



CITY OF CODY  

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WYOMING

# Basic Financial Statements

JUNE 30, 2018

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City of Cody, Wyoming  
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 For the fiscal year ended June 30, 2018

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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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Powell, Wyoming 82435

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Cody, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cody, Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cody, Wyoming, as of June 30, 2018, 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.

CERTIFIED PUBLIC ACCOUNTANT

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

PROFESSIONAL CORPORATION

544 Gateway Drive  
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Fax 307-754-7061**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 55-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cody, Wyoming's basic financial statements. The combining nonmajor fund financial statements on pages 60 - 61 and the schedule of changes in net pension liability and related ratios on page 62, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of changes in net pension liability and related ratios are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 5, 2018, 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 Governmental Auditing Standards in considering the City of Cody's internal control over financial reporting and compliance.

  
James B. Seckman, CPA, P.C.City of Cody, Wyoming  
October 5, 2018

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

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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, 2018. 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 \$87,845,759. Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$66,116,276 (75%) 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 \$2,844,653 (3%) is restricted by constraints imposed from outside the City such as voters, grantors, laws or regulations, or by policy of the City Council.
  - (3) Unrestricted net position of \$18,884,830 (22%) represents the portion available to maintain the City's continuing obligations to citizens and creditors.
- Total net position increased by \$4,207,350 over the prior fiscal year. The governmental-type net position increased by \$3,045,099 and the business-type net position increased by \$1,162,251.
- Total expenses during the year were \$27,599,094 compared to total revenues of 31,806,444.
- The unassigned fund balance for the General Fund was \$7,881,265 or approximately 72% of total General Fund expenditures for the fiscal year.
- The City's total debt increased \$251,352 due to changes in compensated absence accruals, customer deposit balances, and the clean water state revolving fund loan in the Wastewater Fund
- The City's net pension liability decreased by \$243,839.
- Assessed Valuation: the assessed valuation for the City of Cody for 2018 was \$134,066,678, an increase of \$5,961,514 or approximately 5% over 2017.

**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, 2018

	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, 2018

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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), and schedule of net changes in pension liability and pension contributions.

#### **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 (75%) 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, 2017-2018 with comparison totals for the prior fiscal year 2016-2017

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

Condensed Statement of Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 15,086,081	\$12,113,387	\$ 16,879,693	\$15,809,667	\$ 31,965,774	\$27,923,054
Capital assets	29,801,290	29,208,044	36,314,986	35,819,419	66,116,276	65,027,463
Deferred outflows - pensions	1,773,015	1,306,563	431,215	499,327	2,204,230	1,805,890
Total assets & deferred outflows	\$ 46,660,386	\$42,627,994	\$ 53,625,894	\$52,128,413	\$100,286,280	\$94,756,407
Long-term debt outstanding	158,356	\$157,249	\$ 1,838,599	\$1,379,917	\$ 1,996,955	\$1,537,166
Other current liabilities	633,691	668,008	1,646,941	1,765,564	2,280,632	2,433,572
Deferred inflows	1,750,623	750,319	296,142	36,933	2,046,765	787,252
Net pension liability	4,621,666	4,601,467	1,494,503	1,758,541	6,116,169	6,360,008
Total liabilities	\$ 7,164,336	\$6,177,043	\$ 5,276,185	\$4,940,955	\$ 12,440,521	\$11,117,998
Net position						
Net investment in capital assets	\$ 29,801,290	\$29,208,044	\$ 36,314,986	\$35,819,419	\$ 66,116,276	\$65,027,463
Restricted	2,844,653	666,964	-	-	2,844,653	666,964
Unrestricted	6,850,107	6,575,943	12,034,723	11,368,039	18,884,830	17,943,982
Total net position	\$ 39,496,050	\$36,450,951	\$ 48,349,709	\$47,187,458	\$ 87,845,759	\$83,638,409

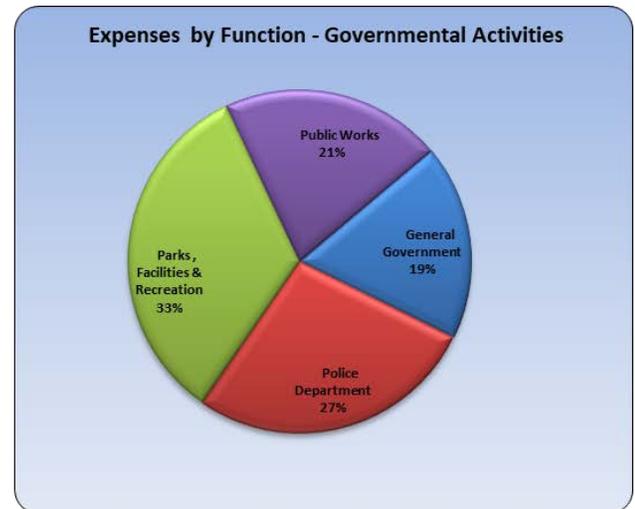
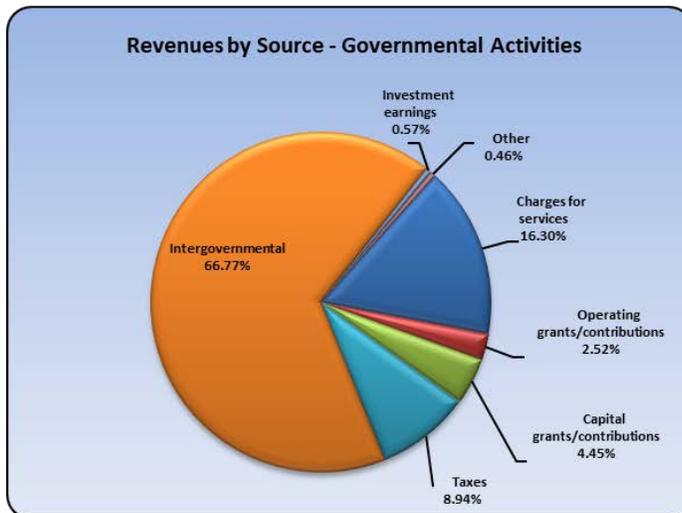
Changes in Net Position as of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 1,908,357	\$1,962,588	\$ 19,555,985	\$19,014,450	\$ 21,464,342	\$20,977,038
Operating grants/contributions	294,637	299,210	4,377	4,378	299,014	303,588
Capital grants/contributions	520,617	1,439,124	448,637	747,130	969,254	2,186,254
General revenues						
Taxes	1,046,436	1,010,139	-	-	1,046,436	1,010,139
Intergovernmental	7,817,360	5,594,531	-	-	7,817,360	5,594,531
Investment earnings	66,200	59,540	46,616	42,796	112,816	102,336
Other	54,147	37,849	43,075	74,377	97,222	112,226
Total Revenues	11,707,754	10,402,981	20,098,690	19,883,131	31,806,444	30,286,112
Expenses:						
General Government	2,020,670	1,933,761	-	-	2,020,670	1,933,761
Police Department	3,004,569	2,816,010	-	-	3,004,569	2,816,010
Parks, Facilities & Recreation	3,668,249	3,607,903	-	-	3,668,249	3,607,903
Public Works	2,297,497	2,166,677	-	-	2,297,497	2,166,677
Proprietary	-	-	16,608,109	16,329,016	16,608,109	16,329,016
Total Expenses	10,990,985	10,524,351	16,608,109	16,329,016	27,599,094	26,853,367
Other Sources:						
Transfers-internal activity	2,328,339	2,136,531	(2,328,339)	(2,136,531)	-	-
Total Transfers	2,328,339	2,136,531	(2,328,339)	(2,136,531)	-	-
Change in net position	3,045,108	2,015,161	1,162,242	1,417,584	4,207,350	3,432,745
Net position - July 1	36,450,942	34,435,790	47,187,467	45,769,874	83,638,409	80,205,664
Net position - June 30	\$ 39,496,050	\$36,450,951	\$ 48,349,709	\$47,187,458	\$ 87,845,759	\$83,638,409

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

### 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 2017-2018 increased Cody's net position by \$3,045,099. The following information describes key changes for the year:

#### Assets and Deferred Outflows of Resources

- Current and other assets including cash, investments, accounts receivable (net of allowance) and due from other governments increased \$2,972,694
- Capital assets increased \$593,246
- Deferred outflows related to pensions increased \$466,452

#### Liabilities and Deferred Inflows of Resources

- Current liabilities including accounts payable, accrued liabilities, customer deposits, due to other governments and other payables increased 1,107
- Long term debt outstanding including compensated absences decreased \$34,317
- Deferred inflows related to property taxes, and pensions increased \$1,000,304
- Net pension liability increased \$20,199

#### Revenues

- Charges for services decreased \$54,231
- Grants and contributions decreased \$923,080
- Taxes and intergovernmental revenues increased \$2,259,126
- Investment earnings and miscellaneous revenues increased \$22,958

