Adjustments	Additions	Disposals	Balance at June 30, 2017
Land	\$614,332	\$-	\$-	\$-	\$614,332
Intangibles	24,900	-	-	-	24,900
Construction in Progress	194,917	-	2,702,012	(14,415)	2,882,513
Buildings	1,623,979	-	-	-	1,623,979
Improvements	139,788	-	-	-	139,788
Machinery & Equipment	4,207,447	-	283,140	(75,962)	4,414,625
Infrastructure	48,159,110	-	276,201	-	48,435,311
Total Assets	54,964,474	-	3,261,352	(90,377)	58,135,449
Accumulated Depreciation	(21,062,880)	-	(1,321,592)	68,446	(22,316,026)
Net Capital Assets	\$33,901,593	\$-	\$1,939,760	(\$21,931)	\$35,819,419

### 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, 2017, 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 after 18 consecutive months of on-time payment history. Other customer deposits

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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.

*Loans Payable:* the City of Cody issued debt in the Wastewater Fund in the amount of \$1,884,750 for the wastewater treatment facility upgrade and expansion project Phase 1. This is a \$3.6 million project which will be completed over two fiscal years. The loan is funded through the Wyoming Office of State Lands and Investments using federal dollars from the U.S. Environmental Protection Agency Safe Clean Water Act. The loan is payable in annual installments over a 20-year period at 2.5% interest. As of June 30, 2017, the City had drawn down \$1,237,141 in loan funds. Repayment on the loan does not begin until one year after substantial completion is achieved. The project is still in the construction phase and repayment is expected to begin in January 2019 with an annual principal and interest payment amount of \$120,901.

The City has assigned and pledged to the Wyoming State Loan and Investment Board all revenues generated from the Wastewater user fees and Wastewater enterprise fund unrestricted reserves as reimbursement for the annual loan payments which the City will make to the Clean Water State Revolving Fund (CWSRF) necessary to meet the amortized annual payment of principal and interest. The City of Cody charges a wastewater plant fee based on water tap size which is assessed monthly to all users of the City's sewer system. This fee generates approximately \$220,000 annually which exceeds the annual debt service payment requirement.

*Net Pension Liability:* Under GASB 68/71 the City of Cody is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective net pension liability under cost-sharing employer plans.

CHANGES IN LONG TERM DEBT					
	Balance at July 1, 2016	Additions	Deductions	Balance at June 30, 2017	Amounts Due within a Year
<b>Governmental Activities:</b>					
Accrued Compensated Absences	\$326,916	\$7,246	-	\$334,162	\$176,913
Customer Deposits	14,076	5,930	-	20,006	20,006
Net Pension Liability	4,448,954	152,513	-	4,601,467	-
<b>Total Governmental Activities</b>	<b>4,789,946</b>	<b>165,689</b>		<b>4,955,635</b>	<b>196,919</b>
<b>Business-Type Activities:</b>					
Accrued Compensated Absences	\$188,472	\$8,087		\$196,559	\$53,783
Customer Deposits	254,875	-	(32,654)	222,221	222,221
Loans Payable (CWSRF)	-	1,237,141	-	1,237,141	-
Net Pension Liability	1,704,250	54,291	-	1,758,541	-
<b>Total Business-Type Activities</b>	<b>2,147,597</b>	<b>1,299,519</b>	<b>(32,654)</b>	<b>3,414,462</b>	<b>276,004</b>
<b>Total Long-Term Debt</b>	<b>\$6,937,543</b>	<b>\$1,465,208</b>	<b>(\$32,654)</b>	<b>8,370,097</b>	<b>\$472,923</b>

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

### 3.G. INTERFUND BALANCES AND ACTIVITIES

The City of Cody utilizes inter-fund 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. Inter-fund transfers for the year ended June 30, 2017 were as follows:

	General Fund	Lodging Tax Fund	Vehicle Replacement Fund	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund
Operating Transfer	\$1,114,862	(\$111,354)	\$-	(\$144,130)	(\$243,291)	(\$168,702)	(\$447,385)
Vehicle Replacement	(279,283)	-	573,785	(193,392)	(19,027)	(10,253)	(71,830)
Franchise Fees	949,096	-	-	(109,612)	(157,940)	(68,085)	(613,459)
Vehicle Maintenance	145,995	-	-	(117,705)	(4,340)	(6,153)	(17,797)
Total	\$1,930,670	(\$111,354)	\$573,785	(\$564,839)	(\$424,598)	(\$253,193)	(\$1,150,471)

