CITY OF CODY
WYOMING

City of Cody, Wyoming

BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

City of Cody, Wyoming
Table of Contents
For the fiscal year ended June 30, 2014

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3-10
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14-15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16-17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Notes to Basic Financial Statements	21-60
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule - General Fund	62-63
Budgetary Comparison Schedule - Major Special Revenue Funds	64
OTHER SUPPLEMENTARY INFORMATION:	
Combining Balance Sheet - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	67
OTHER INDEPENDENT AUDITOR'S REPORTS:	
Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	68-69

This page intentionally left blank

STINE BUSS WOLFF WILSON & ASSOCIATES, P.C.

Cody: Keven L. Buss, C.P.A.
Reanne N. Wolff, C.P.A.
Keri J. Wilson, C.P.A.
Powell: Reanne N. Wolff, C.P.A.
Worland: Stephen L. Stine, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Cody, Wyoming
PO Box 2220
Cody, Wyoming 82414

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental-type activities, business-type activities, discretely presented component unit, each major fund and the aggregate remaining fund information of City of Cody, Wyoming, as of and for the years ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Cody, Wyoming'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 of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental-type activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cody, Wyoming, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

931 Rumsey Avenue • P.O. Box 637 • Cody, Wyoming 82414 • Phone (307) 527-6161
152 N. Absaroka, Suite A • P.O. Box 858 • Powell, Wyoming 82435 • Phone (307) 754-1010
1015 Robertson Avenue • P.O. Box 168 • Worland, Wyoming 82401 • Phone (307) 347-4555

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 of 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 City of Cody, Wyoming's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting records 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 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 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 December 5, 2014 on our consideration of the City of Cody, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Cody, Wyoming's internal control over financial reporting and compliance.

Stine, Buss, Wolff, Wilson & Assoc., P.C.

Stine, Buss, Wolff, Wilson & Assoc., P.C.
Certified Public Accountants

December 5, 2014
Cody, Wyoming

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Cody, Wyoming offers the readers of Cody's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014.

Financial Highlights

- The assets and deferred outflows of resources of the City of Cody exceeded its liabilities and deferred inflows of resources (net position) at the close of the most recent fiscal year by $81,531,013. Total net position is comprised of the following:

  (1) Net investment in capital assets of $62,560,082 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

  (2) Net position of $172,869 is restricted by constraints imposed from outside the City such as grantors, laws or regulations.

  (3) Unrestricted net position of $18,798,062 represent the portion available to maintain the City's continuing obligations to citizens and creditors.

- Total net position increased by $2,902,135. The governmental-type net position increased by $1,710,560 and the business-type net position increased by $1,191,575.

- The governmental funds reported a combined ending fund balance of $8,172,432 which is an increase of $1,679,007 in comparison with the prior year.

- The unassigned fund balance for the governmental funds was $5,030,450 or approximately 62% of the total governmental funds balance.

- The City's total debt increased by $24,586 due to changes in compensated absence accruals and customer deposit balances.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

The government-wide financial statements distinguish the functions of Cody that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, administrative services, public safety, parks, public facilities, recreation, and public works. The business-type activities include solid waste collection, water, wastewater and electric.
The government-wide financial statements include not only the City of Cody but also the Yellowstone Regional Airport, a discretely presented component unit. See Note 5 in the notes to the financial statements for more details regarding this entity.

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

Supplemental Information

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following summary of net position and changes in net position are presented for the current fiscal year with comparison totals for the fiscal year 2013-2014:

City of Cody
Statement of Net Position (condensed)
As of June 30 each year

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	**2014**	**2013**	**2014**	**2013**	**2014**
Current and other assets	$ 9,037,373	$ 10,430,670	$10,158,157	$ 11,415,962	$19,195,530	$ 21,846,632
Capital assets	28,062,566	28,075,614	34,509,976	34,484,468	62,572,542	62,560,082
Total assets	$ 37,099,939	$38,506,284	$44,668,133	$ 45,900,430	$81,768,072	$ 84,406,714
Long-term debt outstanding	$ -	$ -	$ -	$ -	$ -	$ -
Other current liabilities	2,706,222	2,402,006	432,973	473,695	3,139,195	2,875,701
Total liabilities	$ 2,706,222	$ 2,402,006	$ 432,973	$ 473,695	$ 3,139,195	$ 2,875,701
Net position						
Net investment in capital assets	$ 28,062,566	$ 28,075,614	$34,509,976	$ 34,484,468	$62,572,542	$ 62,560,082
Restricted	226,644	172,869	-	-	226,644	172,869
Unrestricted	6,104,507	7,855,795	9,725,184	10,942,267	15,829,691	18,798,062
Total net position	$ 34,393,717	$ 36,104,278	$44,235,160	$ 45,426,735	$78,628,877	$ 81,531,013

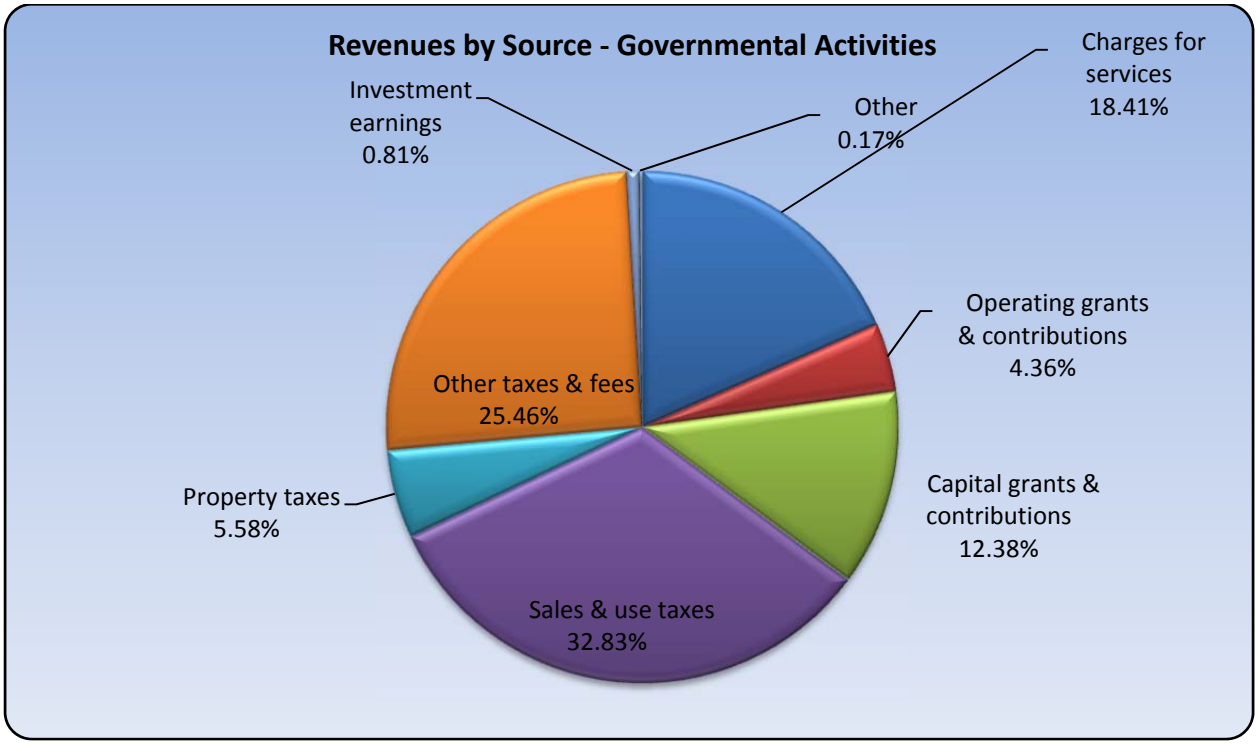
The largest portion of Cody's net position (77%) reflects its investment in capital assets (e.g. land, buildings, machinery & equipment, and infrastructure), less any debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; consequently, they are not available for future spending.

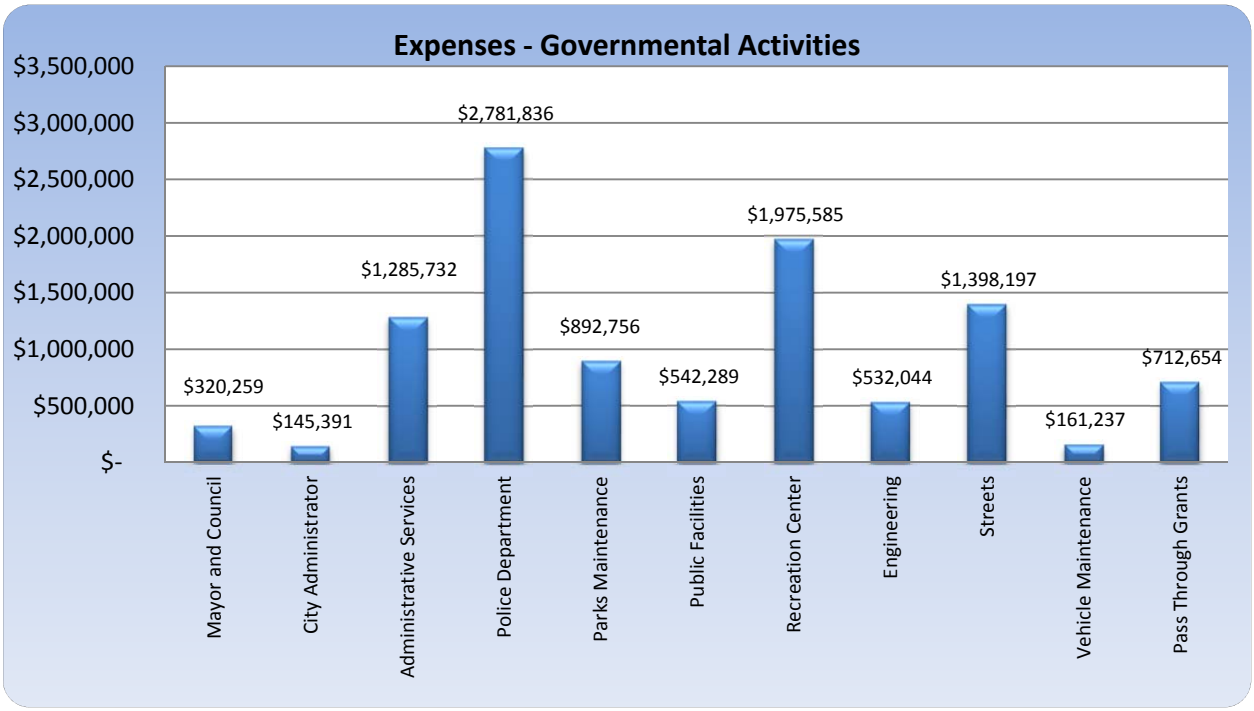
City of Cody
Changes in Net Position
As of June 30 each year