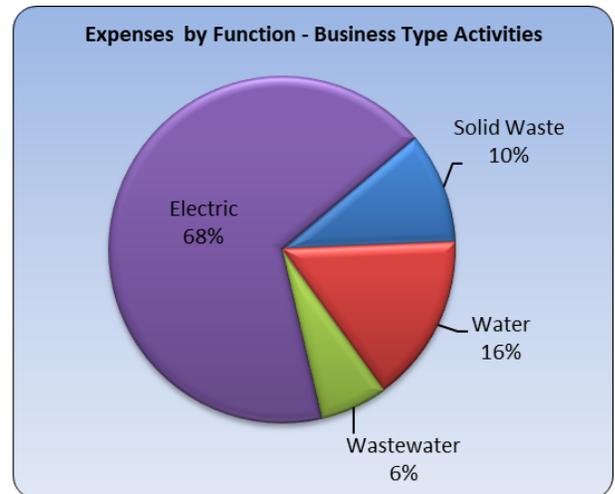
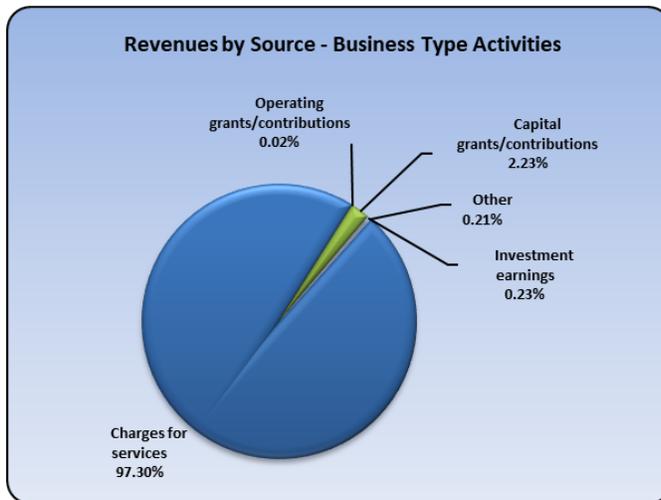
#### Expenses

- General Government increased \$86,909
- Police Department increased \$188,559
- Parks, Facilities and Recreation increased \$60,346
- Public Works increased \$130,820

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

### 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 during Fiscal Year 2016-2018 increased Cody's net position by \$1,162,251. The following information describes key changes for the year:

#### Assets and Deferred Outflows of Resources

- Current and other assets including cash, investments, accounts receivable (net of allowance) and due from other governments increased \$1,070,026
- Capital assets increased \$495,567
- Deferred outflows related to pensions decreased \$68,112

#### Liabilities and Deferred Inflows of Resources

- Current liabilities including accounts payable, accrued liabilities, customer deposits, due to other governments and other payables decreased \$118,623
- Long term debt outstanding including compensated absences and the CWSRF loan increased \$458,682
- Deferred inflows related to pensions increased \$259,209
- Net pension liability decreased \$264,038

#### Revenues

- Charges for services increased \$541,535
- Grants and contributions decreased \$298,494
- Investment earnings and miscellaneous revenues decreased \$27,482

#### Expenses

- Solid Waste increased \$38,484
- Water increased \$108,832
- Wastewater increased \$60,433
- Electric increased \$71,404

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

### 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.

There was an increase in revenue of \$911,956 and an increase in expense appropriations of \$1,077,434 between the original and final amended budget in the General Fund. This was mainly due to grants awarded after the original budget was approved, the carry-over of an incomplete pass through grant from the prior fiscal year, and an employee retirement payout.

### Debt Administration

As of June 30, 2018, the City of Cody's outstanding debt totaled \$8,621,449, an increase of \$251,352 over fiscal year 2016-2017. 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	
	2018	2017	2018	2017	2018	2017
Accrued Compensated Absence Payable	\$361,881	\$334,162	\$212,078	\$196,559	\$573,959	\$530,721
Customer Deposit Liability	8,399	20,006	201,694	222,221	\$210,093	\$242,227
Loans Payable	-	-	1,721,228	1,237,141	1,721,228	1,237,141
Net Pension Liability	4,621,666	4,601,467	1,494,503	1,758,541	6,116,169	6,360,008
Total Outstanding Debt	<u>\$4,991,946</u>	<u>\$4,955,635</u>	<u>\$3,629,503</u>	<u>\$3,414,462</u>	<u>\$8,621,449</u>	<u>\$8,370,097</u>

### Capital Assets

The City of Cody's net investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to \$66,116,276. 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, 2017-2018 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's Capital Assets Net of Depreciation						
As of June 30 each year						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
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	14,078,495	1,623,979	1,623,979	15,702,474	15,702,474
Improvements	5,704,790	5,302,369	139,788	139,788	5,844,579	5,442,157
Furniture & Fixtures	730,562	318,164	-	-	730,562	318,164
Machinery & Equipment	5,770,230	5,284,886	4,541,543	4,414,625	10,311,773	9,699,511
Infrastructure	17,940,331	17,701,575	52,600,787	48,435,311	70,541,117	66,136,886
Construction in Progress	467,404	404,845	347,322	2,882,513	814,726	3,287,358
Total Assets	<u>\$47,186,819</u>	<u>\$45,585,340</u>	<u>\$59,892,652</u>	<u>\$58,135,449</u>	<u>\$107,079,470</u>	<u>\$103,720,789</u>
Less Accumulated Depreciation	<u>\$ (17,385,528)</u>	<u>\$ (16,377,296)</u>	<u>\$ (23,577,665)</u>	<u>\$ (22,316,030)</u>	<u>\$ (40,963,194)</u>	<u>\$ (38,693,326)</u>
Total Net Assets	<u>\$29,801,290</u>	<u>\$29,208,044</u>	<u>\$36,314,986</u>	<u>\$35,819,419</u>	<u>\$66,116,276</u>	<u>\$65,027,463</u>

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

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Major capital asset acquisitions during the current fiscal year include:

- Construction in Progress \$753,202
  - Beacon Hill electric tie line
  - Wastewater treatment facility upgrade phase 2
  - Beacon Hill water tank
  - ADA ramp construction
  - Chip sealing
  
- Furniture & Fixtures \$412,398
  - Mentock Park playground
  - Diving board replacement
  - Swim starting blocks replacement
  
- Improvements other than Buildings \$412,398
  - Trailhead open space development
  - Beck Lake fishing pier
  - Hugh Smith park baseball field improvements
  
- Infrastructure \$4,404,230
  - Water main replacements
  - Wastewater treatment facility upgrade phase 1
  - Electric line replacements
  - Street reconstruction & overlays
  - Curb & gutter construction
  
- Machinery & Equipment \$882,120
  - Transformers
  - Replacement vehicles & equipment
  - Police body and in-car camera system
  - Fitness equipment replacements

**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 2017-2018 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 40%. The majority of this increase is due to receiving a full year of specific purpose taxes for the ADA ramp, chip sealing, and wastewater treatment facility projects. 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.

City of Cody, Wyoming  
Management Discussion and Analysis  
June 30, 2018

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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 2017-2018, with some modification to the distribution formula, it is unknown if this funding source will continue in the future and if so, at what level.

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 last fiscal year as a pass through to Wyoming Authentic Products to expand their manufacturing facility in Cody. This project has experienced some delays however we anticipate that construction will begin in spring of 2019. The City also received a second loan from the State Lands and Investments Board through the clean water state revolving fund for phase 2 of the wastewater treatment plan upgrade. The total project cost is \$6,000,000 and is being funded through the wastewater fund reserves, the specific purpose tax, a state mineral royalty grant, and the CWSRF loan. The new loan has a 20-year repayment schedule at zero percent interest and a partial principal forgiveness component.

The City was also awarded a \$6 million-dollar pass-through financing package from Wyoming Business Council for the expansion of the Gunwerks firearms production facility. Over the next five years, the project is expected to create 52 jobs, retain 58 jobs, increase payroll over \$3 million dollars, and provide the business opportunity for consolidation and relocation of corporate officers from Utah.

During fiscal year 2017-2018 the City hired a consultant to perform a compensation analysis to determine where the City’s pay plan fit into the general market for similar positions. The City Council implemented the plan effective July 1, 2018. Under the new plan the step and grade scale changed from seven steps to fourteen steps, allowing those employees who have been the top of their scale the ability to earn annual merit increases. Placing employees in the new step and grade scale resulted in an average 2% wage increase for employees.