The amount shown in this chart differs from the transfers shown on the Statement of Activities due to the following capital contributions recorded as other financing sources due to the purchase of capital assets by the Vehicle Replacement Fund:

Fund	Amount
Solid Waste	\$ 218,276
Electric	38,294
Total	\$ 256,570

The amount shown on this schedule (\$256,570) 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 (\$1,003,700) 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.

### 3.H. FUND BALANCES AND NET POSITION

#### Components of Fund Balances

As of June 30, 2017, fund balances components consisted of the following:

Fund	Non-Spendable	Restricted	Committed	Assigned
General Fund	\$ 355,629	\$ 35,166	\$ -	\$ 134,456
Public Improvements Fund	-	14,040	-	-
Vehicle Replacement Fund	-	-	-	2,762,120
Specific Purpose Tax Fund	-	617,758	-	-
Lodging Tax Fund	-	-	-	46,255
Total	\$ 355,629	\$ 666,964	\$ -	\$ 2,942,831

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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Net Asset Restrictions

In the governmental activities at the government-wide level there is a restriction in the amount of \$666,964 due to certain assets being restricted to a specific use such as the specific purpose tax fund (\$617,758) public improvements fund (\$14,040), police forfeiture funds (\$2,066), PEG grant (\$12,000) and convention center project (\$21,100).

**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. WRS pays employees a defined benefit depending upon years of service and earnings using an accrued benefit cost method.

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).

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. All eligible City employees are covered under one of the following two plans:

Public Employee Pension Plan

By State Statute, the employer-allocated portion for public employees is 8.37% and the employee-allocated portion 8.25% for a total contribution rate of 16.62%. The City of Cody pays a higher percentage of the contributions at 12.19% and the employee pays 4.43% of the total contribution amount.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

Fiscal Year Ending	Employee Contribution	Employer Contribution	Total Contribution
June 30, 2017	\$185,985	\$511,790	\$697,775
June 30, 2016	\$197,551	\$548,749	\$746,300
June 30, 2015	\$183,155	\$472,752	\$655,907

Law Enforcement Pension Plan

Law enforcement employees participate at a higher contribution level of 17.2%. By State Statute, the employer-allocated portion is 8.60% and the employee-allocated portion is 8.60% of which the City paid 11.69% and employees paid 5.51%.

Fiscal Year Ending	Employee Contribution	Employer Contribution	Total Contribution
June 30, 2017	\$68,186	\$144,663	\$212,849
June 30, 2016	\$74,939	\$149,844	\$224,783
June 30, 2015	\$80,592	\$140,213	\$220,805

As of June 30, 2017, the amount owed to the WRS plan for the legally required contributions was \$70,188 in the following funds:

Fund	Payable Amount
General Fund	\$ 51,567
Solid Waste Fund	4,550
Water Fund	3,468
Wastewater Fund	2,219
Electric Fund	8,384
Total	\$ 70,188

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

The WRS has plan assets of \$6,678,504,705 and a total pension liability of \$9,096,004,923, creating a net pension liability of \$2,417,500,218. The pension net position as a percent of total pension liability is 73.42%. The City of Cody's prorated share of the net pension liability is \$6,360,008. Of this amount \$4,601,467 is attributable to the General Fund and \$1,758,541 is attributable to the Enterprise Funds. The City's 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 City'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, which amounts to .2390%. The measurement date of the unfunded pension liability was December 31, 2016.