	Governmental Activities			Business-type Activities			Total Primary Government	
	2013	2014		2013	2014		2013	2014
Revenues:								
Program revenues								
Charges for services	$ 1,707,956	$ 1,884,747		$17,869,767	$18,850,084		$19,577,723	$20,734,831
Operating grants/contributions	700,467	445,753		5,000	4,800		705,467	450,553
Capital grants/contributions	1,427,872	1,266,872		388,892	385,646		1,816,764	1,652,518
General revenues								
Sales & use taxes	2,660,140	3,359,784		-	-		2,660,140	3,359,784
Property taxes	554,239	570,816		-	-		554,239	570,816
Other taxes & fees	2,175,698	2,606,199		-	-		2,175,698	2,606,199
Investment earnings	73,494	83,087		90,742	102,561		164,236	185,648
Other	47,090	17,803		110,447	64,272		157,537	82,075
Total Revenues	9,346,956	10,235,061		18,464,848	19,407,363		$27,811,804	29,642,424
Expenses:								
Mayor and Council	302,403	320,259		-	-		302,403	320,259
City Attorney	76,800	-		-	-		76,800	-
City Administrator	139,441	145,391		-	-		139,441	145,391
Administrative Services	1,311,598	1,285,732		-	-		1,311,598	1,285,732
Police Department	2,627,097	2,781,836		-	-		2,627,097	2,781,836
Parks Maintenance	890,306	892,756		-	-		890,306	892,756
Public Facilities	493,985	542,289		-	-		493,985	542,289
Recreation Center	1,948,912	1,975,585		-	-		1,948,912	1,975,585
Community Development	589,471	532,044		-	-		589,471	532,044
Streets	1,729,974	1,398,197		-	-		1,729,974	1,398,197
Vehicle Maintenance	148,319	161,237		-	-		148,319	161,237
Pass Through Grants	1,246,167	712,654		-	-		1,246,167	712,654
Solid Waste	-	-		1,611,032	1,746,451		1,611,032	1,746,451
Water	-	-		2,364,162	2,310,155		2,364,162	2,310,155
Wastewater	-	-		1,112,241	1,020,401		1,112,241	1,020,401
Electric	-	-		10,191,421	10,763,496		10,191,421	10,763,496
Total Expenses	11,504,473	10,747,980		15,278,856	15,840,503		26,783,329	26,588,483
Transfers:								
Transfers-internal activity	2,175,573	2,375,285		(2,175,573)	(2,375,285)		-	-
Transfers-to component unit	(167,708)	(151,806)		-	-		(167,708)	(151,806)
Total Transfers	2,007,865	2,223,479		(2,175,573)	(2,375,285)		(167,708)	(151,806)
Change in net position	(149,652)	1,710,560		1,010,419	1,191,575		860,767	2,902,135
Net position - July 1	34,543,370	34,393,718		43,224,741	44,235,160		77,768,111	78,628,878
Net position - June 30	$34,393,718	$36,104,278		$44,235,160	$45,426,735		$78,628,878	$81,531,013

Governmental Activities

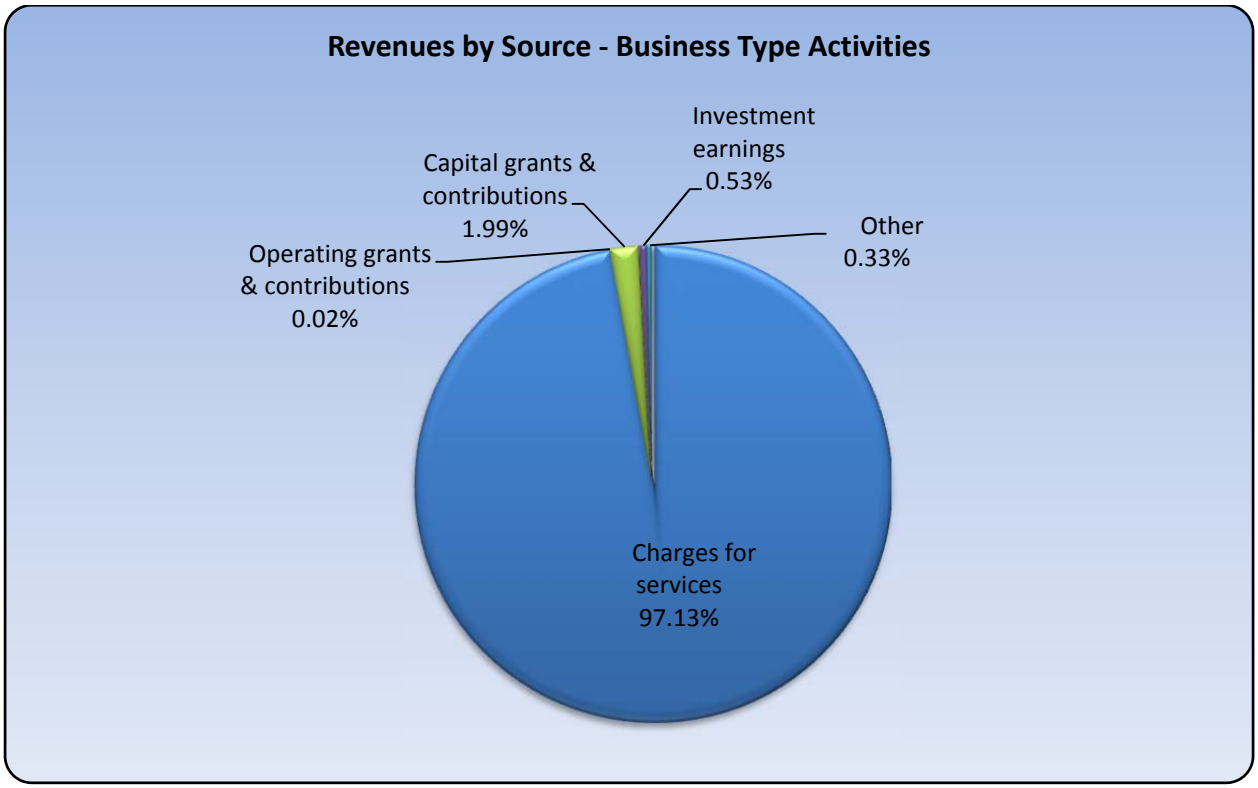
The following charts illustrate governmental revenues by source and the governmental expenses by function as reported on the statement of changes in net position.

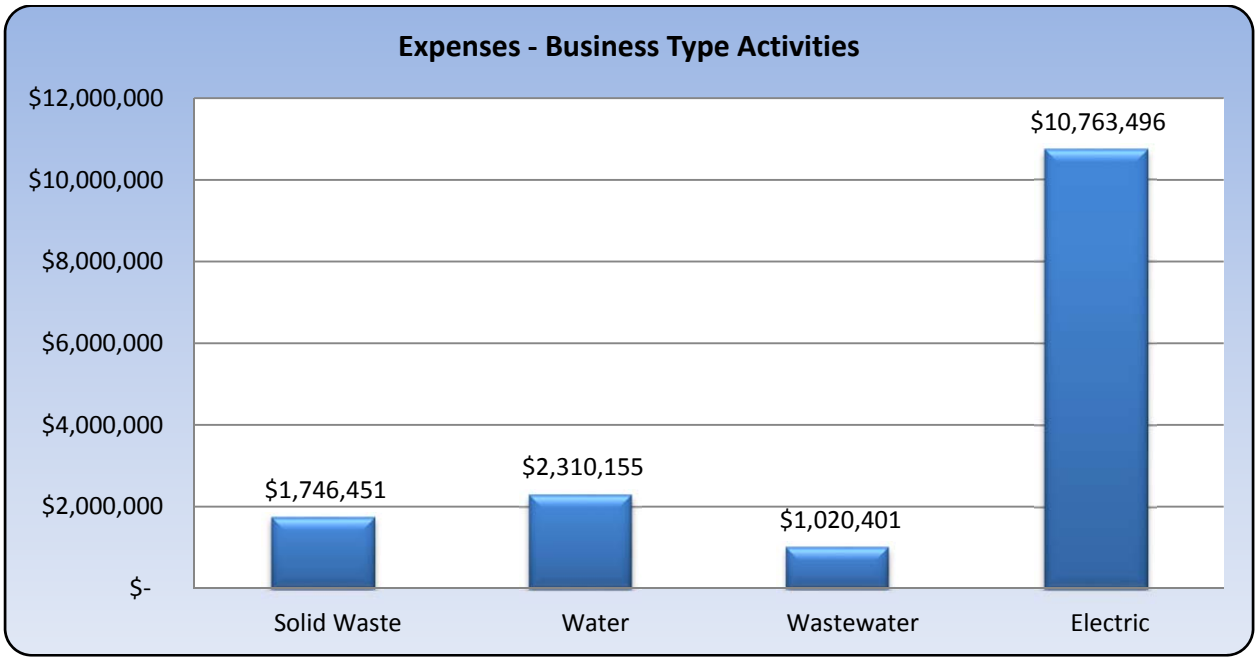




Business-type Activities

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.





Governmental Activities. Governmental activities during Fiscal Year 2013-2014 increased Cody's net position by $1,710,560. The following information describes key changes for the year:

Assets

- Net investment in capital assets increased approximately $13,000
- Cash and cash equivalents increased approximately $2,035,000
- Accounts receivable and amounts due from other governments decreased approximately $675,000
- Prepaid expenses and inventory increased approximately $32,000

Liabilities:

- Accounts payable decreased approximately $200,000
- Retainage payable and customer deposits decreased approximately $76,000
- Accrued liabilities decreased approximately $28,000

Business-type Activities. Business-type activities during Fiscal Year 2013-2014 increased Cody's net position by $1,191,575. The following information describes key changes for the year:

Assets:

- Net investment in capital assets decreased approximately $25,000
- Cash and cash equivalents increased approximately $1,370,000
- Inventory decreased approximately $200,000
- Accounts receivable and due from other governments increased approximately $90,000

Liabilities:

- Accrued liabilities and compensated absences increased approximately $14,000
- Due to other governments increased approximately $15,000
- Customer deposits increased approximately $11,000

Debt Administration

As of June 30, 2014 the City of Cody had no outstanding long-term debt. The City had short-term debt outstanding in the amount of $516,263 for accrued compensated absences and $240,343 for utility deposits for a total of $756,606.

City of Cody
Outstanding Debt
As of June 30 each year

	Governmental Activities			Business-type Activities			Total	
	2013	2014		2013	2014		2013	2014
Accrued Compensated Absence Payable	326,111	328,967		176,811	187,296		502,921	516,263
Utility Deposit Liability	-	-		229,098	240,343		229,098	240,343
Total Outstanding Debt	$ 326,111	$ 328,967		$ 405,909	$ 427,639		$732,019	$ 756,606

Capital Assets

The City of Cody's net investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounted to $62,560,082. 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 with comparison totals for the fiscal year 2013-2014. Additional information pertaining to capital assets activity is available in Note 3E of the financial statements.