**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

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City of Cody, Wyoming  
Statement of Net Position  
June 30, 2018

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,700,993	\$ 10,117,370	\$ 17,818,363
Investments	4,655,976	3,346,669	8,002,645
Accounts receivable, net of allowance	-	2,750,718	2,750,718
Franchise tax receivable	52,912	-	52,912
Court fine receivable, net of allowance	46,480	-	46,480
Property Taxes, net of allowance	674,116	-	674,116
Due from other governments	1,355,161	8,121	1,363,282
Other receivables, net of allowance	179,400	-	179,400
Inventory	326,570	455,121	781,691
Prepaid expenses	84,975	-	84,975
Restricted assets:			
Cash and cash equivalents	9,498	201,694	211,192
Capital assets:			
Land and construction in progress	2,886,004	961,665	3,847,669
Other capital assets, net of depreciation	26,915,286	35,353,321	62,268,607
Total Assets	<u>44,887,371</u>	<u>53,194,679</u>	<u>98,082,050</u>
	15,086,081	16,879,693	31,965,774
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	1,773,015	431,215	2,204,230
Total Assets and Deferred Outflows of Resources	<u>46,660,386</u>	<u>53,625,894</u>	<u>100,286,280</u>
<b>LIABILITIES:</b>			
Accounts payable	227,243	1,283,071	1,510,314
Accrued liabilities	190,956	33,829	224,785
Compensated Absences	203,525	94,707	298,232
Customer deposits	8,399	201,694	210,093
Other payables	2,469	33,640	36,109
Due to other governments	1,099	-	1,099
Long-term liabilities:			
Compensated Absences	158,356	117,371	275,727
CWSRF Loan	-	1,721,228	1,721,228
Net Pension Liability	4,621,666	1,494,503	6,116,169
Total Liabilities	<u>5,413,713</u>	<u>4,980,043</u>	<u>10,393,756</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to property taxes	656,926	-	656,926
Deferred inflows related to pensions	1,093,697	296,142	1,389,839
Total Deferred Inflows of Resources	<u>1,750,623</u>	<u>296,142</u>	<u>2,046,765</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,164,336</u>	<u>5,276,185</u>	<u>12,440,521</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,801,290	36,314,986	66,116,276
Restricted for:			
Capital projects	2,836,466	-	2,836,466
Public Safety	8,187	-	8,187
Unrestricted	6,850,107	12,034,723	18,884,830
Total Net Position	<u>\$ 39,496,050</u>	<u>\$ 48,349,709</u>	<u>\$ 87,845,759</u>

See accompanying notes to the basic financial statements



City of Cody, Wyoming  
Balance Sheet  
Governmental Funds  
June 30, 2018

	<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	\$ 4,714,015	\$ 11,777	\$ 2,298,582	\$ 676,619	\$ 7,700,992
Investments	2,650,207	-	-	2,005,769	4,655,976
Restricted cash and cash equivalents	9,498	-	-	-	9,499
Accounts receivable, net of allowance					
Franchise tax receivable	52,912	-	-	-	52,912
Court fine receivable, net of allowance	46,480	-	-	-	46,480
Other receivables, net of allowance	179,400	-	-	-	179,400
Property tax, net of allowance	674,116	-	-	-	674,116
Due from other governments	831,158	12,832	511,171	-	1,355,161
Inventory	326,570	-	-	-	326,570
Prepaid expenses	84,975	-	-	-	84,975
<b>Total Assets</b>	<b>9,569,331</b>	<b>24,609</b>	<b>2,809,753</b>	<b>2,682,388</b>	<b>15,086,081</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	222,856	-	4,387	-	227,243
Accrued wages and related charges	190,956	-	-	-	190,956
Customer deposits	8,399	-	-	-	8,399
Due to other governments	1,099	-	-	-	1,099
Other payables	2,338	-	-	-	2,338
<b>Total Liabilities</b>	<b>425,648</b>	<b>-</b>	<b>4,387</b>	<b>-</b>	<b>430,035</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Revenue	90,204	-	-	-	90,204
Deferred Property Tax	656,926	-	-	-	656,926
<b>Total Deferred Inflows of Resources</b>	<b>747,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747,130</b>
<b>Total Liabilities &amp; Deferred Inflows of Resources</b>	<b>1,172,778</b>	<b>-</b>	<b>4,387</b>	<b>-</b>	<b>1,177,165</b>
Fund Balances:					
Nonspendable:					
Inventory/prepaid expenses	411,545	-	-	-	411,545
Restricted for:					
Police forfeitures	8,187	-	-	-	8,187
Public Improvements	-	-	2,805,366	-	2,805,366
Convention Center	21,100	-	-	-	21,100
PEG Grant	10,000	-	-	-	10,000
Committed:					
Assigned:					
Capital Assets	-	-	-	2,682,388	2,682,388
Open space contributions	64,456	-	-	-	64,456
Community Support	-	24,609	-	-	24,609
Unassigned	7,881,265	-	-	-	7,881,265
<b>Total Fund Balances</b>	<b>8,396,553</b>	<b>24,609</b>	<b>2,805,366</b>	<b>2,682,388</b>	<b>13,908,916</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 9,569,331</b>	<b>\$ 24,609</b>	<b>\$ 2,809,753</b>	<b>\$ 2,682,388</b>	<b>\$ 15,086,081</b>

See accompanying notes to the basic financial statements

City of Cody, Wyoming  
Balance Sheet  
Governmental Funds  
June 30, 2018

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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>	<b>\$ 13,908,916</b>
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: \$ 17,385,524	29,801,290
Certain long-term assets are not available to pay for current fund liabilities and therefore are deferred in the funds:	
Court fine receivable	31,145
Severance taxes	58,928
	90,073
Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:	
Accrued compensated absences	(361,881)
	(361,881)
Change in accounting principle related to net pension liability	(3,942,348)
Net Position of Governmental Activities:	<b>\$ 39,496,050</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, 2018

	<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)	\$ 4,912,987	\$ 127,867	\$ 2,655,011	\$ -	\$ 7,695,865
Royalties	454,160	-	-	-	454,160
State and Federal Funding	796,834	-	-	-	796,834
Fines & Forfeitures	148,193	-	-	-	148,193
Charges for Services:					
Penalties & Fees	105,397	-	-	-	105,397
Parks & Recreation Fees	1,281,359	-	-	-	1,281,359
Public Works	284,232	-	-	-	284,232
Licenses & Permits	79,296	-	-	-	79,296
Facility Rental	26,771	-	-	-	26,771
Investment Income	38,261	-	-	27,940	66,201
Contributions & Donations	271,267	-	-	-	271,267
Miscellaneous	53,780	-	-	-	53,780
<b>Total Revenues</b>	<b>8,452,537</b>	<b>127,867</b>	<b>2,655,011</b>	<b>27,940</b>	<b>11,263,355</b>
<b>Expenditures:</b>					
Current:					
Mayor & Council	452,190	23,326	-	-	475,516
City Administrator	156,108	-	-	-	156,108
Administrative Services	1,267,335	-	-	-	1,267,335
Police Department	2,708,863	-	-	-	2,708,863
Parks Maintenance	697,525	-	-	-	697,525
Public Facilities	489,227	-	-	-	489,227
Recreation Center	1,725,276	-	-	-	1,725,276
Community Development	696,545	-	-	-	696,545
Streets	841,272	-	-	-	841,272
Vehicle Maintenance	170,845	-	-	-	170,845
Capital Outlay	363,024	-	467,403	529,453	1,359,880
<b>Total Expenditures</b>	<b>9,568,210</b>	<b>23,326</b>	<b>467,403</b>	<b>529,453</b>	<b>10,588,392</b>
<b>Excess(deficiency) of revenues over expenditures</b>	<b>(1,115,673)</b>	<b>104,541</b>	<b>2,187,608</b>	<b>(501,513)</b>	<b>674,963</b>
<b>Other Financing Sources(Uses):</b>					
Transfers In(Out)	2,080,776	(126,187)	-	407,741	2,362,330
Sale of Governmental Assets	10,025	-	-	-	10,025
<b>Total Other Financing Sources(Uses)</b>	<b>2,090,801</b>	<b>(126,187)</b>	<b>-</b>	<b>407,741</b>	<b>2,372,355</b>
<b>Net Change in Fund Balance</b>	<b>975,128</b>	<b>(21,646)</b>	<b>2,187,608</b>	<b>(93,772)</b>	<b>3,047,318</b>
<b>Fund Balances - Beginning</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>Fund Balances - Ending</b>	<b>\$ 8,396,553</b>	<b>\$ 24,609</b>	<b>\$ 2,805,366</b>	<b>\$ 2,682,388</b>	<b>\$ 13,908,916</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, 2018

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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>\$ 3,047,318</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	1,325,992
Capital assets transferred from business-type funds	-
Capital asset disposal	(9,658)
Depreciation expense	(1,184,060)
	<u>132,274</u>
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Contributed assets	460,980
Deferred revenue	(16,949)
	<u>444,031</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	(550,796)
Accrued compensated absences	(27,719)
	<u>(578,515)</u>
 <b>Change in Net Position of Governmental Activities</b>	 <b>\$ 3,045,108</b>