At June 30, 2017 the City reported a total liability of \$6,360,008 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2016. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

projected contributions of all participating governmental entities. At December 31, 2016, the City's liability as well as their proportion and increase from its proportion measured at December 31, 2015 were as follows for each plan in which the City participates:

	Pension Liability at June 30, 2017	Proportion at December 31, 2016	Increase(Decrease) from December 31, 2015
Public Employee Pension Plan	\$5,780,127	.2390953%	.0012703%
Law Enforcement Pension Plan	579,881	.07681366%	(.0466100)%
Total	\$6,360,008		

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Public Employee Pension Plan	Law Enforcement Pension Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investment	\$1,069,240	\$284,332	\$1,353,572	\$-
Difference between actual and expected experience	154,948	(21,367)	-	133,581
Change in employer's portion Contributions subsequent to the measurement date	-	-	-	-
Total	343,812	108,506	452,318	-
Total	\$1,568,000	\$371,471	\$1,805,890	\$133,581
Amortizing deferred outflows and inflows	-	-	1,805,890	133,581

The City reported \$1,805,892 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year end June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Fiscal Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$617,613	\$45,685
2018	623,033	46,085
2019	532,738	39,406
2020	32,506	2,405
Total	\$1,805,890	\$133,581

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

Actuarial Assumptions

An experience study was performed in 2012 for the period of January 1, 2007 through December 31, 2011 which reviewed all economic and demographic assumptions, including mortality. The net pension liability as of December 31, 2016 is based on the results of an actuarial valuation as of January 1, 2016 rolled forward to a measurement date of December 31, 2016. Total pension liability in the December 31, 2016 measurement date was determined using the following actuarial assumptions and are applied to all periods included in the measurement:

<i>Public Employee Pension Plan</i>	
Actuarial cost method	Entry age normal
Inflation	3.25%
Salary increases	4.25% to 6.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-retirement mortality	RP-2000 combined mortality table, generational projected with Scale BB Males: set back 1 year with a 104% multiplier Females: no set back with a 90% multiplier
Pre-retirement mortality	RP-2000 combined mortality table, generational projected with Scale BB Males: set back 5 years with a 104% multiplier Females: set back 4 years with a 90% multiplier

<i>Law Enforcement Pension Plan</i>	
Actuarial cost method	Entry age normal
Inflation	3.25%
Salary increases	4.75% to 8.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-retirement mortality	RP-2000 combined mortality table, generational projected with Scale BB Males: no set back with a 104% multiplier Females: set forward 1 year with a 90% multiplier
Pre-retirement mortality	RP-2000 combined mortality table, generational projected with Scale BB Males: set back 4 years with a 104% multiplier Females: set back 3 years with a 90% multiplier

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

Asset Allocation

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation as of January 1, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Rate of Return
Cash	0.00%	(.20)%
Fixed Income	20.00%	1.95%
Equity	45.00%	7.73%
Marketable Alternatives	17.50%	3.73%
Private Markets	17.50%	7.14%
Total	100%	6.38%

Discount Rate

The discount rate used to measure the total pension liability was 7.75% for both the public employee plan and the law enforcement plan. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date.

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.75%) or 1% higher (8.75%) than the current rate:

Primary Government Pension Plans	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Public Employee Plan	\$8,302,196	\$5,780,127	\$3,661,834
Law Enforcement Plan	1,204,138	579,881	64,369
Total	\$9,506,334	\$6,360,008	\$3,726,203

Wyoming Retirement System Reports

Financial reporting information pertaining to the City's participation in the Wyoming Retirement System (WRS) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71. The WRS was established through State Statutes W.S. 9-3-401 through W.S. 9-3-432. The WRS issues a publicly available Comprehensive Annual Financial Report that includes its financial statements and required supplementary information. Contact the Wyoming Retirement System for additional information or a summary plan description detailing the provisions of the plan, including benefits, actuarial assumptions, discount rates,

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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investments held, expected rates of return, discount rate sensitivity and cost of living adjustments at 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002, or by calling 307-777-7691. The information is also available on their website at [www.retirement.state.wy.us](http://www.retirement.state.wy.us)

#### **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 \$56,995. 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%. In addition, the City contributes 50% of the employees' annual deductible into a health savings account (H.S.A.) for each covered employee. Employees with family coverage receive \$1,300 per year (contributed at \$54.16 per pay period) and employees with other than family coverage receive \$625 per year (contributed at \$26.07 per pay period). The total cost for health insurance and H.S.A contribution for the City in the current fiscal year was \$1,446,185.