City of Cody's Capital Assets
Net of Depreciation
As of June 30 each year

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	$2,277,647	$2,277,647	$614,332	$614,332	$ 2,891,979	$2,891,979
Intangibles	76,400	76,400	7,045	19,900	83,445	96,300
Buildings	12,980,558	13,010,558	1,258,694	1,869,319	14,239,252	14,879,877
Improvements other than Bldgs	4,783,009	4,889,790	139,788	139,788	4,922,797	5,029,578
Furniture & Fixtures	75,503	75,503	-	-	75,503	75,503
Machinery & Equipment	4,873,504	4,825,121	4,137,709	4,259,781	9,011,213	9,084,902
Infrastructure	15,532,652	16,306,206	45,681,191	46,910,221	61,213,843	63,216,427
Construction in Progress	65,674	188,745	919,472	41,761	985,146	230,506
Total Assets	$40,664,947	$41,649,970	$ 52,758,231	$ 53,855,102	$ 93,423,178	$95,505,072
Less Accumulated Depreciation	$(12,602,381)	$ (13,574,356)	$(18,248,255)	$(19,370,634)	$(30,850,636)	($32,944,990)
Total Net Assets	$28,062,566	$28,075,614	$ 34,509,976	$ 34,484,468	$ 62,572,542	$62,560,082

Financial Contact

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

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

City of Cody, Wyoming
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Cash and cash equivalents	$ 8,839,319	$ 8,075,820	$ 16,915,139	$ 242,591
Accounts receivable, net of allowance	-	2,326,900	2,326,900	75,642
Related party receivable	-	-	-	-
Franchise tax receivable	74,195	-	74,195	-
Court fine receivable, net of allowance	47,665	-	47,665	-
Due from other governments	942,188	77,350	1,019,538	382,885
Other receivables, net of allowance	158,727	-	158,727	-
Interfund recievables(payables)	-	-	-	-
Inventory	133,553	695,549	829,102	22,570
Prepaid expenses	196,984	-	196,984	24,579
Restricted assets:				-
Cash and cash equivalents	38,039	240,343	278,382	273,799
Investments	-	-	-	
Capital assets:				
Land and construction in progress	2,466,392	656,093	3,122,485	1,068,358
Other capital assets, net of depreciation	25,609,222	33,828,375	59,437,597	24,566,694
Total Assets	38,506,284	45,900,430	84,406,714	26,657,118
LIABILITIES:				
Accounts payable	882,186	-	882,186	405,043
Related party payables	820,430	-	820,430	-
Accrued liabilities	313,722	5,096	318,818	11,132
Accrued interest expense	-	-	-	-
Retainage payable	14,629	-	14,629	-
Customer deposits	38,039	240,343	278,382	-
Other payables	4,033	25,901	29,934	-
Due to other governments	-	15,059	15,059	-
Long-term liabilities:				
Due within one year	328,967	187,296	516,263	18,373
Due in more than one year	-	-	-	-
Total Liabilities	2,402,006	473,695	2,875,701	434,548
NET POSITION				
Net investment in capital assets	28,075,614	34,484,468	62,560,082	25,635,052
Restricted for:				
Capital projects	161,642	-	161,642	267,238
Debt service	-	-	-	-
Public Safety	11,227		11,227	-
Unrestricted	7,855,795	10,942,267	18,798,062	320,280
Total Net Position	$ 36,104,278	$ 45,426,735	$ 81,531,013	$ 26,222,570

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Activities
For the fiscal year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues: Charges for Services & Fines	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions
Primary Government				
Governmental activities:				
Mayor and Council	$ 320,259	$ -	$ -	$ -
City Administrator	145,391	-	-	-
Administrative Services	1,285,732	145,952	139,744	-
Police Department	2,781,836	164,859	26,123	-
Parks Maintenance	892,756	-	14,879	86,932
Public Facilities	542,289	25,798	-	-
Recreation Center	1,975,585	1,132,384	251,531	30,376
Community Development	532,044	415,754	13,476	-
Streets	1,398,197	-	-	574,983
Vehicle Maintenance	161,237	-	-	-
Pass Through Grants	712,654	-	-	574,581
Total Governmental Activities	$ 10,747,980	$ 1,884,747	$ 445,753	$ 1,266,872
Busines-Type Activities:				
Solid Waste	$ 1,746,451	$ 2,489,085	$ 4,800	$ -
Water	2,310,155	2,972,119	-	78,668
Wastewater	1,020,401	1,403,356	-	16,511
Electric	10,763,496	11,985,524	-	290,467
Total Business-Type Activities	$ 15,840,503	$ 18,850,084	$ 4,800	$ 385,646
Total Primary Government	$ 26,588,483	$ 20,734,831	$ 450,553	$ 1,652,518
Component Unit				
Yellowstone Regional Airport	$ 2,376,856	$ 553,490	$ 76,576	$ 2,487,013
Total Component Units	$ 2,376,856	$ 553,490	$ 76,576	$ 2,487,013

General Revenues:
Taxes:
Sales and Use Taxes
Property Taxes
Franchies Taxes
Lodging Taxes
Severance Taxes & Royalties
Motor Vehicle & Gasoline Taxes
Cigarette Tax
Other Taxes
Supplemental State Funding
Investment Income
Gain(Loss) on Disposal of Assets
Miscellaneous
Payments Between Primary Government and Component Unit
Transfers from Park County
Transfers - Internal Activity
Total General Revenues and Transfers

Change in Net Position

Net Position - beginning

Net Position - ending

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Activities
For the fiscal year ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activites	Total	Component
$ (320,259)	$ -	$ (320,259)	$ -
(145,391)	-	(145,391)	-
(1,000,036)	-	(1,000,036)	-
(2,590,854)	-	(2,590,854)	-
(790,945)	-	(790,945)	-
(516,491)	-	(516,491)	-
(561,294)	-	(561,294)	-
(102,814)	-	(102,814)	-
(823,214)	-	(823,214)	-
(161,237)	-	(161,237)	-
(138,073)	-	(138,073)	-
$ (7,150,608)	$ -	$ (7,150,608)	$ -
$ -	$ 747,434	$ 747,434	-
-	740,632	740,632	-
-	399,466	399,466	-
-	1,512,495	1,512,495	-
$ -	$ 3,400,027	$ 3,400,027	$ -
$ (7,150,608)	$ 3,400,027	$ (3,750,581)	$ -
			$ 740,223
			$ 740,223
$ 3,359,784	-	3,359,784	-
570,816	-	570,816	-
290,011	-	290,011	-
102,325	-	102,325	-
828,121	-	828,121	-
496,349	-	496,349	-
79,806	-	79,806	-
-	-	-	117,796
809,587	-	809,587	-
83,087	102,561	185,648	1,606
(524)	5,898	5,374	6,635
18,327	58,374	76,701	2,326
(151,806)	-	(151,806)	151,806
-	-	-	101,801
2,375,285	(2,375,285)	-	-
$ 8,861,168	$ (2,208,452)	6,652,716	381,970
1,710,560	1,191,575	2,902,135	1,122,193
34,393,718	44,235,160	78,628,878	25,100,377
$ 36,104,278	$ 45,426,735	$ 81,531,013	$ 26,222,570

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Balance Sheet
Governmental Funds
June 30, 2014

	MAJOR FUNDS			
	General	Lodging Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	$ 6,201,430	$ 20,308	$ 2,617,581	$ 8,839,319
Restricted cash and cash equivalents	38,039	-	-	38,039
Accounts receivable, net of allowance				
Franchise tax receivable	74,195	-	-	74,195
Court fine receivable, net of allowance	47,665	-	-	47,665
Other receivables, net of allowance	158,727	-	-	158,727
Due from other governments	932,293	9,895	-	942,188
Interfund recievables(payables)	-	-	-	-
Inventory	133,553	-	-	133,553
Prepaid expenses	196,984	-	-	196,984
Total Assets	7,782,886	30,203	2,617,581	10,430,670
LIABILITIES				
Liabilities:				
Accounts payable	882,186	-	-	882,186
Related party payables	820,430	-	-	820,430
Accrued wages and related charges	313,722	-	-	313,722
Retainage payable	14,629	-	-	14,629
Customer deposits	38,039	-	-	38,039
Other payables	4,033	-	-	4,033
Total Liabilities	2,073,039	-	-	2,073,039
DEFERRED INFLOWS OF RESOURCES:				
Deferred Revenue	185,199	-	-	185,199
Total Deferred Inflows of Resources	185,199	-	-	185,199
Fund Balances:				
Nonspendable:				
Inventory/prepaid expenses	330,537	-	-	330,537
Restricted for:				
Police forfeitures	11,227	-	-	11,227
Public Improvements	-	-	128,542	128,542
Convention Center	21,100	-	-	21,100
PEG Grant	12,000			12,000
Committed:	-	-	-	-
Assigned:				
Capital Assets	-	-	2,489,039	2,489,039
Open space contributions	119,334	-	-	119,334
Community Support	-	30,203	-	30,203
Unassigned	5,030,450	-	-	5,030,450
Total Fund Balances	5,524,648	30,203	2,617,581	8,172,432
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 7,782,886	$ 30,203	$ 2,617,581	$ 10,430,670

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Balance Sheet
Governmental Funds
June 30, 2014

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

Total Fund Balances - Governmental Funds	$	8,172,432
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activites are not financial resources and therefore are not reported in the funds, net of accumulated deprecation of: $ 13,574,353		28,075,614
Certain long-term assets are not available to pay for current fund liabilities and therefore are deferred in the funds:		
Court fine receivable		25,385
Motor vehicle taxes		65,044
Severance taxes		59,967
Franchise Fees		-
Receivable from other governments		34,803
		185,199
Certain long-term liabilities are not due and payable from current financial resources and therefore are not reported in the funds:		
Accrued compensated absences		(328,967)
		(328,967)
Net Position of Governmental Activities:	$	36,104,278

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, 2014

	MAJOR FUNDS			
	General	Lodging Tax Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes (intergovernmental & service generated)	$ 5,148,839	$ 102,325	$ -	$ 5,251,164
Royalties	476,435	-	-	476,435
State and Federal Funding	1,406,020	-	-	1,406,020
Pass Through Grants	574,581	-	-	574,581
Fines & Forfeitures	168,810	-	-	168,810
Charges for Services:				
Penalties & Fees	75,005	-	-	75,005
Parks & Recreation Fees	1,132,384	-	-	1,132,384
Public Works	415,754	-	-	415,754
Licenses & Permits	70,947	-	-	70,947
Facitlity Rental	25,798	-	-	25,798
Investment Income	53,004	446	29,637	83,087
Contributions & Donations	412,582	-	-	412,582
Miscellaneous	18,327	-	-	18,327
Total Revenues	9,978,486	102,771	29,637	10,110,894
Expenditures:				
Current:				
Mayor & Council	258,878	61,381	-	320,259
City Administrator	142,976	-	-	142,976
Administrative Services	1,256,268	-	2,454	1,258,722
Police Department	2,654,509	-	-	2,654,509
Parks Maintenance	688,197	-	-	688,197
Public Facilities	476,643	-	-	476,643
Recreation Center	1,730,162	-	-	1,730,162
Community Development	526,297	-	-	526,297
Streets	994,268	-	-	994,268
Vehicle Maintenance	163,570	-	-	163,570
Pass Through Grants	712,654	-	-	712,654
Debt Service	-	-	-	-
Capital Outlay	994,692	-	217,748	1,212,440
Total Expenditures	10,599,114	61,381	220,202	10,880,697
Excess(deficiency) of revenues over expenditures	(620,628)	41,390	(190,565)	(769,803)
Other Financing Sources(Uses):				
Transfers In(Out)	2,011,770	(36,830)	618,094	2,593,034
Payment to component Unit	(151,806)	-	-	(151,806)
Sale of Governmental Assets	7,582	-	-	7,582
Total Other Financing Sources(Uses)	1,867,546	(36,830)	618,094	2,448,810
Net Change in Fund Balance	1,246,918	4,560	427,529	1,679,007
Fund Balances - Beginning	4,277,730	25,643	2,190,052	6,493,425
Fund Balances - Ending	$ 5,524,648	$ 30,203	$ 2,617,581	$ 8,172,432

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, 2014

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

Net changes in fund balances - total governmental funds	$ 1,679,007
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	994,693
Capital assets transferred from business-type funds	-
Capital asset disposal	(8,106)
Depreciation expense	(1,076,868)
	(90,281)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Contributed assets	103,328
Deferred revenue	21,363
	124,691
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(2,857)
	(2,857)
Change in Net Position of Governmental Activities	$ 1,710,560