City of Cody, Wyoming  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	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	\$ 1,887,598	\$ 3,342,127	\$ 2,157,644	\$ 2,730,001	\$ 10,117,370
Investments	999,479	725,457	237,859	1,383,874	3,346,669
Restricted cash and cash equivalents	-	-	-	201,694	201,694
Accounts receivable, net of allowance	326,714	491,994	199,467	1,732,543	2,750,718
Due from other governments	-	8,121	-	-	8,121
Inventory	-	63,251	-	391,870	455,121
<b>Total Current Assets</b>	<b>3,213,791</b>	<b>4,630,950</b>	<b>2,594,970</b>	<b>6,439,982</b>	<b>16,879,693</b>
Non-current Assets:					
Capital Assets:					
Land and other non-depreciable assets	232,916	85,980	541,379	101,390	961,665
Other capital assets, net of depreciation	1,277,424	9,705,808	13,650,938	10,719,151	35,353,321
<b>Total Non-current Assets</b>	<b>1,510,340</b>	<b>9,791,788</b>	<b>14,192,317</b>	<b>10,820,541</b>	<b>36,314,986</b>
<b>Total Assets</b>	<b>\$ 4,724,131</b>	<b>\$ 14,422,738</b>	<b>\$ 16,787,287</b>	<b>\$ 17,260,523</b>	<b>\$ 53,194,679</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Deferred Outflows Related to Pensions	101,059	85,775	47,878	196,503	431,215
<b>Total Deferred Outflows of Resources</b>	<b>101,059</b>	<b>85,775</b>	<b>47,878</b>	<b>196,503</b>	<b>431,215</b>
<b>LIABILITIES:</b>					
Current Liabilities:					
Accounts payable	\$ 219,291	\$ 189,647	\$ 66,163	\$ 807,970	\$ 1,283,071
Sales tax payable	-	-	-	33,640	33,640
Accrued expenses	8,720	6,392	3,784	14,933	33,829
Customer deposits	-	-	-	201,694	201,694
Accrued compensated absences	26,617	20,503	10,734	36,853	94,707
<b>Total Current Liabilities</b>	<b>254,628</b>	<b>216,542</b>	<b>80,681</b>	<b>1,095,090</b>	<b>1,646,941</b>
Non-current Liabilities:					
Net Pension Liability	350,249	297,279	165,936	681,039	1,494,503
Compensated Absences	26,615	25,748	19,702	45,306	117,371
Loans payable, net	-	-	1,721,228	-	1,721,228
<b>Total Non-current Liabilities</b>	<b>376,864</b>	<b>323,027</b>	<b>1,906,866</b>	<b>726,345</b>	<b>3,333,102</b>
<b>Total Liabilities</b>	<b>631,492</b>	<b>539,569</b>	<b>1,987,547</b>	<b>1,821,435</b>	<b>4,980,043</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Deferred Inflows Related to Pensions	69,403	58,907	32,881	134,951	296,142
<b>Total Deferred Inflows of Resources</b>	<b>69,403</b>	<b>58,907</b>	<b>32,881</b>	<b>134,951</b>	<b>296,142</b>
<b>NET POSITION</b>					
Net investment in capital assets	1,510,340	9,791,788	14,192,317	10,820,541	36,314,986
Unrestricted	2,613,955	4,118,249	622,420	4,680,099	12,034,723
<b>Total Net Position</b>	<b>\$ 4,124,295</b>	<b>\$ 13,910,037</b>	<b>\$ 14,814,737</b>	<b>\$ 15,500,640</b>	<b>\$ 48,349,709</b>

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, 2018

	<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	\$ 2,269,572	\$ -	\$ -	\$ -	\$ 2,269,572
Recycling revenue	56,769	-	-	-	56,769
Water charges	-	3,269,369	-	-	3,269,369
Water crane sales	-	14,861	-	-	14,861
Wastewater charges	-	-	1,355,593	-	1,355,593
Electric charges	-	-	-	12,421,410	12,421,410
Miscellaneous	-	5,379	389	33,020	38,788
<b>Total Operating Revenues</b>	<b>2,326,341</b>	<b>3,289,609</b>	<b>1,355,982</b>	<b>12,454,430</b>	<b>19,426,362</b>
<b>Operating Expenditures:</b>					
Personal Services	622,240	385,298	286,492	912,581	2,206,611
Utility Purchases	799,366	1,567,429	-	9,351,616	11,718,411
Materials, Maintenance & Services	210,396	305,078	282,685	515,859	1,314,018
Depreciation expense	107,276	342,552	438,443	441,390	1,329,661
<b>Total Operating Expenses</b>	<b>1,739,278</b>	<b>2,600,357</b>	<b>1,007,620</b>	<b>11,221,446</b>	<b>16,568,701</b>
<b>Operating Income(Loss)</b>	<b>587,063</b>	<b>689,252</b>	<b>348,362</b>	<b>1,232,984</b>	<b>2,857,661</b>
<b>Non-Operating Revenues(Expenses):</b>					
Investment income	13,922	10,105	3,313	19,276	46,616
Development fees	-	-	-	12,819	12,819
Hook up fees	-	29,800	-	29,651	59,451
Plant investment fees	-	-	63,325	-	63,325
Tap fees	-	23,214	-	-	23,214
Impact Fees	-	-	2,572	-	2,572
Miscellaneous	1,313	10,007	-	-	11,320
Interest expense and fiscal charges	-	-	(39,403)	-	(39,403)
<b>Total Non-Operating Revenues(Expenses)</b>	<b>15,235</b>	<b>73,126</b>	<b>29,807</b>	<b>61,746</b>	<b>179,914</b>
<b>Net Income(Loss) before contributions &amp; transfers</b>	<b>602,298</b>	<b>762,378</b>	<b>378,169</b>	<b>1,294,730</b>	<b>3,037,575</b>
Capital contributions	-	132,739	291,313	58,575	482,627
Operating contributions	4,377	-	-	-	4,377
Transfers in(out)	(469,386)	(424,093)	(299,456)	(1,169,393)	(2,362,328)
<b>Changes in Net Position</b>	<b>137,289</b>	<b>471,024</b>	<b>370,026</b>	<b>183,912</b>	<b>1,162,242</b>
<b>Total Net Position - beginning</b>	<b>3,987,006</b>	<b>13,439,013</b>	<b>14,444,711</b>	<b>15,316,728</b>	<b>47,187,467</b>
<b>Total Net Position - ending</b>	<b>\$ 4,124,295</b>	<b>\$ 13,910,037</b>	<b>\$ 14,814,737</b>	<b>\$ 15,500,640</b>	<b>\$ 48,349,709</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, 2018

	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	\$ 2,259,260	\$ 3,196,641	\$ 1,777,677	\$ 12,122,631	\$ 19,356,209
Payments to suppliers	(883,199)	(1,941,984)	(459,903)	(9,876,554)	(13,161,640)
Payments to employees	(597,422)	(369,485)	(277,023)	(875,946)	(2,119,876)
Other receipts(payments)	-	5,379	389	33,020	38,788
Net Cash Provided by(used in) Operating Activities	<u>778,639</u>	<u>890,551</u>	<u>1,041,140</u>	<u>1,403,151</u>	<u>4,113,481</u>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Operating grants	4,377	-	-	24,585	28,962
Proceeds from hook up fees	-	29,800	-	29,651	59,451
Proceeds from tap fees	-	23,214	-	-	23,214
Miscellaneous income(expense)	1,312	10,007	-	-	11,319
Other Non-Capital Financing Activities	2	(2)	(13)	2	(11)
Operating transfers in(out)	(469,386)	(424,093)	(299,456)	(1,169,393)	(2,362,328)
Net Cash Provided by(used in) Noncapital Financing Activities	<u>(463,695)</u>	<u>(361,074)</u>	<u>(299,469)</u>	<u>(1,115,155)</u>	<u>(2,239,393)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Purchase of capital assets	(116,476)	(119,015)	(1,012,469)	(387,506)	(1,635,466)
Purchase of Investments	-	-	-	-	-
Contributed capital revenues	-	57,606	222,861	-	280,467
Other Capital Financing Activities	-	-	-	(12,176)	(12,176)
Proceeds from development fees	-	-	-	12,819	12,819
Proceeds from plant investment & impact fees	-	-	65,897	-	65,897
Proceeds from loans and grants	-	-	484,204	-	484,204
Principal paid on capital debt	-	-	(117)	-	(117)
Interest and fiscal charges paid on capital debt	-	-	(39,403)	-	(39,403)
Net Cash Used in Capital and Related Financing Activities	<u>(116,476)</u>	<u>(61,409)</u>	<u>(279,027)</u>	<u>(386,863)</u>	<u>(843,775)</u>
<b>Cash Flows From Investing Activities</b>					
Interest and dividends	13,922	10,105	3,314	19,276	46,617
Net Cash Provided by(Used in) Investing Activities	<u>13,922</u>	<u>10,105</u>	<u>3,314</u>	<u>19,276</u>	<u>46,617</u>
<b>Net Increase(Decrease) in Cash and Cash Equivalents</b>	212,390	478,173	465,958	(79,591)	1,076,930
Balances - beginning of year	2,674,687	3,589,411	1,929,545	4,395,160	12,588,803
Balances - end of year	<u>\$ 2,887,077</u>	<u>\$ 4,067,584</u>	<u>\$ 2,395,503</u>	<u>\$ 4,315,569</u>	<u>\$ 13,665,733</u>
<b>Reconciliation of Operating Income(Loss) to Net Cash Provided by Operating Activities</b>					
Operating income(loss)	\$ 587,063	\$ 689,252	\$ 348,362	\$ 1,232,984	\$ 2,857,661
Adjustments reconcile operating income to net cash provided(used) by operating activities:					
Depreciation	107,276	342,552	438,443	441,390	1,329,661
Change in assets and liabilities:					
Receivables	(67,081)	(87,589)	422,084	(278,252)	(10,838)
Inventory	-	(258)	-	18,000	17,742
Accounts payable	126,563	(69,219)	(177,218)	(22,727)	(142,601)
Accrued expenses	2,108	1,600	869	3,356	7,933
Sales tax payable	-	-	-	(4,352)	(4,352)
Customer deposit liability	-	-	-	(20,527)	(20,527)
Pension Expense	14,830	12,591	7,026	28,836	63,283
Accrued compensated absences	7,880	1,622	1,574	4,443	15,519
Net Cash Provided by(Used in) Operating Activities	<u>\$ 778,639</u>	<u>\$ 890,551</u>	<u>\$ 1,041,140</u>	<u>\$ 1,403,151</u>	<u>\$ 4,113,481</u>
<b>Non-Cash Activities:</b>					
Loss on sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -
Contributed capital assets	<u>\$ -</u>	<u>\$ 75,133</u>	<u>\$ 68,452</u>	<u>\$ 33,990</u>	<u>\$ 177,575</u>