##### 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 fiscal year were \$52,253.

#### **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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

#### 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 paid the following jointly governed organizations for the following during the fiscal year ended June 30, 2017:

Organization	Purpose	Amount Paid	Amount Owed as of June 30, 2017
Shoshone Municipal Pipeline	Wholesale water	\$1,494,367	\$156,411
Wyoming Municipal Power Agency	Wholesale electricity	\$9,122,293	\$774,147
Yellowstone Regional Airport	Operating contribution	\$193,374	\$0

##### Purchases from Elected Officials

During the fiscal year ended June 30, 2017 the City of Cody purchased materials and services from a business owed by a council member in the amount of \$74,541.

#### 4.F. COMMITMENTS

##### Construction Commitments

At June 30, 2017, the following construction commitments were outstanding of which some are being performed by City of Cody employees/departments:

Project	Department	Actual as of June 30, 2017	Anticipated Remaining Cost
Trailhead open space development	Parks	\$13,760	\$136,240
Mentock park all-inclusive playground	Parks	\$391,085	\$4,300
Sunset Blvd water main	Water	\$235,848	\$46,158
Wastewater treatment facility phase 2	Wastewater	\$61,523	\$101,368
Wastewater treatment facility phase 1	Wastewater	\$2,567,869	\$1,032,130
Cody Labs electric lines phase 2	Electric	\$9,493	\$175,099
Trailhead 7 subdivision electric lines	Electric	\$7,779	\$52,526
	Total	\$3,287,358	\$1,547,821

#### 4.G. CONTINGENCIES

##### 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

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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. 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 information can be easily seen in the proprietary funds financial statements. Segment information for the year ended June 30, 2017 as follows:

	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Combined Total
Total Assets	\$4,435,461	\$14,005,122	\$16,100,922	\$17,087,581	\$51,629,086
Current Assets	2,934,320	4,064,930	2,551,096	6,259,321	18,809,667
Non-current Assets	1,501,141	9,940,192	13,549,826	10,828,260	35,819,419
Current Liabilities	121,328	283,673	258,113	1,133,095	1,796,209
Net Position Capital Assets	1,501,141	9,940,192	13,549,826	10,828,260	35,819,419
Net Position Unrestricted	2,485,865	3,498,821	894,885	4,448,468	11,368,039
Operating Revenues	2,243,180	3,163,868	1,339,964	12,150,459	18,897,471
Operating Expense	1,700,854	2,491,527	986,590	11,150,042	16,329,013
Operating Income (Loss)	542,326	672,341	353,374	1,000,417	2,568,458
Interest Income	12,781	9,277	3,042	17,697	42,797
Development Fees	-	-	-	60,607	60,607
Hook-up Fees	-	27,500	-	18,930	46,430
Plant Investment Fees	-	-	31,000	-	31,000
Tap Fees	-	37,876	-	-	37,876
Transfers Out	564,839	424,598	253,193	1,150,471	2,393,101
Change in Net Position	224,477	353,136	685,955	154,017	1,417,585
Net Position Beginning	3,762,529	13,085,877	13,758,756	15,162,711	45,769,873
Net Position Ending	3,987,006	13,439,013	14,444,711	15,316,728	47,187,458
Net Cash Flow Operations	704,904	1,054,745	1,012,937	1,581,690	4,354,276
Net Cash Flow Non-Capital	(548,904)	(355,342)	(253,193)	(963,000)	(2,120,439)
Net Cash Flow Capital	-	(240,148)	(1,248,070)	(46,779)	(1,534,997)
Net Cash Flow Investing	12,781	9,277	3,043	17,697	42,798
Beginning Cash	2,505,906	3,120,879	2,414,828	3,805,552	11,847,165
Ending Cash	2,674,687	3,589,411	1,929,545	4,395,160	12,588,803

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2017

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**4.I. SUBSEQUENT EVENTS/OTHER**

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

Awarded Bid No. 2017-06 to Fremont Motor Chevrolet Buick GMC for a 2018 2500HD pickup with a Knapheide utility body in the amount of \$37,0490.06, less trade in value of \$3,500.00, leaving a net total bid of \$33,990.06.

Awarded Bid No 2017-07 to Spradley Barr of Cheyenne, for two 2018 police interceptors in the amount of \$53,258.00, less a total trade in value of \$4,030.00, for a total net amount of \$49,228.00.

Awarded Bid 2017-09 to Jack's Truck Center Inc. dba Jack's Truck & Equipment for a 2018 freightliner with a Williamsen Dump Body and a Henke Plow in the amount of \$148,946.00.