See accompanying notes to the basic financial statements

City of Cody, Wyoming
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds				
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Total Proprietary Funds
ASSETS:					
Current Assets:					
Cash and cash equivalents	$ 1,883,159	$ 2,046,095	$ 1,732,900	$ 2,413,666	$ 8,075,820
Restricted cash and cash equivalents	-	-	-	240,343	240,343
Accounts receivable, net of allowance	299,596	420,453	190,913	1,415,938	2,326,900
Due from other governments	-	16,184	-	61,166	77,350
Interfund recievables(payables)	-	-	-	-	-
Inventory	15,490	97,047	6,027	576,985	695,549
Total Current Assets	2,198,245	2,579,779	1,929,840	4,708,098	11,415,962
Non-current Assets:					
Restricted Assets:					
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Capital Assets:					
Land and other non-depreciable assets	232,916	35,294	374,416	13,467	656,093
Other capital assets, net of depreciation	1,279,939	10,355,191	11,020,526	11,172,719	33,828,375
Total Non-current Assets	1,512,855	10,390,485	11,394,942	11,186,186	34,484,468
Total Assets	$ 3,711,100	$ 12,970,264	$ 13,324,782	$ 15,894,284	$ 45,900,430
LIABILITIES:					
Current Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Sales tax payable	-	-	-	25,901	25,901
Accrued expenses	1,289	895	596	2,316	5,096
Accrued interest payable	-	-	-	-	-
Customer deposits	-	-	-	240,343	240,343
Notes payable	-	-	-	-	-
Bonds payable, net	-	-	-	-	-
Due to other governments	-	-	-	15,059	15,059
Accrued compensated absences	38,740	51,444	27,690	69,422	187,296
Total Current Liabilities	40,029	52,339	28,286	353,041	473,695
Non-current Liabilities:					
Notes payable	-	-	-	-	-
Bonds payable, net	-	-	-	-	-
Total Non-current Liabilities	-	-	-	-	-
Total Liabilities	40,029	52,339	28,286	353,041	473,695
NET POSITION					
Net investment in capital assets	1,512,855	10,390,485	11,394,942	11,186,186	34,484,468
Restricted for debt service	-	-	-	-	-
Unrestricted	2,158,216	2,527,440	1,901,554	4,355,057	10,942,267
Total Net Position	$ 3,671,071	$ 12,917,925	$ 13,296,496	$ 15,541,243	$ 45,426,735

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, 2014

	Business-Type Activities - Enterprise Funds				
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Total Proprietary Funds
Operating Revenues:					
Charges for Services:					
Solid waste charges	$ 2,431,851	$ -	$ -	$ -	$ 2,431,851
Recycling revenue	57,234	-	-	-	57,234
Water charges	-	2,886,237	-	-	2,886,237
Water crane sales	-	16,859	-	-	16,859
Wastewater charges	-	-	1,327,271	-	1,327,271
Electric charges	-	-	-	11,872,356	11,872,356
Miscellaneous	878	21,114	1,238	35,108	58,338
Total Operating Revenues	2,489,963	2,924,210	1,328,509	11,907,464	18,650,146
Operating Expenditures:					
Solid waste	1,650,655	-	-	-	1,650,655
Water distribution	-	1,977,521	-	-	1,977,521
Wastewater	-	-	608,532	-	608,532
Electric	-	-	-	10,354,795	10,354,795
Depreciation expense	95,796	332,634	411,869	408,701	1,249,000
Total Operating Expenses	1,746,451	2,310,155	1,020,401	10,763,496	15,840,503
Operating Income(Loss)	743,512	614,055	308,108	1,143,968	2,809,643
Non-Operating Revenues(Expenses):					
Investment income	21,655	25,079	17,971	37,856	102,561
Development fees	-	-	-	79,566	79,566
Hook up fees	-	33,184	-	33,602	66,786
Plant investment fees	-	-	56,197	-	56,197
Tap fees	-	35,839	-	-	35,839
Impact Fees	-	-	19,888	-	19,888
Gain(Loss) on disposal of assets/inventory	636	2,100	-	3,162	5,898
Miscellaneous	36	-	-	-	36
Interest expense and fiscal charges	-	-	-	-	-
Total Non-Operating Revenues(Expenses)	22,327	96,202	94,056	154,186	366,771
Net Income(Loss) before contributions & transfers	765,839	710,257	402,164	1,298,154	3,176,414
Capital contributions	-	78,668	71,260	453,467	603,395
Operating contributions	4,800	-	-	-	4,800
Transfers in(out)	(471,117)	(443,619)	(320,915)	(1,357,383)	(2,593,034)
Changes in Net Position	299,522	345,306	152,509	394,238	1,191,575
Total Net Position - beginning	3,371,549	12,572,619	13,143,987	15,147,005	44,235,160
Total Net Position - ending	$ 3,671,071	$ 12,917,925	$ 13,296,496	$ 15,541,243	$ 45,426,735

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, 2014

	Business-Type Activities - Enterprise Funds					
	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Total Proprietary Funds	Discretely Presented Component Unit
Cash Flows From Operating Activities						
Receipts from customers	$ 2,483,293	$ 2,849,031	$ 1,305,624	$ 11,823,360	$ 18,461,308	$ 566,259
Payments to suppliers	(1,090,246)	(1,606,452)	(325,867)	(9,249,754)	(12,272,319)	(332,670)
Payments to employees	(571,156)	(352,028)	(277,961)	(899,846)	(2,100,991)	(554,398)
Receipts of customer deposits	-	-	-	156,221	156,221	-
Customer deposits refunded or applied	-	-	-	(144,976)	(144,976)	-
Other receipts(payments)	878	21,114	1,238	35,108	58,338	1,445
Net Cash Provided by(used in) Operating Activities	822,769	911,665	703,034	1,720,113	4,157,581	(319,364)
Cash Flows From Non-Capital Financing Activities						
Operating grants	4,800	-	-	-	4,800	77,104
Passenger facility tax	-	-	-	-	-	117,796
Proceeds from hook up fees	-	33,184	-	33,602	66,786	-
Proceeds from tap fees	-	35,839	-	-	35,839	-
Miscellaneous income(expense)	36	-	-	-	36	-
Other Non-Capital Financing Activities	(1)	-	(1)		(2)	8,961
Operating transfers in(out)	(471,117)	(443,619)	(320,915)	(1,357,383)	(2,593,034)	253,607
Net Cash Provided by(used in) Noncapital Financing Activities	(466,282)	(374,596)	(320,916)	(1,323,781)	(2,485,575)	457,468
Cash Flows From Capital and Related Financing Activities						
Purchase of capital assets	(229,616)	(54,730)	(123,820)	(502,784)	(910,950)	(3,324,621)
Purchase of Investments	-	-	-	-	-	-
Contributed capital revenues	-	91,509	-	278,422	369,931	3,101,425
Other Capital Financing Activities	-	-	-	(23,859)	(23,859)	-
Proceeds from development fees	-	-	-	79,566	79,566	-
Proceeds from plant investment & impact fees	-	-	76,085	-	76,085	-
Proceeds from sale of investments	-	-	-	-	-	-
Proceeds from the sale of capital assets	636	2,100	-	3,162	5,898	-
Proceeds from loans	-	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-	-
Interest and fiscal charges paid on capital debt	-	-	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	(228,980)	38,879	(47,735)	(165,493)	(403,329)	(223,196)
Cash Flows From Investing Activities						
Interest and dividends	21,655	25,079	17,972	37,856	102,562	1,606
Net Cash Provided by(Used in) Investing Activities	21,655	25,079	17,972	37,856	102,562	1,606
Net Increase(Decrease) in Cash and Cash Equivalents	149,162	601,027	352,355	268,695	1,371,239	(83,486)
Balances - beginning of year	1,733,997	1,445,068	1,380,545	2,385,314	6,944,924	599,876
Balances - end of year	$ 1,883,159	$ 2,046,095	$ 1,732,900	$ 2,654,009	$ 8,316,163	$ 516,390
Reconciliation of Operating Income(Loss) to Net Cash Provided by Operating Activities						
Operating income(loss)	$ 743,512	$ 614,055	$ 308,108	$ 1,143,968	$ 2,809,643	$ (1,823,366)
Adjustments reconcile operating income to net cash provided(used) by operating activities:						
Depreciation	95,796	332,634	411,869	408,701	1,249,000	1,470,844
Amortization	-	-	-	-	-	24,144
Change in assets and liabilities:						
Receivables	(5,792)	(54,065)	(21,647)	(48,996)	(130,500)	11,262
Inventory	(12,502)	15,310	795	200,172	203,775	-
Accounts payable	-	-	-	-	-	(907)
Accrued expenses	1,289	895	596	2,316	5,096	-
Prepaid expenses	-	-	-	-	-	(4,453)
Sales tax payable	-	-	-	(1,163)	(1,163)	-
Customer deposit liability	-	-	-	11,245	11,245	-
Accrued compensated absences	466	2,836	3,313	3,870	10,485	3,112
Net Cash Provided by(Used in) Operating Activities	$ 822,769	$ 911,665	$ 703,034	$ 1,720,113	$ 4,157,581	$ (319,364)
Non-Cash Activities:						
Loss on sale of capital assets	$ -	$ -	$ -	$ -	-	$ -
Contributed capital assets	$ -	$ 54,422	$ 71,260	$ 163,000	$ 288,682	$ -

See accompanying notes to the basic financial statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
A. FINANCIAL REPORTING ENTITY
B. BASIS OF PRESENTATION
C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION
E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES
F. REVENUES, EXPENDITURES AND EXPENSES
G. USE OF ESTIMATES
H. RECENTLY ISSUED ACCOUNTING STANDARDS

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY
A. DEFICIT FUND BALANCES OR NET POSITION
B. BUDGET REQUIREMENTS
C. DEPOSITS AND INVESTMENTS REQUIREMENTS
D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES
E. DEBT RESTRICTIONS AND COVENANTS

NOTE 3. DETAIL NOTES - TRANSACTION CLASSIFICATION
A. DEPOSITS AND INVESTMENTS
B. RECEIVABLES
C. DUE FROM OTHER GOVERNMENTS
D. RESTRICTED ASSETS
E. CAPITAL ASSETS
F. LONG-TERM DEBT
G. INTERFUND BALANCES AND ACTIVITIES
H. FUND BALANCES AND NET POSITION

NOTE 4. OTHER NOTES
A. EMPLOYEE PENSION PLANS
B. RISK MANAGEMENT
C. LEASES
D. COMPENSATED ABSENCES
E. RELATED PARTY TRANSACTIONS
F. SEGMENT INFORMATION FOR ENTERPRISE FUNDS
G. COMMITMENTS AND CONTINGENCIES
H. SUBSEQUENT EVENTS/OTHER

NOTE 5. COMPONENT UNIT - YELLOWSTONE REGIONAL AIRPORT
A. REPORTING ENTITY
B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
C. CASH AND INVESTMENTS
D. CAPITAL ASSETS
E. RISK MANAGEMENT
F. CURRENT LIABILITIES

G. LONG TERM DEBT
H. NET POSITION
I. CAPITAL CONTRIBUTIONS
J. PENSION PLAN
K. DEFERRED COMPENSATION PLAN
L. LEASE AGREEMENTS
M. ECONOMIC DEPENDENCY
N. RELATED PARTY TRANSACTIONS
O. COMMITMENTS/SUBSEQUENT EVENTS/OTHER

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

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

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

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

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

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

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

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

Related Organizations

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

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

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

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

1.B. BASIS OF PRESENTATION

New Accounting Standards Implemented:
No new accounting standards were implemented for the Fiscal Year ending June 30, 2014. New standards which will be implemented during future years are described in Note 1.H.

Government-Wide Financial Statements:
The statement of net position and statement of activities display information about the City as a whole including component units. They include all financial activities of the reporting entity except for fiduciary activities, of which the City maintains none. Eliminations have been made to minimize the double reporting of transactions involving internal activities. Individual funds are not displayed in these statements. Instead, the statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund is at least 10% of the corresponding total for all funds of that category or type, AND

b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund that are at least 5% of the corresponding total for all governmental and enterprise funds combined.

c. A fund not meeting the criteria of (a) and (b), however management has elected to report the fund as a major fund due to its significance to users of the financial statements.

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide and Proprietary Fund Financial Statements

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

and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported.

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

Basis of Accounting

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

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

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

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

Investments
Investments consist of certificates of deposit whose original maturing term exceeds three months and U.S. government securities. Investments in long-term U.S. government securities are carried at fair value from quoted market prices.