See accompanying notes to the basic financial statements

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City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

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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

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- C. DEPOSITS AND INVESTMENTS REQUIREMENTS
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- C. LEASES
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City of Cody, Wyoming  
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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.

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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  
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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  
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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, 2018

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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 deposit accounts. 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, and certificates of deposit. 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.

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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, 2018, 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.

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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, 2018, 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  
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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 \$90,024 which represents 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, 2018, the City of Cody reported on the government-wide Statement of Net Position a deferred outflow in the amount of \$2,204,230 and a deferred inflow of \$1,389,839 for its

City of Cody, Wyoming  
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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  
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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	\$ 136,432
Solid Waste Fund	148,072
Water Fund	8,366
Wastewater Fund	11,025
Electric Fund	20,704
Total	\$ 324,599

*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, 2018

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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  
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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. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. 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.

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GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost occurred. Interest cost incurred before the end of the construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City of Cody implemented the requirements of this statement effective June 30, 2018 and reported interest incurred prior to the end of a construction period as an expense in the Wastewater Fund.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB statements No. 14 and No. 61*. The primary objective of this statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The requirements of this statement are not applicable to the City of Cody.

**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, 2018, the City had not incurred a fund balance deficit in any individual fund.

**2.B. BUDGET REQUIREMENTS**

The City of Cody’s budget is prepared on a fiscal year basis beginning each July 1st and running through the following June 30th. The budget must present a complete financial plan for the City, setting forth all estimated revenues, expenditures, and other financing sources for the ensuing fiscal year, together with the corresponding figures for the previous fiscal year. In estimating the anticipated revenues, consideration must be given to any unexpected surpluses and the historical percentage of tax collections. Further, the budget must show a balanced relationship between the total proposed expenditures and the total anticipated revenues with the inclusion of beginning funds.

All incorporated first-class cities and towns must comply with the provisions of the Uniform Municipal Fiscal Procedures Act (W.S. 16-4-101 through W.S. 16-4-124) in preparing its budget. This act requires:

1. All departments must submit their budget requests to the budget officer by May 1st of each year. The budget officer must prepare a tentative budget for each fund and file it with the governing body no later than May 15th of each year.
2. The budget shall be in a format which best serves the needs of the municipality.

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3. The budget must contain actual revenues and expenditures for the last completed fiscal year, estimated total revenues and expenditures for the current fiscal year, and estimated available revenues and expenditures for the ensuing budget year, and the year-to-year change in estimated revenues.
  4. Each budget must contain the estimates developed by the budget officer together with specific work programs and other supportive data requested by the governing body, and must be accompanied by a budget message which outlines the proposed financial policies for the budget year and explains any changes from the previous year.
  5. The proposed budget for the city or town must be reviewed and considered by the governing body in a regular or special meeting called for this purpose. After holding a public hearing, the governing body must adopt the budget (W.S. 16-4-109).
  6. A summary of the budget the governing body proposes to adopt must be entered into the minutes.
  7. The summary of the proposed budget must be published at least one (1) week before the date of the public hearing in a newspaper having general circulation in that locality, or if there is none, by posting the notice in three (3) conspicuous places within the municipality. Copies of publications of hearings shall be furnished to the director of the state department of audit.
  8. No appropriation in the final budget of any fund can be in excess of the estimated expendable revenue with the inclusion of beginning funds for the fund for the budget year (W.S. 16-4-110).
  9. No later than the day after the public hearing, the governing body must make the necessary appropriations and adopt the budget which, will be in effect for the next fiscal year barring further amendment.
  10. A copy of the adopted budget, certified by the budget officer, must be furnished to the County Commissioners on or before July 31st (W.S. 39-2-401) for the necessary property tax levies (W.S. 16-4-111).

## **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:

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

## **2.D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

### Related Party Payables

The City of Cody had \$897,183 payable to the following related parties at June 30, 2018: \$157,968 in the Water Fund payable to Shoshone Municipal Pipeline and \$739,215 payable to Wyoming Municipal Power Agency. Further disclosure of related party transaction is reported in Note 4E.

### Accrued Expenses

The City of Cody reported \$224,785 in accrued expenses as of June 30, 2018. Accrued expenses consist of wages earned by employees through June 30, 2018 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, 2018 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, 2018 the City incurred no such debt or obligations.

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**NOTE 3. DETAIL NOTES ON TRANSACTION CLASSIFICATION**

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

**3.A. DEPOSITS AND INVESTMENTS**

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

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, 2018, the carrying amount of the City's cash and cash equivalents was \$18,029,555. The deposits with financial institutions as of the same date totaled \$17,864,751. The difference between the carrying amount and the bank balance are the result of transactions in transit. The deposits were collateralized as follows:

Balance at June 30, 2018	Pledged Collateral	FDIC Insurance	Total Bank Collateral	Bank Collateral Over(under) Requirements
\$ 17,864,751	\$ 18,973,579	\$ 250,000	\$ 19,223,579	\$ 1,358,828

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. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations.

As of June 30, 2018, the City of Cody held the following investments:

Issuing Agency	Original Cost	Par Value	Market Value at June 30, 2018
Money Funds Federated Capital Reserve	\$22,585	\$22,585	\$22,585
U.S. Government Bonds	\$7,980,060	\$7,993,000	\$7,832,663
Total	\$8,002,645	\$8,015,585	\$7,855,248

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**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 \$1,358,828.

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, 2018, the collateral on the City of Cody’s money funds deposit exceeded the amount on deposit by \$477,414.

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, 2018, the collateral on the City of Cody’s third-party payment processor’s balance exceeded the amount on deposit by \$157,758.

*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. The City’s investments are laddered with varying maturities based on cash flow needs. The majority of the City’s investments will mature within 1 to 3 years.

Year of Maturity	% of Total	Par Value
2018	33%	\$2,640,000
2019	16%	\$1,240,000
2020	16%	\$1,245,000
2021	10%	\$830,000
2022	9%	\$835,000
2023	11%	\$843,000
2025	5%	\$360,000
<b>Grand Total</b>		<b>\$7,993,000</b>

*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. The City’s investments are diversified by the following issuers:

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Issuer	% of Total	Par Value
Federal Farm Credit Banks	28%	\$2,258,000
Federal Home Loan Mortgage Association (Freddie Mac)	18%	\$1,445,000
Federal National Mortgage Association (Fannie Mae)	54%	\$4,290,000
<b>Grand Total</b>		<b>\$7,993,000</b>

*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 as follows:

Type	% of Total	Par Value
Callable	14%	\$1,133,000
Non-Callable	86%	\$6,860,000
<b>Grand Total</b>		<b>\$7,993,000</b>

*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.

*Credit risk* is the risk that an insurer of investments will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Obligations of the U.S. Government are backed by the full faith and credit of the U.S. Government. The City's investments in U.S. Government issued securities were rated AAA by Moody's and AA+ by Standard and Poor's.

#### Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs to measure the fair value of the asset. The fair value hierarchy is made up of three levels:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. Examples include US Government and agency securities, foreign government debt, listed equities, and money market securities.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Examples include corporate bonds, mortgage-backed securities, bank loans, loan commitments, less liquid listed equities, municipal bonds and certain OTC derivatives.