Approved the uncollectible account write offs in the amount of \$78,511.95.

Authorized the Mayor to enter into a Memorandum of Agreement and sign said document with Condrey & Associates for a classification study, not to exceed \$32,500.

Awarded Bid 2017-10 to Altitude Recycling Equipment, LLC for a Maren ProPak60 Full Eject Horizontal Baler in the amount of \$105,700, less trade in amount of \$13,000, for a net total amount of \$92,700.

Awarded Bid 2017-12 to Park County Implement for (1) new John Deere 1575 w/60" mulching deck, including all options, in the amount of \$38,600.00, less trade in value of \$6,500.00, for a net amount of \$32,100.00.

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**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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts (budgetary basis)</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Resources (inflows):</b>				
Taxes				
Sales and Use Tax	\$ 2,893,697	\$ 2,893,697	\$ 2,781,846	\$ (111,851)
Franchise Tax	1,174,832	1,174,832	1,217,547	42,715
Licenses & Permits	64,800	64,800	65,134	334
Intergovernmental				
Federal Grants	18,460	11,160	9,487	(1,673)
State Grants	865,434	836,604	915,645	79,041
Pass Through Grants	5,000	5,000	-	(5,000)
Severance Tax	353,000	353,000	353,493	493
Royalties	451,200	451,200	451,388	188
State and Federal Funding	355,800	701,071	701,547	476
Other Taxes				
Motor Vehicle Tax	155,899	155,899	210,477	54,578
Gasoline Tax	411,000	411,000	398,771	(12,229)
Cigarette Tax	85,000	85,000	73,857	(11,143)
Ad Valorem Tax	617,286	617,286	628,122	10,836
Fines and Forfeitures	142,986	142,986	146,756	3,770
Charges for Services:				
Penalites and Fees	121,000	121,000	122,131	1,131
Parks and Recreation Fees	1,271,204	1,271,204	1,250,675	(20,529)
Public Works Fees	575,254	575,254	672,535	97,281
Assessment Revenue				
Investment Income	36,370	36,370	33,890	(2,480)
Contributions and Donations	416,835	493,996	511,896	17,900
Facility Rentals	20,125	20,125	31,075	10,950
Miscellaneous	19,436	19,436	65,134	45,698
Total Revenues	<u>10,054,618</u>	<u>10,440,920</u>	<u>10,641,406</u>	<u>200,486</u>
Other Financing Sources:				
Transfers from Other Funds	<u>1,114,862</u>	<u>1,114,862</u>	<u>1,114,862</u>	<u>-</u>
Total other Financing Sources	<u>1,114,862</u>	<u>1,114,862</u>	<u>1,114,862</u>	<u>-</u>
<b>Amounts Available for Appropriation</b>	<u>11,169,480</u>	<u>11,555,782</u>	<u>11,756,268</u>	<u>200,486</u>
<b>Charges to Appropriations (outflows):</b>				
General Government:				
Mayor and City Council	495,804	493,457	453,192	40,265
City Administrator	157,459	157,459	152,638	4,821
Administrative Services	1,376,288	1,376,288	1,276,733	99,555
Administrative Services - Pass Through Grants	-	-	-	-
Police	2,943,445	2,952,862	2,699,486	253,376
Parks	1,356,164	1,424,261	1,366,658	57,603
Public Facilities	901,268	988,313	933,317	54,996
Recreation Center	1,904,608	1,895,563	1,802,349	93,214
Community Development	581,979	581,979	575,722	6,257
Streets	1,386,293	1,545,173	1,456,163	89,010
Vehicle Maintenance	306,277	306,277	279,759	26,518
Total Charges to Appropriations	<u>11,409,585</u>	<u>11,721,632</u>	<u>10,996,017</u>	<u>725,615</u>
Transfers Out	-	-	-	-
Total Interfund Transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	<u>\$ (240,105)</u>	<u>\$ (165,850)</u>	<u>\$ 760,251</u>	<u>\$ 926,101</u>
<b>Fund Balance, beginning</b>	<u>\$ 6,513,072</u>	<u>\$ 6,513,072</u>	<u>\$ 6,513,072</u>	<u>\$ -</u>
<b>Fund Balance, ending</b>	<u>\$ 6,272,967</u>	<u>\$ 6,347,222</u>	<u>\$ 7,273,323</u>	<u>\$ 926,101</u>