Receivables

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

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

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

Prepaid Items

Payments made to vendors for service that will benefit periods beyond June 30, 2014, 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:

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

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

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

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

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

Restricted Assets

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

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, 2014 the only debt that exists is accrued compensated absences in both the governmental and business-type funds.

Compensated Absences

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position/balance sheet may include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position/balance sheet may include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred revenue that qualifies for reporting in this category in the amount of $185,199 which represents the following sources:

Court fines	$ 25,385
Motor vehicle taxes	65,044
Severance taxes	59,967
Receivables from Other Governments	34,803
	$185,199

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 balance amount.

Application of Net Position:

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

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

1.E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

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

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

Fund		Allocation Value
General Fund	$	115,455
Solid Waste Fund		89,803
Water Fund		15,428
Wastewater Fund		14,668
Electric Fund		39,870
Total	$	275,224

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

a. Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

b. Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which

are reported as Transfers – Internal Activities. The effects of interfund services between funds are not eliminated in the statement of activities.

c. Primary government and component unit activity and balances – resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions.

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

a. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.

b. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.

c. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

d. Interfund transfers – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.F. REVENUES, EXPEDITURES, AND EXPENSES

Sales Tax
The City presently levies a four cent sales tax on taxable sales within the City. The sales tax is collected by the State and remitted to the City the month following receipt by the State. The sales tax recorded is allocated to General Fund operations. Sales tax resulting from sales occurring prior to year end and received by the City after year end have been accrued and are included under the caption, *Due from other governments* since they represent taxes on sales occurring during the reporting period.

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

Property Tax Calendar

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

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

Grants

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

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

Wyoming Authentic Products (WAP): Construction of a 6,000 square foot value added meat processing facility in cooperation with Wyoming Authentic Products, Forward Cody and the Wyoming Business Council. The facility was designed and constructed to meet USDA Meat Inspection standards and as such, be the first USDA approved plant in Wyoming for many years. WAP is a new company working to increase the availability of Wyoming raised products to restaurant and retail consumers. The grant award was $1,223,178.

Cody Stampede Board: A project between the City of Cody, Cody Stampede Board and Wyoming Business Council (WBC) to enhance visitor experience and improve safety of the rodeo grandstands. The project is to construct new ADA parking, new ADA compliant ramps to the south grandstand, new ADA seating, a new roof for the south grandstand, and improved signage and gates on both the west and east ends. The grant award was for $242,451 from the WBC and the Stampede Board's contribution requirement was the same. The total project cost will actually be $598,674 and the remaining funds were paid by the Stampede Board.

Cody Gunsmithing School: A project between the City of Cody, Forward Cody Wyoming Inc and Wyoming Business Council (WBC) to research the feasibility of establishing a gun making school in Cody and based upon the results, develop a business and operations plan for implementation. The grant award was $25,000.

Park County Arena Board: A project between the City of Cody, Forward Cody Wyoming Inc and Wyoming Business Council (WBC) to install Americans with Disabilities Act (ADA) compliant spectator seating in the Victor J. Riley Center. The grant award was $46,180.

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

security interests and liens. The City of Cody shall release its security interest after twenty (20) years or upon WBC's approval.

Expenditures & Expenses

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

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

1.H. RECENTLY ISSUED ACCOUNTING STANDARDS

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

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* effective for periods beginning after December 15, 2013, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2014-2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees,* effective for periods beginning after June 15, 2013, enhances the comparability of financial statements among governments by requiring consistent reporting by those governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending non-exchange financial guarantees and will also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. If there are any requirements of this statement which are applicable to the City of Cody, they will be implemented for the Fiscal Year 2014-2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68,* the objective of this Statement is to address

an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. Requirements of this statement which are applicable to the City of Cody, will be implemented for the Fiscal Year 2014-2015 Financial Statements.

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, 2014, the City had not incurred a fund balance deficit in any individual fund.

2.B. BUDGET REQUIREMENTS

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

a. Prior to June 1, the City administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.

b. A public hearing is conducted to obtain citizen comments.

c. Subsequent to the public hearing the budget is adopted by Ordinance of the City Council.

d. By July 31 the adopted budget is filed with the State and County.

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

2.C. DEPOSITS AND INVESTMENTS REQUIREMENTS (POLICIES)

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

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Wyoming is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

c. With certain limitation, negotiable certificates of deposit, prime banker's acceptances, prime commercial paper and repurchase agreements involving securities which are authorized investments under State Statutes.

d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county municipality or school district.

e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c and d.

2.D. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable

Accounts payable in the governmental activities includes the payables recorded by the City at June 30, 2014 related to normal monthly expenditures and capital expenditures for all funds. The process is for the separate funds to pay the General Fund for the expenditures/expenses incurred by each fund. The General Fund is then responsible for the issuance of the checks to third parties. Due to the liability of the payable being taken care of by the respective funds (their payment to the General Fund) and funds had been transferred to cover this liability, the governmental activities (General Fund) will maintain this payable for reporting purposes. The allocation of the funds initially responsible for the payables is as follows:

Fund	Allocation
General Fund	$494,562
Lodging Tax Fund	916
Solid Waste Fund	133,835
Water Fund	183,847
Wastewater Fund	74,829
Electric Fund	814,627
Total Governmental Accounts Payable	$1,702,616

Related Party Payables

The above figures include related party payables of: $129,759 in the Water Fund payable to Shoshone Municipal Pipeline and $690,671 payable to Wyoming Municipal Power Agency. Further disclosure of related party transaction is reported in Note 4E.

Accrued Expenses

Accrued expenses consist of wages earned by employees through June 30, 2014 which had not yet been paid and related payroll liabilities such as FICA. Due to the dates and report filing of certain payroll related expenses for items such as workers compensation and retirement these items are also included in the accrual. These items were not paid prior to June 30, 2014 for their respective liability. The process is for the separate funds to pay the General Fund for the payroll-related expenditures/expenses incurred by each fund. The General Fund is then responsible for the issuance of the checks to employees and third parties. Due to the liability of the payable being taken care of by the respective funds (their payment to the General Fund) and funds had been transferred to cover this liability, the governmental activities (General Fund) will maintain this payable for reporting purposes. The allocation of the funds initially responsible for the payables is as follows:

Fund	Allocation
General Fund	$219,502
Solid Waste Fund	16,317
Water Fund	12,479
Wastewater Fund	7,787
Electric Fund	31,521
Total Governmental Payroll Payable	$287,606

Due to Other Governments

At June 30, 2014 the City of Cody owes $15,059 to the State of Wyoming Office of State Lands and Investments (SLIB) due to over-requested funds from the grant on the Olive Glenn Phase 2 cable replacement project in the Electric Fund. Subsequent to June 30, 2014 this obligation was resolved and the City will not be required to repay this amount. However, due to the timing of the resolution and lack of material effect on the financial statements, management chose not to adjust the financial statements.

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, 2014 the City incurred no such debt or obligations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSIFICATION

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

3.A. DEPOSITS AND INVESTMENTS

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

The City maintains all deposits with one financial institution and maintained 100% pledging of such funds during the fiscal year.

Deposits with Financial Institutions
The City of Cody keeps all money on deposit at a local bank branch in interest bearing checking accounts. At June 30, 2014 the carrying amount of the City's cash and cash equivalents was $17,193,521.

Investments
The City held no investments as of June 30, 2014.

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 $16,943,521 was secured by the pledging of additional collateral.

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.

3.B. RECEIVABLES

As required by GASB #33, there is a court fine receivable recorded on the books in the amount of $373,745 with an uncollectible allowance recorded of $326,080. Many of the outstanding fines fall into the category of over 120 days past due, however, they are typically years past due and not considered collectible. Many of these accounts have been sent to collections.

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

	Governmental	Proprietary	Total
Accounts Receivable – billed	$ 43,804	$ 1,122,919	$ 1,166,723
Accounts Receivable – unbilled	4,722	1,293,223	1,297,945
Other Receivables:			
Accounts Receivable	154,143	13,385	167,528
Allowance for Uncollectible Accounts	(43,942)	(102,627)	(146,569)
Accounts Receivable, net of allowance for uncollectible accounts	$ 158,727	$ 2,326,900	$ 2,485,627

3.C. DUE FROM OTHER GOVERNMENTS

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

	Governmental		Business-Type
	Receivable	Deferred	Receivable
Grants	$ 197,807	$ 34,803	$ 77,350
Sales and Use Tax	549,312	-	-
Ad Valorem (Property) Tax	15,094	-	-
Severance Tax	57,718	59,967	-
Cigarette Tax	6,575	-	-
Lodging Tax	9,895	-	-
Motor Vehicle Tax	67,292	65,044	-
Gasoline Tax	38,495	-	-
Total	$ 942,188	$ 159,814	$ 77,350

The amount shown on this schedule for Governmental deferred revenue ($159,814) differs from deferred revenue total shown on the Governmental Funds Balance Sheet deferred revenue ($185,199) due to certain deferred revenue not derived from intergovernmental sources.

3.D. RESTRICTED ASSETS

The restricted assets as of June 30, 2014 are comprised of customer deposits (see Note 3.F.) and were as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents
Primary Government:	
General Fund:	
Deposit Liabilities	$ 38,039
Total Governmental	38,039
Electric Fund:	
Deposit Liabilities	240,343
Total Proprietary	240,343
Total Restricted Assets	$ 278,382

3.E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Adjustments	Additions	Disposals	Balance at June 30, 2014
Governmental Activities:					
Non-Depreciable:					
Land	$ 2,277,647	$ -	$ -	$ -	$ 2,277,647
Intangibles	-	-	-	-	-
Construction in Progress	65,674	-	889,389	(766,318)	188,745
Total Non-Depreciable Assets at Historical Cost	2,343,321	-	889,389	(766,318)	2,466,392
Depreciable:					
Buildings	12,980,558	-	30,000	-	13,010,558
Intangibles	76,400	-	-	-	76,400
Improvements	4,783,009	-	106,781	-	4,889,790
Furniture & Fixtures	75,503	-	-	-	75,503
Machinery & Equipment	4,873,504	2,050	66,268	(116,701)	4,825,121
Infrastructure	15,532,652	-	773,554	-	16,306,206
Total Depreciable Assets at Historical Cost	38,321,626	2,050	976,603	(116,701)	39,183,578

Less Accumulated Depreciation:					
Buildings	(3,205,164)	-	(235,442)	-	(3,440,606)
Intangibles	(61,805)	-	(7,973)	-	(69,778)
Improvements	(2,973,974)	-	(264,163)	-	(3,238,137)
Furniture & Fixtures	(64,061)	-	(3,891)	-	(67,952)
Machinery & Equipment	(3,636,690)	-	(244,377)	104,896	(3,776,171)
Infrastructure	(2,660,686)	-	(321,026)	-	(2,981,712)
Total Accumulated Depreciation	(12,602,380)	-	(1,076,872)	104,896	(13,574,356)
Net Depreciable Assets	25,719,246	2,050	(100,269)	(11,805)	25,609,222
Governmental Activities Capital Assets, Net	$ 28,062,567	$ 2,050	$ 789,120	$ (778,123)	$ 28,075,614

	Balance at July 1, 2013	Adjustments	Additions	Disposals	Balance at June 30, 2014
Business-Type Activities					
Non-Depreciable:					
Land	$ 614,332	$ -	$ -	$ -	$ 614,332
Construction in Progress	919,472	-	780,044	(1,657,755)	41,761
Total Non-Depreciable Assets at Historical Cost	1,533,804	-	780,044	(1,657,755)	656,093
Depreciable:					
Buildings	1,258,694	-	610,625	-	1,869,319
Intangibles	7,045	-	12,855	-	19,900
Improvements	139,788	-	-	-	139,788
Machinery & Equipment	4,137,709	-	261,213	(139,141)	4,259,781
Utility Systems	45,681,191	-	1,229,030	-	46,910,221
Total Depreciable Assets at Historical Cost	51,224,427	-	2,113,723	(139,141)	53,199,009
Less Accumulated Depreciation:					
Buildings	(665,013)	-	(34,078)	-	(699,091)
Intangibles	(7,045)	-	-	-	(7,045)
Improvements	(136,488)	1,680	(3,118)	-	(137,926)
Machinery & Equipment	(2,273,537)	-	(280,184)	126,623	(2,427,098)
Utility Systems	(15,166,171)	(1,680)	(931,623)	-	(16,099,474)
Total Accumulated Depreciation	(18,248,254)	-	(1,249,003)	126,623	(19,370,634)
Net Depreciable Assets	32,976,173	-	864,720	(12,518)	33,828,375
Business-Type Capital Assets, Net	$ 34,509,977	$ -	$ 1,644,764	$ (1,670,273)	$ 34,484,468

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).