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Level 3 – unobservable inputs for the asset or liability. Examples include distressed debt, private equity, exotic or non-standard derivatives.

Fair value measurements are categorized in their entirety based on the lowest level input that is significant to the entire measurement.

Investments ad Fair Value as of June 30, 2018				
Issuer	Level 1	Level 2	Level 3	Total
US Government Agency Securities	\$ 7,832,662	\$ -	\$ -	\$ 7,832,662

### 3.B. RECEIVABLES

As required by GASB #33, there is a court fine receivable recorded on the books in the amount of \$245,217 with an uncollectible allowance recorded of \$198,737. 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:

	Governmental	Enterprise Funds	Total
Accounts Receivable – billed	\$ 216,515	\$ 1,093,480	\$ 1,309,995
Accounts Receivable – unbilled	6,327	1,820,740	1,827,067
Allowance for Uncollectible Accounts	(43,442)	(163,502)	(206,944)
Accounts Receivable, net of allowance for uncollectible accounts	\$ 179,400	\$ 2,750,718	\$ 2,930,118

### 3.C. RESTRICTED ASSETS

The restricted assets as of June 30, 2018 totaled \$211,192 and are comprised of customer deposits and advance grant revenue (see Note 3.F.) and were as follows:

Type of Restricted Assets	Governmental Funds	Enterprise Funds
General Fund	\$9,498	\$-
Electric Fund	-	201,694
Total Restricted Assets	\$9,498	\$201,694

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### 3.D. 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
	Receivable	Deferred	Receivable
Sales and Use Tax	\$566,820	\$-	\$-
Specific Purpose Sales Tax	511,171	-	-
Severance Tax	58,928	58,928	-
Cigarette Tax	13,224	-	-
Lodging Tax	12,832	-	-
Lottery Proceeds	14,317	-	-
Motor Vehicle Tax	32,392	-	-
Gasoline Tax	79,428	-	-
Grants	66,049	-	8,121
Total	\$1,355,161	\$58,928	\$8,121

The amount shown on this schedule for Governmental deferred revenue (\$58,928) differs from deferred revenue total shown on the Governmental Funds Balance Sheet deferred revenue (\$90,204) due to certain deferred revenue not derived from intergovernmental sources.

### 3.E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

GOVERNMENTAL CAPITAL ASSETS					
	Balance at July 1, 2017	Adjustments	Additions	Disposals	Balance at June 30, 2018
Land	\$ 2,418,607	\$ -	\$ -	\$ -	\$ 2,418,607
Construction in Progress	404,845	-	467,404	(404,845)	467,404
Buildings	14,078,495	-	-	-	14,078,495
Intangibles	76,400	-	-	-	76,400
Improvements	5,302,369	-	402,422	-	5,704,790
Furniture & Fixtures	318,164	-	412,398	-	730,562
Machinery & Equipment	5,284,886	-	679,744	(194,399)	5,770,230
Infrastructure	17,701,575	-	238,755	-	17,940,331
Total Assets	45,585,340	-	2,200,723	(599,244)	47,186,819
Accumulated Depreciation	(16,377,299)	-	(1,184,065)	175,837	(17,385,525)
Net Capital Assets	\$ 29,208,042	\$ -	\$ 1,016,657	\$ (423,406)	\$ 29,801,290

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PROPRIETARY CAPITAL ASSETS					
	Balance at July 1, 2017	Adjustments	Additions	Disposals	Balance at June 30, 2018
Land	\$ 614,332	\$ -	\$ -	\$ -	\$ 614,332
Intangibles	24,900	-	-	-	24,900
Construction in Progress	2,882,513	-	285,799	(2,820,990)	347,322
Buildings	1,623,979	-	-	-	1,623,979
Improvements	139,788	-	-	-	139,788
Machinery & Equipment	4,414,625	-	202,377	(75,459)	4,541,543
Infrastructure	48,435,311	-	4,165,476	-	52,600,787
Total Assets	58,135,449	-	4,653,651	(2,896,449)	59,892,652
Accumulated Depreciation	(22,316,026)	-	(1,329,664)	68,016	(23,577,673)
Net Capital Assets	\$ 35,819,423	\$ -	\$ 3,323,988	\$ (2,828,432)	\$ 36,314,986

### 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, 2018, 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 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 \$1,721,345 for the wastewater treatment facility upgrade and expansion project Phase 1. This is a \$3.6 million project which was 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, 2018, the City had drawn down \$1,721,345 in loan funds and paid \$117 in principal and \$39,286 in accrued interest.

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.

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This fee generates approximately \$220,000 annually which exceeds the annual debt service payment requirement.

The annual requirements to retire the debt outstanding as of June 30, 2018 are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$67,970	\$6,720	\$74,690
2020	69,646	40,765	110,411
2021	71,361	39,047	110,408
2022	73,123	37,288	110,411
2023	74,926	35,485	110,411
2024-2028	403,273	148,785	552,058
2029-2033	455,505	96,553	552,058
2034-2038	505,424	37,559	542,983
Total	\$1,721,228	\$442,202	\$2,163,430

*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, 2017	Additions	Deductions	Balance at June 30, 2018	Amounts Due within a Year
<b>Governmental Activities:</b>					
Accrued Compensated Absences	\$334,162	\$27,719	-	\$361,881	\$203,525
Customer Deposits	20,006	-	(11,607)	8,399	8,399
Net Pension Liability	4,601,467	20,199	-	4,621,666	-
Total Governmental Activities	4,955,635	47,918	(11,607)	4,991,946	211,924
<b>Business-Type Activities:</b>					
Accrued Compensated Absences	\$196,559	\$15,519	-	\$212,078	\$94,707
Customer Deposits	222,221	-	(20,527)	201,694	201,694
Loans Payable (CWSRF)	1,237,141	484,204	(117)	1,721,228	-
Net Pension Liability	1,758,541	-	(264,038)	1,494,503	-
Total Business-Type Activities	3,414,462	499,723	(284,682)	3,629,503	296,401
<b>Total Long-Term Debt</b>	<b>\$8,370,097</b>	<b>\$547,641</b>	<b>(\$296,289)</b>	<b>8,621,449</b>	<b>\$508,325</b>

### 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, 2018 were as follows:

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	General Fund	Lodging Tax Fund	Vehicle Replacement Fund	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund
Operating Transfer	\$1,190,154	(\$126,188)	\$-	(\$136,320)	(\$243,543)	(\$196,292)	(\$487,811)
Vehicle Replacement	(234,506)	-	407,741	(75,160)	(13,591)	(26,668)	(57,816)
Franchise Fees	936,963	-	-	(109,834)	(158,594)	(65,472)	(603,063)
Vehicle Maintenance	188,167	-	-	(148,072)	(8,366)	(11,025)	(20,704)
Total	\$2,080,777	(\$126,188)	\$407,741	(\$469,386)	(\$424,094)	(\$299,457)	(\$1,169,394)

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
Electric	33,991
Total	\$ 33,991

The amount shown on this schedule (\$33,991) 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 (\$482,627) 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, 2018, fund balances components consisted of the following:

Fund	Non-Spendable	Restricted	Committed	Assigned
General Fund	\$ 411,545	\$ 39,287	\$ -	\$ 64,546
Vehicle Replacement Fund	-	-	-	2,682,388
Lodging Tax Fund	-	-	-	24,609
Specific Purpose Tax Fund	-	2,805,366	-	-
Total	\$ 411,545	\$ 2,844,653	\$ -	\$ 2,771,453

#### Net Asset Restrictions

In the governmental activities at the government-wide level there is a restriction in the amount of \$2,844,653 due to certain assets being restricted to a specific use such as the specific purpose tax fund (\$2,805,366), police forfeiture funds (\$8,187), PEG grant (\$10,000) and convention center project (\$21,100).

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**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.

Fiscal Year Ending	Employee Contribution	Employer Contribution	Total Contribution
June 30, 2018	\$186,462	\$512,611	\$699,073
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

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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, 2018	\$71,515	\$151,726	\$223,241
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, 2018, the amount owed to the WRS plan for the legally required contributions was \$70,411 in the following funds:

Fund	Payable Amount
General Fund	\$ 51,113
Solid Waste Fund	4,831
Water Fund	3,772
Wastewater Fund	2,108
Electric Fund	8,587
Total	\$ 70,411

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

The WRS has public employee and law enforcement employee plan assets of \$7,988,768,131 and a total pension liability of \$10,354,153,071, creating a net pension liability of \$2,365,384,940. The pension net position as a percent of total pension liability is 77.16%. The City of Cody's prorated share of the net pension liability is \$6,116,169. Of this amount \$4,621,666 is attributable to the General Fund and \$1,494,503 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 .25857%. The measurement date of the unfunded pension liability was December 31, 2017.