See independent auditor's report as it relates to required supplementary 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, 2016

<b>Adjustments to Generally Accepted Accounting Principles Basis:</b>	
Changes in due from other governments	\$ (35,029)
Changes in due from other entities	(13,596)
Changes in court receivables and related accounts	(5)
Changes in other receivables	213
Changes in allowances	32,831
Changes in inventory	109,704
Changes in accrued liabilities	(17,758)
Changes in deferred revenue	<u>71,742</u>
Net change in fund balances - GAAP basis	<u>148,102</u>
<b>Ending Fund Balance - GAAP Basis</b>	<u><u>\$ 7,421,425</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, 2016

	<b>LODGING TAX FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive(Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows):</b>				
Taxes	\$ 132,496	\$ 132,496	\$ 126,939	\$ (5,557)
Amounts Available for Appropriation	132,496	132,496	126,939	(5,557)
<b>Charges to Appropriations (outflows):</b>				
Mayor and City Council	15,500	15,500	12,500	3,000
Community Support	33,930	33,930	32,374	1,556
Transfers Out	111,354	111,354	111,354	-
Total Charges to Appropriations	160,784	160,784	156,228	4,556
Net change in fund balance	\$ (28,288)	\$ (28,288)	\$ (29,289)	\$ (1,001)
<b>Fund Balance, beginning</b>	<b>\$ 75,543</b>	<b>\$ 75,543</b>	<b>\$ 75,543</b>	<b>\$ -</b>
<b>Fund Balance, ending</b>	<b>\$ 47,255</b>	<b>\$ 47,255</b>	<b>\$ 46,255</b>	<b>\$ (1,001)</b>

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

City of Cody, Wyoming  
 Budgetary Comparison Schedule - Modified Accrual Basis  
 Major Governmental Fund  
 for the fiscal year ended June 30, 2016

	<b>SPECIFIC PURPOSE TAX FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive(Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Resources (inflows):</b>				
Taxes	\$ -	\$ -	\$ 617,758	\$ 617,758
Amounts Available for Appropriation	-	-	617,758	617,758
<b>Charges to Appropriations (outflows):</b>				
Public Works	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Net change in fund balance	\$ -	\$ -	\$ 617,758	\$ 617,758
<b>Fund Balance, beginning</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance, ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 617,758</b>	<b>\$ 617,758</b>

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

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## **OTHER SUPPLEMENTAL INFORMATION**

City of Cody, Wyoming  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2016

	<u>Capital Projects Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Public Improvements Fund</u>	<u>Vehicle Replacement Fund</u>	
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 14,040	\$ 756,911	\$ 904,422
Investments	-	2,005,209	2,005,209
Total Assets	<u>\$ 14,040</u>	<u>\$ 2,762,120</u>	<u>\$ 2,909,631</u>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Fund Equity</u></b>			
Fund Balance:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:			
Public Improvements	14,040	-	14,040
Committed:	-	-	-
Assigned:			
Capital Assets	-	2,762,120	2,762,120
Unassigned	-	-	-
Total Fund Equity	<u>\$ 14,040</u>	<u>\$ 2,762,120</u>	<u>\$ 2,776,160</u>
Total Liabilities and Fund Equity	<u>\$ 14,040</u>	<u>\$ 2,762,120</u>	<u>\$ 2,776,160</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, 2016

	<b>Capital Projects Funds</b>		<b>Total Non-Major Governmental Funds</b>
	<b>Public Improvements Fund</b>	<b>Vehicle Replacement Fund</b>	
<b>REVENUES</b>			
Investment Income	\$ -	\$ 25,649	\$ 25,649
Total Revenues	-	25,649	25,649
<b>EXPENDITURES</b>			
Current:			
Streets	2,500	-	2,500
Capital Outlay	-	519,001	519,001
Total Expenditures	2,500	519,001	521,501
Revenues Over(Under) Expenditures	(2,500)	(493,352)	(495,852)
Other Financing Sources(Uses)			
Transfers In	-	573,785	573,785
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(2,500)	80,433	77,933
Fund Balance - beginning of year	16,540	2,681,687	2,698,227
Fund Balance - end of year	<u>\$ 14,040</u>	<u>\$ 2,762,120</u>	<u>\$ 2,776,160</u>