Governmental Activities Long-Term Debt
As of June 30, 2014 the governmental activities 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.

Total Accrued Compensated Absences – Current Portion	$328,967

Business-Type Activities Long-Term Debt
As of June 30, 2014 the business-type activities long-term debt consisted of the following:

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

Total Accrued Compensated Absences – Current Portion	$187,296

Meter Deposit Liability: Utility customers without acceptable credit history are required to pay a meter deposit to obtain utility services. Deposits are refundable after 12 consecutive months of on-time payment history.

Total Meter Deposit Liability – Current Portion	$240,343

Changes in Long-Term Debt

Type of Debt	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014	Amounts Due within A Year
Governmental Activities:					
Accrued Compensated Absences	$326,111	$2,856	-	$328,967	$328,967
Total Governmental Activities	$326,111	$2,856	-	$328,967	$328,967
Business-Type Activities:					
Meter Deposit Liability	$229,098	$156,221	$(144,976)	$240,343	$240,343
Accrued Compensated Absences	176,811	10,485	-	187,296	187,296
Total Business-Type Activities	$405,909	$166,706	(144,976)	$427,639	$427,639

3.G. INTERFUND BALANCES AND ACTIVITIES

Interfund transfers for the year ended June 30, 2014 were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Vehicle Replacement Fund	$ 369,498	Vehicle replacement allocation
Public Improvements Fund	General Fund	$ 53,350	Capital
Lodging Tax Fund	General Fund	$ 36,830	Operational
Solid Waste Fund	General Fund	$ 178,273	Operational
Solid Waste Fund	General Fund	$ 89,803	Fleet maintenance allocation
Solid Waste Fund	Vehicle Replacement Fund	$ 87,907	Vehicle replacement allocation
Solid Waste Fund	General Fund	$ 115,134	Franchise fee allocation
Water Fund	General Fund	$ 261,867	Operational
Water Fund	General Fund	$ 15,428	Fleet maintenance allocations
Water Fund	Vehicle Replacement Fund	$ 24,855	Vehicle replacement allocation
Water Fund	General Fund	$ 141,469	Franchise fee allocation
Wastewater Fund	General Fund	$ 201,608	Operational
Wastewater Fund	General Fund	$ 14,668	Fleet maintenance allocations
Wastewater Fund	Vehicle Replacement Fund	$ 39,225	Vehicle replacement allocation
Wastewater Fund	General Fund	$ 65,414	Franchise fee allocation
Electric Fund	General Fund	$ 578,675	Operational
Electric Fund	General Fund	$ 39,871	Fleet maintenance allocations
Electric Fund	Vehicle Replacement Fund	$ 149,959	Vehicle replacement allocation
Electric Fund	General Fund	$ 588,878	Franchise fee allocation

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

Fund	Amount
Wastewater	54,749
Electric	163,000
Total	$ 217,749

The amount shown on this schedule ($217,719) 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 ($603,395) due to contributed capital received from outside agencies.

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

Payments between the primary government and the component unit for the year ended June 30, 2014 were as follows:

Payment From	Payment To	Amount	Nature of Transfer
General Fund	Yellowstone Regional Airport	$151,806	Operational Subsidy

3.H. FUND BALANCES AND NET POSITION

Components of Fund Balances
As of June 30, 2014 fund balances components consisted of the following:

Fund	Non-Spendable	Restricted	Committed	Assigned
General Fund	$ 330,537	$ 44,327	$ -	$ 119,334
Public Improvements Fund	-	128,542	-	-
Vehicle Replacement Fund	-	-	-	2,489,039
Lodging Tax Fund	-	-	-	30,203
Total	$ 330,537	$ 172,869	$ -	$ 2,638,576

Net Asset Restrictions
In the governmental activities at the government-wide level there is a restriction in the amount of $172,869 due to certain assets being restricted to a specific use such as the public improvements fund ($128,542), police forfeiture funds ($11,227), PEG grant ($12,000) and convention center project ($21,100).

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

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

WRS pays employees a defined benefit depending upon years of service and earnings using an accrued benefit cost method. The employee contribution rate is 4.18% and the City contribution rate is 10.44% for a total of 14.62%. Prior to September 2013, the total contribution rate was 14.12%. Law enforcement employees participate at a higher contribution level with an additional 2.58% of their wages contributed to the plan by each employee. Approximate contribution amounts and payroll basis is as follows:

Fiscal Year Ended	City Employees			Law Enforcement	
	Contribution (14.12%)	Contribution (14.62%)	Payroll	Contribution (17.2%)	Payroll
2014	$105,344	$466,147	$3,934,486	$221,709	$1,289,004
2013	$541,485	-	$3,834,878	$230,027	$1,337,366
2012	$558,436	-	$3,954,929	$204,093	$1,186,587

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.

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

4.B. RISK MANAGEMENT

Liability

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks of loss through participation in the Wyoming Local Government Liability Pool (LGLP). The City pays an annual actuarially determined assessment to LGLP for liability coverage. The coverage provides $250,000 per claimant, but not more than $500,000 per occurrence for all claimants. The deductible per occurrence is $5,000. The contribution to the plan in the current year was $55,369. Should claims exceed LGLP deposits, each participant is liable and will be assessed for its proportionate share whether or not it continues to participate in the plan, should LGLP terminate, the City would receive its proportionate share of excess funds remaining in the LGLP account. The City has incurred no losses of significance in excess of coverage provided by LGLP in the last three years.

Health Insurance

The City also participates in the Wyoming Association of Municipalities Joint Powers Insurance Coverage (WAM-JPIC) as a means to acquiring health and life insurance at competitive rates. The package is acquired by pooling resources with other governmental entities. Total costs for health insurance for the City in the current year were $1,389,249.

Property Insurance
Buildings and equipment are adequately insured under commercial insurance policies. The City has incurred no losses of significance in excess of coverage provided by the commercial carriers in the last three years. Total costs for property insurance for the City in the current year were approximately $63,826.

4.C. LEASES

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

4.D. COMPENSATED ABSENCES

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

4.E. RELATED PARTY TRANSACTIONS

Jointly Governed Organizations
The City purchased water totally approximately $1,3000,000 from the Shoshone Municipal Water Joint Powers Board (SMP) during the fiscal year ended June 30, 2014 and owed the Board $129,760 as of June 30, 2014.

The City purchased electricity totaling approximately $9,000,000 from the Wyoming Municipal Power Agency during the fiscal year ended June 30, 2014 and owed the Agency $690,670 as of June 30, 2014.

4.F. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four business-type activities which provide solid waste, water, wastewater and electric services. Only the Water Fund and the Electric Fund are required to have segment information presented, however Management has chosen to show limited segment information on each Proprietary Fund in this Note. Each fund is a major fund therefore the full segment information can be easily seen in the proprietary funds financial statements. Segment information for the year ended June 30, 2014 follows:

	Solid Waste Fund	Water Fund	Wastewater Fund	Electric Fund	Combined Total
Operating Revenues	$ 2,489,963	$ 2,924,210	$ 1,328,509	$ 11,907,464	$ 18,650,146
Depreciation	95,796	332,634	411,869	408,701	1,249,000
Operating Income	743,512	614,055	308,108	1,143,968	2,809,643
Transfers In(Out)	(471,117)	(443,619)	(320,915)	(1,357,383)	(2,593,034)
Property Additions	(229,616)	(109,152)	(197,378)	(699,863)	(1,236,009)
Net Income	765,839	710,257	402,164	1,298,154	3,176,414
Net Working Capital	2,158,216	2,527,440	1,901,554	4,355,057	10,942,267
Total Assets	$ 3,711,100	$ 12,970,264	$ 13,324,782	$ 15,894,284	$ 45,900,430
Total Net Position	$ 3,671,071	$ 12,917,925	$ 13,296,496	$ 15,541,243	$ 44,426,735

4.G. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2014 the following construction commitments were outstanding of which some are being performed by City of Cody employees/departments:

Project	Fund/Department	Actual as of June 30, 2014	Anticipated Remaining Cost
South Beck Lake/BLM Trail	Parks	$34,514	$315,000
Rec Center Hot Water Boiler	Recreation Center	$12,175	$40,772
16th Street/Stampede Storm Sewer	Streets	$142,056	$191,544
16th Street/Stampede Water Line	Water	$35,294	$109,779
Beacon Hill Electric Tie Line	Electric	$6,466	$70,560

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. SUBSEQUENT EVENTS/OTHER

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

Authorized the Mayor to enter into and sign the Project Contingency and Development Agreements with Park County Pedalers (PCP) and Wyoming Recreational Trails Program as it relates to the Beck Lake Trail Grant in the amount of $62,499 contingent upon review and approval by the City Attorney.

Authorized the Mayor to enter into and sign a Grant Award Acknowledgement State of Wyoming Attorney General's Office in the amount of $184,382 in state forfeiture funds to pay for increased law enforcement and administrative costs associated with the Hells Angels U.S. Run. The City returned $51,248 in unused funds.

Selected Kaiser and Company to manage and invest the City's reserve funds and authorized the Mayor to sign the investment agreement and other required documents to open an investment account contingent upon review and approval by the City Attorney.

Awarded a professional services contract to Engineering Associates for Design of the Waste Water Pretreatment Building, embankment and ancillary features at the sewer lagoons not to exceed $128,500 and authorize the Mayor to sign said professional services contract contingent upon review and approval by the City Attorney.

Awarded Bid 2014-07 to Jack's Truck and Equipment in the amount of $325,654 for a 2015 or Newer Diesel Powered cab and Chassis w/new Sewer and Catch Basin Cleaner.

Awarded Bid 2014-09 to Honnen Equipment Company in the amount of $75,275, with trade in, and with the 2 year buy-back option for a 2014 or newer Front End Loader.

Authorized the Mayor to enter into and sign the Grant Agreement between the State of Wyoming State Loan and Investment Board (SLIB) and the City of Cody for a Capital Improvement Project-Countywide Consensus Grant for the Glendale Park Project in the amount of up to $125,000.

Authorized the Mayor to enter into and sign the Grant Agreement between the State of Wyoming State Loan and Investment Board (SLIB) and the City of Cody for a Capital Improvement Project-Countywide Consensus Grant for the Park Shop Project in the amount of up to $400,000.

Authorized the Mayor to sign the Repurchase/Buyback Agreement with Honnen Equipment with terms and conditions associated with the two year repurchase/buyback of the John Deere 524K in the amount of $120,275.

At June 30, 2014 and through the date of the report, December 5, 2014 management was unaware of further subsequent events warranting disclosure on the financial statements.