At June 30, 2018 the City reported a total liability of \$6,116,169 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2017. 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 projected contributions of all participating governmental entities. At December 31, 2017, the City's liability as well as their proportion and increase from its proportion measured at December 31, 2016 were as follows for each plan in which the City participates:

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

	Pension Liability at June 30, 2018	Proportion at December 31, 2017	Increase(Decrease) from December 31, 2016
Public Employee Pension Plan	\$5,405,072	.2371331%	(.0019622)%
Law Enforcement Pension Plan	711,097	.08264306%	.0582938%
Total	\$6,116,169		

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow		Deferred Inflow	
	Public Employees	Law Enforcement	Public Employees	Law Enforcement
Net difference between projected & actual earnings	\$684,002	\$191,830	\$881,979	\$258,120
Difference between actual and expected experience	-	5,597	189,059	60,681
Assumption changes	525,192	335,377	-	-
Amortizing deferred outflows & deferred inflows	-	-	-	-
Contributions subsequent to measurement date	350,356	111,887	-	-
Total	\$1,559,550	\$644,681	\$1,071,038	\$318,801

The City reported \$2,204,230 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, 2018. 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
2018	\$753,847	\$475,325
2019	760,459	479,494
2020	650,248	410,002
2021	39,676	25,017
Total	\$2,204,230	\$1,389,839

Actuarial Assumptions

An experience study was conducted covering the five-year period ending December 31, 2016. The net pension liability as of December 31, 2017 is based on the results of an actuarial valuation as of January 1, 2017 rolled forward to a measurement date of December 31, 2017. The following actuarial assumptions applied to all periods included in the measurement:

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

<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

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, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Rate of Return
Cash	0.00%	.40%
Fixed Income	20.00%	1.77%
Equity	45.00%	6.88%
Marketable Alternatives	17.50%	3.30%
Private Markets	17.50%	7.11%
Total	100.00%	5.27%

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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 7.00%, 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 (6.00%) or 1% higher (8.00%) than the current rate:

Primary Government Pension Plans	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Public Employee Plan	\$8,169,167	\$5,405,072	\$3,099,854
Law Enforcement Plan	1,526,230	711,097	47,513
Total	\$8,342,397	\$6,116,169	\$3,147,367

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, 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 \$46,968. 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.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

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 \$1,475,825.

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 \$58,979.

**4.C. LEASES**

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

**4.D. COMPENSATED ABSENCES**

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

**4.E. RELATED PARTY TRANSACTIONS**

Jointly Governed Organizations

The City paid the following jointly governed organizations for the following during the fiscal year ended June 30, 2018:

Organization	Purpose	Amount Paid	Amount Owed as of June 30, 2018
Shoshone Municipal Pipeline	Wholesale water	\$1,567,429	\$157,968
Wyoming Municipal Power Agency	Wholesale electricity	\$9,351,616	\$739,215
Yellowstone Regional Airport	Operating contribution	\$177,355	\$0

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

Purchases from Elected Officials

During the fiscal year ended June 30, 2018 the City of Cody purchased materials and services from a business owed by a council member in the amount of \$72,547.

**4.F. COMMITMENTS**

Construction Commitments

At June 30, 2018, 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, 2018	Anticipated Remaining Cost
Wastewater treatment facility phase 2	Wastewater	\$166,952	\$6,000,000
Beacon Hill Tie Line Phase 2	Electric	94,390	49,024
Beacon Hill Water Tank	Water	85,980	3,246,802
Chip Sealing	Public Works	61,287	711,345
ADA Ramp Construction	Public Works	406,117	593,883
Total		\$814,726	\$10,601,054

**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 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, 2018 as follows:

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Combined Total
Total Assets	\$4,724,131	\$14,422,738	\$16,787,287	\$17,260,523	\$53,194,679
Current Assets	3,213,791	4,630,950	2,594,970	6,439,982	16,879,693
Capital Assets	1,510,340	9,791,788	14,192,317	10,820,541	36,314,986
Current Liabilities	254,628	216,542	80,681	1,095,090	1,646,941
Net Position Capital Assets	1,510,340	9,791,788	14,192,317	10,820,541	36,314,986
Net Position Unrestricted	2,613,955	4,118,249	622,420	4,680,099	12,034,723
Operating Revenues	2,326,341	3,289,609	1,355,982	12,454,430	19,426,362
Operating Expense	1,739,278	2,600,357	1,007,620	11,221,446	16,568,701
Operating Income (Loss)	587,063	689,252	348,362	1,232,984	2,857,661
Interest Income	13,922	10,105	3,313	19,276	46,616
Development Fees	-	-	-	12,819	12,819
Hook-up Fees	-	29,800	-	29,651	59,451
Plant Investment Fees	-	-	63,325	-	63,325
Impact Fees	-	-	2,572	-	2,572
Tap Fees	-	23,214	-	-	23,214
Transfers Out	469,386	424,093	299,456	1,169,393	2,362,328
Change in Net Position	137,289	471,024	370,026	183,912	1,162,242
Net Position Beginning	3,987,006	13,439,013	14,444,711	15,316,728	47,187,467
Net Position Ending	4,124,295	13,910,037	14,814,737	15,500,640	48,349,709
Net Cash Flow Operations	778,639	890,551	1,041,140	1,403,151	4,113,481
Net Cash Flow Non-Capital	(463,695)	(361,074)	(299,469)	(1,115,155)	(2,239,393)
Net Cash Flow Capital	(116,476)	(61,409)	(279,027)	(386,863)	(843,775)
Net Cash Flow Investing	13,922	10,105	3,314	19,276	46,617
Beginning Cash	2,674,687	3,589,411	1,929,545	4,395,160	12,588,803
Ending Cash	\$2,887,077	\$4,067,584	\$2,395,503	\$4,315,569	\$13,665,733

#### 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 Quote 2018-07 for a used SUV to Denny Menholt for a 2016 Chevrolet Equinox in the amount of \$19,785.

Authorized the Mayor to sign the funding relinquishment letters to the Wyoming State Loan and Investments Board for undisbursed funds for the mineral royalty grant and the clean water state revolving fund loan pertaining to the wastewater treatment facility project phase 1 in the amount of \$217,160.

Approved the software agreement and authorized the Mayor to sign the agreement between the City of Cody and Sun Ridge Systems for the National Crime Statistics Exchange Grant Project in the amount of \$60,000.

Approved the uncollectible account write offs in the amount of \$59,341.22.

Awarded Bid #2018-08 to Jack's Truck & Equipment for a 2020 Freightliner upfitted by Kois Brothers Equipment Company Inc. in the amount of \$168,376.

City of Cody, Wyoming  
Notes to Basic Financial Statements  
June 30, 2018

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Authorized the Mayor to enter into and sign an agreement between the City of Cody and Jess' Roofing for emergency repairs to the Senior Center building with cost not to exceed \$34,845.

Awarded Bided # 2018-09 to Spradley Barr Motors for a 2019 Ford F350; 1-ton 4wheel drive pick-up in the amount of \$28,901.

Awarded Bid #2018-10 to Spradley Barr Motors for a 2019 Ford F250; ¾ ton 4wheel drive pick-up in the amount of \$27,270.

Awarded Bid # 2018-06 to Tractor & Equipment Company, for one used NorAm 65E motor grader, in the amount of \$140,000.

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**REQUIRED SUPPLEMENTAL INFORMATION**

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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, 2018