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

City of Cody, Wyoming  
for the Fiscal Year Ended June 30, 2017

Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 fiscal years\* (unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Public Employee Pension Plan</b>				
City's proportion of the net pension liability (Asset)	0.2390953%	0.2378250%	0.2320843%	*
City's proportionate share of the net pension liability	\$ 5,780,129	\$ 5,539,771	\$ 4,095,574	*
City's covered-employee payroll	\$ 4,262,843	\$ 4,169,999	\$ 3,967,278	*
City's proportionate share of the net pension liability (asset) as a percentage of covered employees	135.59%	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.42%	73.40%	79.08%	*
<b>Law Enforcement Pension Plan</b>				
City's proportion of the net pension liability (Asset)	0.7681368%	0.8147468%	0.8126946%	*
City's proportionate share of the net pension liability	\$ 579,881	\$ 612,037	\$ 239,450	*
City's covered-employee payroll	\$ 1,188,916	\$ 1,225,377	\$ 1,201,088	*
City's proportionate share of the net pension liability (asset) as a percentage of covered employees	48.77%	49.95%	19.94%	*
Plan fiduciary net position as a percentage of the total pension liability	88.11%	87.49%	94.76%	*

Schedule of Pension Contributions - Last 10 fiscal years\* (unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Public Employee Pension Plan</b>				
Contractually required contributions	\$ 710,756	\$ 689,754	\$ 615,196	*
Contributions in relation to the contractually required contributions	\$ 710,756	\$ 689,754	\$ 615,196	*
Contribution deficiency(excess)	\$ -	\$ -	\$ -	*
City's covered employee payroll	\$ 4,276,510	\$ 4,150,144	\$ 3,876,471	*
Contributions as a percentage of covered employee payroll	16.62%	16.62%	15.87%	*
<b>Law Enforcement Pension Plan</b>				
Contractually required contributions	\$ 206,736	\$ 220,283	\$ 216,359	*
Contributions in relation to the contractually required contributions	\$ 206,736	\$ 220,283	\$ 216,359	*
Contribution deficiency(excess)	\$ -	\$ -	\$ -	*
City's covered employee payroll	\$ 1,201,953	\$ 1,280,715	\$ 1,257,901	*
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	*

\* Information for years prior to 2015 is not available

\*\* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year

City of Cody, Wyoming  
 Schedule of Expenditures of Federal Awards  
 for the fiscal year ending June 30, 2017

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Grant Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Bulletproof Vest Partnership Act of 1998	16.607	N/A	\$ 1,773
Total U.S. Department of Justice			<u>\$ 1,773</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the Wyoming Business Council</i>			
Community Development Block Grant	14.228 *	GS-0004798	352,562
Total U.S. Department of Housing and Urban Development			<u>352,562</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Wyoming Office of Homeland Security</i>			
Law Enforcement Terrorism Prevention Activities	97.067	16-GPD-COD-LP-H	7,714
Total U.S. Department of Homeland Security			<u>7,714</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>			
<i>Passed through the Wyoming Arts Council</i>			
National Foundation on the Arts and The Humanities Act of 1965	45.025	13116639	3,099
Total National Endowment for the Arts			<u>3,099</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed through the Wyoming Office of State Lands and Investments, State clean water revolving account loan program</i>			
Safe Clean Water Act	66.458 *	CWSRF-157	1,237,141
Total U.S. Environmental Protection Agency			<u>1,237,141</u>
Total Federal Award Expenditures			<u>\$ 1,602,289</u>

\*Major Federal Program

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Cody, Wyoming under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 12 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operation of the City of Cody, Wyoming, it is not intended to and does not present the financial position, change in net assets, or cash flows of the City of Cody, Wyoming, therefore some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of the basic financial statements.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THIS SCHEDULE**

Expenditures reported on this schedule are reported on the generally accepted accounting principles basis of accounting. Such expenditures are recognized following, as applicable either the cost principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - PROGRAM COSTS/MATCHING CONTRIBUTIONS**

Certain Federal programs require that the City of Cody contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City of Cody has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Total Federal Expenditures on this schedule.