NOTE 5. COMPONENT UNIT – YELLOWSTONE REGIONAL AIRPORT

NOTE A. REPORTING ENTITY

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

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

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Airport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

In the prior year, the Airport implemented GASB Statement No. 63, *The Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement provided guidance for the presentation of deferred outflows and inflows of resources in the financial statements. The Airport does not have any deferred inflows or outflows of resources requiring presentation. However, the statement also changed the Statement of Net Assets to the Statement of Net Position and relative

references. In the current year, the Airport implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* effective for periods beginning after December 15, 2012, providing for financial reporting guidance to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources, based on the definitions of those elements in Concepts No. 4, Elements of Financial Statements. This standard did not have an impact on the financial statement presentation of the Airport.

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

Basis of Accounting/Measurement Focus

The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Airport utilizes a proprietary fund and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in the proprietary fund. The Airport follows GASB Statement No. 62, *Codification of Pre-November 30, 1989 FASB and AICPA* Pronouncements which eliminates any potential conflict between the application of Financial Accounting Standards Council (FASB) Accounting Standards Codification (ASC), Accounting Principles Council (APB) opinion, Accounting Research Bulletins issued on or before November 30, 1989 and GASB pronouncements, as all pre November 30, 1989 standards are in the GASB's codification.

Cash and Cash Equivalents

The Airport's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable/Due from Other Governments

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

Due from other governments is made up of monies due from outside governmental entities, such as the state, for monies expended prior to year end but not yet received from the outside entity as of June 30, 2014.

Inventories

Inventories are recorded at cost. The costs of inventory items are recorded as expenses when used. Inventory consists mainly of firefighting chemicals/supplies and parts and supplies for airport vehicles.

Prepaid Expense

Prepaid expenses are items which have been paid for in advance of the entity's fiscal year. Due to the nature and terms of insurance policies, these have a tendency to require this type of payment. Therefore, prepaid expense of the Airport consists of the health insurance premiums and portion of the liability insurance policy which had been paid but is for coverage occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Capital assets are long-lived assets of the Airport and reported on the statement of net position. The valuation bases for capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Capital assets are capitalized when purchased. In the fiscal year 2010 the Airport implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The Airport utilizes a capitalization threshold of $5,000 for all purchases and projects.
Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. All assets are depreciated except for land. Cost less estimated salvage value (if any) is depreciated over the estimated useful life of the asset. Estimated useful lives of the various classes of depreciable capital assets are as follows:

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

Equity Classifications

In accordance with the governmental accounting standards board pronouncement, net position is displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are

attributable to the acquisition, construction, and improvement of those assets.

- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

It is the Airport's practice 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.

Operating Revenues and Expenses

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

Contributions of Capital

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

Estimates

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

Future Accounting Standards

GASB Statement No 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, effective for periods beginning after June 30, 2014, enhances the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports by required recognition of the entire net pension liability and a more comprehensive measure of pension expense. The Airport intends to implement the new requirements for fiscal year 2014-2015, as applicable.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 31, 2013, which establishes accounting and financial reporting standards related to government combinations and disposal of government operations. The term government combination includes a variety of transactions. It is not intended that this standard will be applicable to the District. However, if applicable, it will be implemented for fiscal year 2014-2015.

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

Budget

Joint Powers Boards are not required by State Statute to prepare an annual budget. However, the Airport's Board prepares an operational budget annually for the presentation to the two governments, the City of Cody and Park County, who are required to approve the budget.

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

NOTE C. CASH AND INVESTMENTS

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

The Airport maintained 100% pledging of its deposits in financial institutions. FDIC covered $250,000 of the bank balance, while the remaining $272,920 was secured by the pledging of additional collateral. The total carrying value of these deposited was $516,390.

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

Wyoming statutes allow investments in bonds or obligations issued by or guaranteed by the United States, repurchase agreements involving bonds of obligations issued by or guaranteed by the United States, mortgage backed securities that are obligations of or guaranteed or insured by the United States (excluding high risk items), bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System, guaranteed investment contracts issued and guaranteed by a United States commercial bank or insurance company, a commingled fund of securities listed in this paragraph held by a bank authorized to do business in this state, bonds of the Wyoming natural gas pipeline authority, and shares of diversified money market funds that invest their funds as prescribed by law. The Airport currently has no investments of these types, nor does the Airport have a written investment policy differing from the state statutes. Therefore, the Airport follows the state statutes in regards to possible investments.

Restricted Cash

The passenger facility account ($127,859 balance) is monitored by the Federal Aviation Administration (FAA). The revenue deposited into this account is directly related to the passenger facility charges earned through the use of the airport by the commercial airlines. This revenue cannot be used for operating purposes and must be authorized by the Federal Aviation Administration for use on airport improvements, etc. See Note O. for authorized use of this account for projects in progress or committed at June 30, 2014. In addition, the funds from the sale of the old terminal building ($145,940 balance) are restricted due to the original funding of the project being provided by the FAA. Such funds can only be used for costs which are eligible under Airport Improvement Project funding or other expenditures approved by the FAA.

NOTE D. CAPITAL ASSETS

	June 30, 2013	Transfers/ Additions	Transfers/ Dispositions	June 30, 2014
Assets not being depreciated:				
Work in progress	$ 1,352,994	$ 2,635,548	$ (3,643,234)	$ 345,308
Land	723,050	-	-	723,050
Assets being depreciated:				
Buildings and improvements	13,995,885	798,092	-	14,793,977
Infrastructure and improvements	15,060,453	2,845,141	-	17,905,594
Machinery and equipment	2,604,326	-	-	2,604,326
Intangibles	241,441	-	-	241,441
Total capital assets	33,978,149	6,278,781	(3,643,234)	36,613,696
Less: accumulated depreciation/amortization				
Buildings and improvements	(2,468,411)	(470,686)	-	(2,939,097)
Infrastructure and improvements	(5,812,870)	(869,501)	-	(6,682,371)
Machinery and equipment	(1,188,291)	(130,657)	-	(1,318,948)
Intangibles	(14,084)	(24,144)	-	(38,228)
Total accumulated depreciation/ amoritzation	(9,483,656)	(1,494,988)	-	(10,978,644)
Net Capital Assets	$ 24,494,493	$ 4,783,793	$ (3,643,234)	$ 25,635,052

Depreciation expense in the current year was $1,470,844 and amortization expense was $24,144.

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

are not being reported in duplicate, it is appropriate that the assets remain on the Airport's records.

In the prior year, various assets, of which most were fully depreciated, were disposed of from the capital asset schedule and financial statements. The majority of these assets were related to infrastructure type assets (such as runway, taxiway and apron projects) which have been slowly replaced through more recent projects. Due to the difficulty of identifying the specific portion of such assets which are being replaced, in future years, these items will be removed as fully depreciated unless impaired in an unusual circumstance prior to the normal estimated useful life.

Change in Estimated Useful Lives

In the prior year, management re-evaluated the estimated useful lives of assets. The policy remains accurate regarding the estimate useful life of assets as it provides for a range of estimate useful lives; however, through discussion with specialists in the airport arena, it was determined that infrastructure such as runways, taxiways, parking lots and aprons should be decreased. Historically, the Airport has presented these assets with a 30 year life, and many of them with a salvage value. Upon reevaluation, it was determined that these assets contain a combination of estimate useful lives. The base of such items can typically last 30 years; however, when properly maintained, the asphalt usually has a 15 year life and concrete typically has a 20 year live. Therefore, management determined to average the two lives based upon the whether the assets was concrete or asphalt in nature. Asphalt infrastructure will now be assigned a 22.5 year life and concrete infrastructure a 25 year life. In addition, since these items have very little value when replaced and it costs money to dispose of these items, the salvage values of such assets were also eliminated. The useful lives of the types of assets listed above were adjusted accordingly and depreciation was recalculated for the prior year and future periods to properly account for this change in estimate.

NOTE E. RISK MANAGEMENT

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

NOTE F. CURRENT LIABILITIES

Accounts Payable

Accounts payable consist of costs incurred but not yet paid at June 30, 2014. These costs include operational costs such as utilities, security costs, capital project costs and

advertising costs. Total accounts payable for June 30, 2014 is $405,043 ($21,893 of operational expenses and $3,893,150 of capital/project expenses).

Retainage Payable

Retainage payable would consist of cost incurred but not yet paid at year end on construction costs related to airport improvement projects. This payable is accumulated throughout the projects, if applicable, and will be paid upon completion of the project. For GAAP purposes and due to the certainty of payment upon completion, retainage is typically recorded as incurred. Retainage payable at June 30, 2014 was not deemed material by management to require recording in the financial statements.

Accrued Expenses

Accrued expenses include payroll taxes and other monthly and quarterly payments due related to payroll through June 30, 2014 (not paid at June 30, 2014). It also includes an accrued payroll liability for wages earned in June 2014 of approximately $10,000, but not paid until July 2014. Total accrued expenses are $11,132.

Accrued Compensated Absences

It is the Airport's policy to allow the accumulation of vacation time. The accrual varies by employee due to the accrual rate being based on the years of service. Vacation can only be accrued to a maximum of 80 hours and may be carried over from year to year at that maximum rate. Upon termination of employment, an employee will be paid all accrued vacation earned through the last day of employment. Total accrued vacation at June 30, 2014 was $18,373. This is considered to be a current liability due to the history of the use of vacation time by employees.

NOTE G. NET POSITION

See Note B – Equity Classifications for explanation of the necessity and requirement of the balance of $25,635,052 being recorded at "investment in capital assets, net of related debt".

The passenger facility account is restricted by a third party and the Airport must obtain authorization from the third party for the use of the funds. The balance of this account at June 30, 2014, less amounts approved for payment, in the amount of $121,298 is recorded as restricted net position for this reason. In addition, $145,940 remaining balance in the new terminal contingency account is restricted as to the restricted allowable use under FAA guidance. Therefore, total net position of $267,238 is restricted.

NOTE H. CAPITAL CONTRIBUTIONS

Intergovernmental - Grants contributed by governmental grantors that are restricted for the construction of Airport assets are recorded as capital contributions. Total capital

contributions were $2,487,013 of which the majority was contributed by state and federal agencies.

NOTE I. PENSION PLAN

Airport full-time or regular part-time employees participate in the Wyoming Retirement System (System) program, which is a cost sharing, multi-employer, public employee retirement plan. The System pays an employee a defined benefit depending upon years of service and earnings using an accrued benefit cost method.

For the fiscal year, the Airport made approximately $24,700 of required contributions into the Retirement System on eligible wages of approximately $345,000 at a 7.12% required contribution rate. Substantially all regular employees are eligible to participate in the plan. The contributions for 2013 and 2012 were approximately $23,900 and $23,050 on approximate payrolls of $330,000 and $323,800, respectively. The employees contribute 7.00% of wages into the retirement plan making total contributions 14.12%. Effective September 2013, the employee's rate increase by .5% making their rate 7.62% and the total contribution rate 14.62%. Employee's retirement benefits are based on a number of factors that have changed at various times over the life of the retirement plan. Specific benefit calculations, retirement provisions, 10 year historical trends and other plan details are available in the annual PERS audit report of the Wyoming Retirement System, Herschler Building, Cheyenne, Wyoming.

NOTE J. DEFERRED COMPENSATION PLAN

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

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

NOTE K. LEASE AGREEMENTS

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

NOTE L. ECONOMIC DEPENDENCY

The City of Cody and Park County provided approximately 25% of the Airport's operational funds for the year ending June 30, 2014. Total funds transferred from the governmental entities were $253,607. The two entities have provided 30% and 36% of the Airport's operating funds for the year ending June 30, 2013 and 2012, respectively.