	<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	\$ 2,770,000	\$ 2,770,000	\$ 2,916,766	\$ 146,766
Franchise Tax	250,000	250,000	263,928	13,928
Licenses & Permits	65,700	65,700	79,296	13,596
Intergovernmental				
Federal Grants	-	61,498	10,710	(50,788)
State Grants	107,428	209,526	105,757	(103,769)
Pass Through Grants	-	748,360	-	(748,360)
Severance Tax	353,000	353,000	353,422	422
Royalties	449,200	449,200	453,699	4,499
State and Federal Funding	702,059	702,059	668,532	(33,527)
Other Taxes				
Motor Vehicle Tax	152,808	152,808	162,552	9,744
Gasoline Tax	415,000	415,000	402,539	(12,461)
Cigarette Tax	75,000	75,000	70,100	(4,900)
Ad Valorem Tax	630,278	630,278	651,998	21,720
Fines and Forfeitures	126,601	126,601	153,676	27,075
Charges for Services:				
Penalites and Fees	120,000	120,000	105,522	(14,478)
Parks and Recreation Fees	1,173,381	1,173,381	1,283,138	109,757
Public Works Fees	390,931	390,931	420,691	29,760
Assessment Revenue				
Investment Income	29,000	29,000	38,261	9,261
Contributions and Donations	256,515	256,515	271,267	14,752
Facility Rentals	82,025	82,025	26,771	(55,254)
Miscellaneous	17,000	17,000	63,808	46,808
Total Revenues	<u>8,165,926</u>	<u>9,077,882</u>	<u>8,502,433</u>	<u>(575,449)</u>
Other Financing Sources:				
Transfers from Other Funds	<u>2,356,810</u>	<u>2,356,810</u>	<u>2,315,282</u>	<u>(41,528)</u>
Total other Financing Sources	<u>2,356,810</u>	<u>2,356,810</u>	<u>2,315,282</u>	<u>(41,528)</u>
<b>Amounts Available for Appropriation</b>	<u>10,522,736</u>	<u>11,434,692</u>	<u>10,817,715</u>	<u>(616,977)</u>
<b>Charges to Appropriations (outflows):</b>				
General Government:				
Mayor and City Council	487,938	497,238	450,999	46,239
City Administrator	155,224	155,824	155,656	168
Administrative Services	1,358,491	1,403,632	1,320,827	82,805
Pass Through Grants	-	748,360	-	748,360
Police	3,038,976	3,153,772	2,850,584	303,188
Parks	895,760	969,580	861,968	107,612
Public Facilities	509,994	507,611	488,277	19,334
Recreation Center	1,849,969	1,846,954	1,723,291	123,663
Community Development	610,018	716,328	696,339	19,989
Streets	1,358,826	1,342,950	1,007,254	335,696
Vehicle Maintenance	312,404	312,785	306,388	6,397
Total Charges to Appropriations	<u>10,577,600</u>	<u>11,655,034</u>	<u>9,861,583</u>	<u>1,793,451</u>
Transfers Out	<u>234,506</u>	<u>234,506</u>	<u>234,506</u>	<u>-</u>
Total Interfund Transfers	<u>\$ 234,506</u>	<u>\$ 234,506</u>	<u>\$ 234,506</u>	<u>\$ -</u>
Net change in fund balance	\$ (289,370)	\$ (454,848)	\$ 721,626	\$ 1,176,474
<b>Fund Balance, beginning</b>	<u>\$ 7,421,425</u>	<u>\$ 7,421,425</u>	<u>\$ 7,421,425</u>	<u>\$ -</u>
<b>Fund Balance, ending</b>	<u>\$ 7,132,055</u>	<u>\$ 6,966,577</u>	<u>\$ 8,143,051</u>	<u>\$ 1,176,474</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, 2018

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**Adjustments to Generally Accepted Accounting Principles Basis:**

Changes in due from other governments	\$	100,775
Changes in due from other entities		2,686
Changes in court receivables and related accounts		(14,731)
Changes in other receivables		(188)
Changes in allowances		52,809
Changes in inventory		116,365
Changes in accrued liabilities		(21,163)
Changes in deferred revenue		16,949
		253,502
Net change in fund balances - GAAP basis		253,502

**Ending Fund Balance - GAAP Basis**

**\$ 8,396,553**

**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, 2018

	<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	\$ 127,000	\$ 127,000	\$ 127,867	\$ 867
Amounts Available for Appropriation	127,000	127,000	127,867	867
<b>Charges to Appropriations (outflows):</b>				
Mayor and City Council	10,500	10,500	8,327	2,173
Community Support	15,000	15,000	15,000	-
Transfers Out	130,765	130,765	126,187	4,578
Total Charges to Appropriations	156,265	156,265	149,514	6,751
Net change in fund balance	\$ (29,265)	\$ (29,265)	\$ (21,647)	\$ 7,618
<b>Fund Balance, beginning</b>	<b>\$ 46,255</b>	<b>\$ 46,255</b>	<b>\$ 46,255</b>	<b>\$ -</b>
<b>Fund Balance, ending</b>	<b>\$ 16,990</b>	<b>\$ 16,990</b>	<b>\$ 24,609</b>	<b>\$ 7,618</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, 2018

	<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	\$ 2,307,672	\$ 2,307,672	\$ 2,655,011	\$ 347,339
Amounts Available for Appropriation	2,307,672	2,307,672	2,655,011	347,339
<b>Charges to Appropriations (outflows):</b>				
Public Works	504,400	713,400	467,403	245,997
Total Charges to Appropriations	504,400	713,400	467,403	245,997
Net change in fund balance	\$ 1,803,272	\$ 1,594,272	\$ 2,187,608	\$ 593,336
<b>Fund Balance, beginning</b>	<u>\$ 617,758</u>	<u>\$ 617,758</u>	<u>\$ 617,758</u>	<u>\$ -</u>
<b>Fund Balance, ending</b>	<u>\$ 2,421,030</u>	<u>\$ 2,212,030</u>	<u>\$ 2,805,366</u>	<u>\$ 593,336</u>

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

## **OTHER SUPPLEMENTAL INFORMATION**

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City of Cody, Wyoming  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2018

	<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	\$ -	\$ 676,619	\$ 2,975,201
Investments	-	2,005,769	2,005,769
Total Assets	<u>\$ -</u>	<u>\$ 2,682,388</u>	<u>\$ 4,980,970</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	-	-	-
Committed:	-	-	-
Assigned:	-	-	-
Capital Assets	-	2,682,388	2,682,388
Unassigned	-	-	-
Total Fund Equity	<u>\$ -</u>	<u>\$ 2,682,388</u>	<u>\$ 2,682,388</u>
Total Liabilities and Fund Equity	<u>\$ -</u>	<u>\$ 2,682,388</u>	<u>\$ 2,682,388</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, 2018

	<u>Capital Projects Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Public Improvements Fund</u>	<u>Vehicle Replacement Fund</u>	
REVENUES			
Investment Income	\$ -	\$ 27,940	\$ 27,940
Total Revenues	<u>-</u>	<u>27,940</u>	<u>27,940</u>
EXPENDITURES			
Current:			
Streets	-	-	-
Capital Outlay	<u>14,040</u>	<u>515,413</u>	<u>529,453</u>
Total Expenditures	<u>14,040</u>	<u>515,413</u>	<u>529,453</u>
Revenues Over(Under) Expenditures	(14,040)	(487,473)	(501,513)
Other Financing Sources(Uses)			
Transfers In	-	407,741	407,741
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(14,040)	(79,732)	(93,772)
Fund Balance - beginning of year	<u>14,040</u>	<u>2,762,120</u>	<u>2,776,160</u>
Fund Balance - end of year	<u>\$ -</u>	<u>\$ 2,682,388</u>	<u>\$ 2,682,388</u>

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

City of Cody, Wyoming  
Schedule of Pensions  
for the Fiscal Year Ended June 30, 2018

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

	<u>2018</u>	<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)	0.2371331%	0.2390953%	0.2378250%	0.2320843%	*
City's proportionate share of the net pension liability	\$ 5,405,071	\$ 5,780,129	\$ 5,539,771	\$ 4,095,574	*
City's covered-employee payroll	\$ 4,212,379	\$ 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	128.31%	135.59%	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%	*
<b>Law Enforcement Pension Plan</b>					
City's proportion of the net pension liability (Asset)	0.8264306%	0.7681368%	0.8147468%	0.8126946%	*
City's proportionate share of the net pension liability	\$ 711,097	\$ 579,881	\$ 612,037	\$ 239,450	*
City's covered-employee payroll	\$ 1,268,960	\$ 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	56.04%	48.77%	49.95%	19.94%	*
Plan fiduciary net position as a percentage of the total pension liability	87.99%	88.11%	87.49%	94.76%	*

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Public Employee Pension Plan</b>					
Contractually required contributions	\$ 707,840	\$ 710,756	\$ 689,754	\$ 615,196	*
Contributions in relation to the contractually required contributions	\$ 707,840	\$ 710,756	\$ 689,754	\$ 615,196	*
Contribution deficiency(excess)	\$ -	\$ -	\$ -	\$ -	*
City's covered employee payroll	\$ 4,258,964	\$ 4,276,510	\$ 4,150,144	\$ 3,876,471	*
Contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%	*
<b>Law Enforcement Pension Plan</b>					
Contractually required contributions	\$ 225,664	\$ 206,736	\$ 220,283	\$ 216,359	*
Contributions in relation to the contractually required contributions	\$ 225,664	\$ 206,736	\$ 220,283	\$ 216,359	*
Contribution deficiency(excess)	\$ -	\$ -	\$ -	\$ -	*
City's covered employee payroll	\$ 1,312,002	\$ 1,201,953	\$ 1,280,715	\$ 1,257,901	*
Contributions as a percentage of covered employee payroll	17.20%	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

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CERTIFIED PUBLIC ACCOUNTANT

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

PROFESSIONAL CORPORATION

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Powell, Wyoming 82435307-754-2141  
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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 Members of the City Council  
Cody, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cody, Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Cody, Wyoming's basic financial statements, and have issued our report thereon dated October 5, 2018.

**Internal Control over Financial Reporting**

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

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

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

CERTIFIED PUBLIC ACCOUNTANT

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

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544 Gateway Drive  
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Fax 307-754-7061**Compliance and Other Matters**

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

**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.City of Cody, Wyoming  
October 5, 2018