**NOTE D - INDIRECT COST RATE**

The City of Cody, Wyoming does not allocate indirect costs to federal award programs.

**NOTE E - LOANS OUTSTANDING**

The City of Cody, Wyoming had the following loan balance under federally guaranteed loan programs outstanding as June 30, 2017:

Program Title	Federal CFDA Number	Amount
U.S. ENVIRONMENTAL PROTECTION AGENCY <i>Passed through the Wyoming Office of State Lands and Investments State clean water revolving account loan program</i>	66.458	\$ 1,237,141

This loan is secured with the pledge and assignment of revenues from the City of Cody, Wyoming's wastewater user fees and wastewater enterprise fund unrestricted reserves to be used for the annual loan payments which the City will make to the Clean Water State Revolving Fund.

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CERTIFIED PUBLIC ACCOUNTANT

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**James B. Seckman, CPA, P.C.**

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PROFESSIONAL CORPORATION

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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  
City of Cody

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, of City of Cody, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City of Cody's basic financial statements, and have issued our report thereon dated June 30, 2017.

**Internal Control over Financial Reporting**

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

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CERTIFIED PUBLIC ACCOUNTANT

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James B. Seckman, CPA, P.C.

PROFESSIONAL CORPORATION

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544 Gateway Drive  
Powell, Wyoming 82435307-754-2141  
Fax 307-754-7061**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 6, 2017

CERTIFIED PUBLIC ACCOUNTANT

**James B. Seckman, CPA, P.C.**

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council  
City of Cody

**Report on Compliance for Each Major Federal Program**

We have audited City of Cody's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Cody's major federal programs for the year ended June 30, 2017. City of Cody's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Cody's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Cody's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Cody's compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Cody complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**Report on Internal Control over Compliance**

Management of City of Cody is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Cody's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Cody's internal control over compliance.

CERTIFIED PUBLIC ACCOUNTANT

**James B. Seckman, CPA, P.C.**

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



James B. Seckman, CPA, P.C.

Cody, Wyoming

October 6, 2017

**CITY OF CODY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2017

**SECTION 1 - SUMMARY OF THE AUDITOR'S RESULTS**

Financial Statements

- |    |  |                    |                   |
|----|--|--------------------|-------------------|
| 1. | Type of auditors report issued:  | Unmodified Opinion |                   |
| 2. | Internal control over financial reporting:   |                    |                   |
|    | Material weakness(es) identified?  | _____ yes          | _____ <u>X</u> no |
|    | Significant Deficiency identified<br>not considered to be material weaknesses?<br>reported | _____ yes          | _____ <u>X</u> no |
| 3. | Noncompliance material to the financial<br>statements noted?                               | _____ yes          | _____ <u>X</u> no |

Federal Awards

- |    |  |                    |                   |
|----|--|--------------------|-------------------|
| 4. | Internal Control over major programs:  |                    |                   |
|    | Material weaknesses identified?  | _____ yes          | _____ <u>X</u> no |
|    | Significant deficiencies identified?   | _____ yes          | _____ <u>X</u> no |
| 5. | Type of auditor's report issued on compliance<br>for major programs                                      | Unmodified Opinion |                   |
| 6. | Any audit findings disclosed that are required to<br>be reported in accordance with<br>2 CFR 200.516(a)? | _____ yes          | _____ <u>X</u> no |
| 7. | Identification of major programs   |                    |                   |
|    | Environmental Protection Agency  | CFDA 66.458        |                   |
|    | Capitalization Grants  |                    |                   |
|    | Department of HUD  |                    |                   |
|    | CDBG   | CFDA 14.228        |                   |
| 8. | Dollar threshold used to distinguish between<br>Type A and Type B programs:                              | \$750,000          |                   |
| 9. | Auditee qualified as low-risk auditee:   | _____ yes          | _____ <u>X</u> no |

**CITY OF CODY**  
**SCHEDULE OF FINDING AND QUESTIONED COSTS**  
Year Ended June 30, 2017

**Section II Federal Award Findings and Questioned Costs**

There were no audit findings related to federal awards in the current year.

**Prior Years Findings and Questioned Costs**

There were no audit findings relative to federal funds in the prior year's audit.