NOTE M. RELATED PARTY TRANSACTIONS

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

NOTE N. COMMITMENTS/ SUBSEQUENT EVENTS/ OTHER

Construction/Grant

In the prior year, the rehabilitation and expansion of the GA apron (and other additional parts of the project) was started. The total project costs were originally estimated over $3,100,000. These estimated costs included design, engineering and construction costs. As of June 30, 2014, the project was substantially complete with total costs of approximately $2,800,000. Around one-third of the costs were funded by federal funds, of which the grant agreement was signed in the amount of approximately $1,000,000 in July 2013, and a large portion of the remaining expenses were funded by state funds. The various grants being utilized on this project require varying percentages of matching funds from the Airport from 2.5% to 10%.

In the current year, the 4-22 Runway Project was started. Total estimated costs are approximately $3,200,000 which includes engineering and construction costs. As of June 30, 2014, $345,308 had been incurred on the project. The project is funded by a federal grant of $3,050,000 and relative state grants and matching funds. The allocation of funding is 93.75% federally funded, 3.75% state funded and the remaining 2.5% is local matching funds.

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

General

In the normal course of operations, the Airport receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Litigation

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

Subsequent Events/Other

The Airport was in the process of a land swap with the State of Wyoming Military Department. The trade will consist of real property of 9.9 acres in the Airport Business Park plus 19.6 acres of airport property on the east side of Beacon Hill Road in exchange for the armory property, including the armory building. The transfer of property and related paperwork was completed in July 2014. It was also approved for the armory building to be demolished subsequent to transfer. This portion of the activity has not yet occurred as of the date of this report.

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

From July 1, 2014 through November 6, 2014, the date of the Yellowstone Regional Airport's separate financial statements and related reports, were available for issuance, the Airport's management was unaware of any further commitments, subsequent events, or other items which would require disclosure in the financial statements which have not already been disclosed elsewhere.

REQUIRED SUPPLEMENTAL INFORMATION

City of Cody, Wyoming
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Modifed Cash Basis
for the fiscal year ended June 30, 2014

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive(Negative)
	Original	Final		
Resources (inflows):				
Taxes				
Sales and Use Tax	$ 2,482,567	$ 2,482,567	$ 3,301,342	$ 818,775
Franchise Tax	1,138,671	1,138,671	1,192,221	53,550
Licenses & Permits	67,690	67,690	70,947	3,257
Intergovernmental				
Federal Grants	19,337	19,337	28,315	8,978
State Grants	643,632	706,380	553,611	(152,769)
Pass Through Grants	2,737,229	3,802,266	1,214,758	(2,587,508)
Severence Tax	354,564	354,564	350,755	(3,809)
Royalties	476,597	476,597	476,394	(203)
State and Federal Funding	806,696	806,696	809,587	2,891
Other Taxes				
Motor Vehicle Tax	130,976	130,976	132,978	2,002
Gasoline Tax	381,264	381,264	341,025	(40,239)
Cigarette Tax	90,000	90,000	80,463	(9,537)
Ad Valorem Tax	562,201	562,201	572,727	10,526
Fines and Forfeitures	205,800	205,800	170,927	(34,873)
Charges for Services:				
Penalites and Fees	87,000	87,000	76,846	(10,154)
Parks and Recreation Fees	1,294,741	1,294,741	1,145,120	(149,621)
Public Works Fees	518,219	584,356	690,993	106,637
Assessment Revenue				
Investment Income	46,150	46,150	53,004	6,854
Contributions and Donations	469,018	407,016	408,279	1,263
Facilty Rentals	23,825	23,825	25,798	1,973
Miscellaneous	127,600	140,647	36,665	(103,982)
Total Revenues	12,663,777	13,808,744	11,732,755	(2,075,989)
Other Financing Sources:				
Transfers from Other Funds	1,257,253	1,310,603	1,310,603	-
Total other Financing Sources	1,257,253	1,310,603	1,310,603	-
Amounts Available for Appropriation	13,921,030	15,119,347	13,043,358	(2,075,989)
Charges to Appropriations (outflows):				
General Government:				
Mayor and City Council	302,996	314,996	258,805	56,191
City Administrator	149,352	149,352	142,954	6,398
Administrative Services	1,397,145	1,397,145	1,290,954	106,191
Administrative Services - Pass Through Grants	2,711,286	3,184,796	712,654	2,472,142
Police	2,775,083	2,782,471	2,736,819	45,652
Parks	777,269	775,581	744,872	30,709
Public Facilities	514,267	555,039	495,811	59,228
Recreation Center	1,845,116	1,854,322	1,750,515	103,807
Community Development	572,866	575,325	528,745	46,580
Streets	2,462,523	2,555,282	2,192,113	363,169
Vehicle Maintenance	247,005	276,905	276,903	2
Total Charges to Appropriations	13,754,908	14,421,214	11,131,145	3,290,069
Payment to Component Unit	151,806	151,806	151,806	-
Transfers Out	-	-	-	-
Total Interfund Transfers	$ 151,806	$ 151,806	$ 151,806	$ -
Net change in fund balance	$ 166,122	$ 698,133	$ 1,760,407	$ 1,062,274
Fund Balance, beginning	$ 4,277,730	$ 4,277,730	$ 4,277,730	$ -
Fund Balance, ending	$ 4,443,852	$ 4,975,863	$ 6,038,137	$ 1,214,080

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

Adjustments to Generally Accepted Accounting Principles Basis:		
Changes in due from other governments	$	(520,822)
Changes in due from other entities		8,685
Changes in court receivables and related accounts		1,642
Changes in other receivables		5,142
Changes in allowances		(74)
Changes in inventory		28,856
Changes in accrued liabilities		(15,555)
Changes in deferred revenue		(21,363)
Net change in fund balances - GAAP basis		(513,489)
Ending Fund Balance - GAAP Basis	$	5,524,648

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 significant budget variance in the pass through grants is due to a change in the timing of the Cody Laboratory project. Due to changes in the original project scope and funding sources the project was delayed.

City of Cody, Wyoming
Budgetary Comparison Schedule - Modified Cash Basis
Major Governmental Fund
for the fiscal year ended June 30, 2014

	LODGING TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive(Negative)
	Original	Final		
Resources (inflows):				
Taxes	$ 96,717	$ 96,717	$ 102,325	$ 5,608
Investment Income	704	704	446	(258)
Amounts Available for Appropriation	97,421	97,421	102,771	5,350
Charges to Appropriations (outflows):				
Mayor and City Council	1,000	1,000	890	110
Community Support	70,507	70,507	60,491	10,016
Transfers Out	36,830	36,830	36,830	-
Total Charges to Appropriations	108,337	108,337	98,211	10,126
Net change in fund balance	$ (10,916)	$ (10,916)	$ 4,560	$ 15,476
Fund Balance, beginning	$ 25,643	$ 25,643	$ 25,643	$ -
Fund Balance, ending	$ 14,727	$ 14,727	$ 30,203	$ 15,476

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

OTHER SUPPLEMENTAL INFORMATION

City of Cody, Wyoming
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Capital Projects Funds		Total Non-Major Governmental Funds
	Public Improvements Fund	Vehicle Replacement Fund	
Assets			
Cash and Cash Equivalents	$ 128,542	$ 2,489,039	$ 2,617,581
Restricted - Cash and Cash Equivalents	-	-	-
Grants Receivable	-	-	-
Accounts Receivable	-	-	-
Total Assets	$ 128,542	$ 2,489,039	$ 2,617,581
Liabilities			
Deferred Revenue	$ -	$ -	$ -
Accounts Payable	-	-	-
Total Liabilities	$ -	$ -	$ -
Fund Equity			
Fund Balance:			
Nonspendable:	$ -	$ -	$ -
Restricted:			
Public Improvements	128,542	-	128,542
Committed:	-	-	-
Assigned:	-	-	-
Capital Assets	-	2,489,039	2,489,039
Unassigned	-	-	-
Total Fund Equity	$ 128,542	$ 2,489,039	$ 2,617,581
Total Liabilities and Fund Equity	$ 128,542	$ 2,489,039	$ 2,617,581

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, 2014

	Capital Projects Funds		Total
	Public Improvements Fund	Vehicle Replacement Fund	Non-Major Governmental Funds
REVENUES			
Supplemental State Funding	$ -	$ -	$ -
Sale of Assets	-	-	-
Contributions	-	-	-
Miscellaneous Revenue	-	-	-
Investment Income	1,960	27,677	29,637
Total Revenues	1,960	27,677	29,637
EXPENDITURES			
Current:			
Administrative Services	2,453	-	2,453
Police	-	-	-
Parks	-	-	-
Facilities	-	-	-
Recreation	-	-	-
Streets	-	-	-
Vehicle Maintenance	-	-	-
Capital Outlay	-	217,749	217,749
Total Expenditures	2,453	217,749	220,202
Revenues Over(Under) Expenditures	(493)	(190,072)	(190,565)
Other Financing Sources(Uses)			
Transfers In	-	671,444	671,444
Transfers Out	(53,350)	-	(53,350)
Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(53,843)	481,372	427,529
Fund Balance - beginning of year	182,385	2,007,667	2,190,052
Fund Balance - end of year	$ 128,542	$ 2,489,039	$ 2,617,581

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

SBWW

STINE BUSS WOLFF WILSON
&
ASSOCIATES, P.C.

Cody: Keven L. Buss, C.P.A.
Reanne N. Wolff, C.P.A.
Keri J. Wilson, C.P.A.
Powell: Reanne N. Wolff, C.P.A.
Worland: Stephen L. Stine, C.P.A.

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 *GOVERNMENTAL AUDITING STANDARDS*

To the Mayor and City Council
City of Cody, Wyoming
1002 Sheridan Avenue
Cody, Wyoming 82414

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Cody as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Cody's basic financial statements and have issued our report thereon dated December 5, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Cody's (City) internal control over financial reporting (internal control) to determine the auditing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cody's basic financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below in 2014-001.

931 Rumsey Avenue • P.O. Box 637 • Cody, Wyoming 82414 • Phone (307) 527-6161
152 N. Absaroka, Suite A • P.O. Box 858 • Powell, Wyoming 82435 • Phone (307) 754-1010
1015 Robertson Avenue • P.O. Box 168 • Worland, Wyoming 82401 • Phone (307) 347-4555

2014-001. Criteria: Grant programs have various requirements related to allowable costs. Allowable costs must be for the approved project and allowable costs can be requested once during the project period.

Condition: There were errors in the current year which created a duplicate request of an invoice and the request of an invoice which was for another grant project.

Effect: Costs were requested and reimbursed which were not allowable under the projects. In addition, there were costs which could have been requested in lieu of a certain request which was not requested as it was thought the grant was fully expended due to the duplicate request. However, this item was addressed with the funding agency(ies) upon identification and was corrected and resolved without significant impact on the grant or City.

Cause: It appears these items were mainly errors and not a significant system issue; however, improvements can be made to further minimize this risk.

Recommendation: Implement an additional tier of the review of request for reimbursement by an individual which is knowledgeable of the status, timing and costs/phases of projects approved for each grant.

City of Cody Response: According to the documentation duplicate invoices and invoices for another project were applied to a grant project account in error. These were later corrected through an additional review of all invoices and inventory of the grant which required issuing a final draw down request. Through this review all invoice errors were discovered and submitted to the State Loans and Investment Board. Procedures of grant invoice review were evaluated and additional measures were added to the process to include additional analyses to avoid such issues in the future. This includes duplicate reviews of the invoices by the department head, voucher review by the Administrative Service Director, and review of all invoices prior to draw down requests by the Administrative Analyst/Grant Manager and contact.

City of Cody, Wyoming's Response to Findings

City of Cody's response to the finding(s) identified in our audit is described above. The City of Cody's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express o opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls 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.

Stine, Buss, Wolff, Wilson & Assoc, P.C.
Stine, Buss, Wolff, Wilson & Associates, P.C.
Certified Public Accountants

Cody, Wyoming

December 5, 2014