

**Mayor**

*Clay Koplin*

**Council Members**

*James Burton*

*Kenneth Jones*

*Jeff Guard*

*Melina Meyer*

*Anne Schaefer*

*David Allison*

*James Wiese*

**City Manager**

*Alan Lanning*

**City Clerk**

*Susan Bourgeois*

**Deputy Clerk**

*Tina Hammer*

**Student Council**

*Olivia Carroll*

**City Council Work Session  
March 21, 2018 @ 6:00 pm  
Cordova Center Community Rooms  
Agenda**

**A. Call to order**

**B. Roll call**

Mayor Clay Koplin, Council members James Burton, Kenneth Jones, Jeff Guard, Melina Meyer, Anne Schaefer, David Allison and James Wiese

**C. Work Session topics:**

1. City Financial Audit for 2016 presentation..... (page 1)  
BDO USA, LLP, *Lia Patton*
2. RV Camping/Parking (if time allows)

**D. Adjournment**

If you have a disability that makes it difficult to attend city-sponsored functions, you may contact 424-6200 for assistance.

Full City Council agendas and packets available online at [www.cityofcordova.net](http://www.cityofcordova.net)



## **City of Cordova, Alaska**

**Basic Financial Statements, Required  
Supplementary Information, Supplementary  
Information and Single Audit Reports  
Year Ended December 31, 2016**

**City of Cordova, Alaska**

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Basic Financial Statements, Required Supplementary  
Information, Supplementary Information  
and Single Audit Reports  
Year Ended December 31, 2016

# City of Cordova, Alaska

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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

Honorable Mayor and City Council  
City of Cordova, Alaska

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cordova, Alaska, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cordova Community Medical Center Enterprise Fund, which is a major fund and represents 14 percent, (6) percent, and 67 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cordova Community Medical Center Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of City of Cordova, Alaska, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Correction of an Error***

As discussed in Note 17 to the financial statements, in 2016 the Cordova Medical Center discovered errors related to various balances in the Medical Center financial statements. A prior period adjustment has been recorded to decrease its opening net position to correct for this item. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 50-52, and the Schedules of Net Pension Liability and Pension Contributions on pages 53 and 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



*Supplementary Information*

Our audit for the year ended December 31, 2016 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cordova's basic financial statements. The supplementary information, as listed in the table of contents, for the year ended December 31, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal awards is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Schedule of State Financial Assistance is required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2016, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2016.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of City of Cordova's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cordova's internal control over financial reporting and compliance.

*BDO USA, LLP*

Anchorage, Alaska  
September 28, 2017

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**Basic Financial Statements**

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**City of Cordova, Alaska**  
**Statement of Net Position**

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Cordova City School District	Cordova Volunteer Fire Department
<i>December 31, 2016</i>					
<b>Assets and Deferred Outflows of Resources</b>					
<b>Assets</b>					
Cash and investments	\$ 11,336,791	\$ 2,304,832	\$ 13,641,623	\$ 1,820,474	\$ 48,147
Receivables:					
Taxes	595,129	-	595,129	-	-
Accounts	-	2,336,940	2,336,940	-	-
Grants and shared revenues	35,687	264,384	300,071	129,409	-
Assessments	1,104	-	1,104	-	-
Due from third party payors	-	16,081	16,081	-	-
Other	65,863	83,392	149,255	-	500
Allowance for doubtful accounts	-	(918,422)	(918,422)	-	-
Prepaid items	138,955	86,182	225,137	191,674	-
Deposits	-	6,500	6,500	-	-
Inventory	-	138,786	138,786	33,107	-
Restricted cash and investments	-	788,830	788,830	-	529
Internal balances	53,290	(53,290)	-	-	-
Capital assets:					
Land and construction in progress	2,437,848	10,108,504	12,546,352	442,009	-
Other capital assets, net of depreciation	54,624,491	28,386,288	83,010,779	(322,234)	-
<b>Total Assets</b>	<b>69,289,158</b>	<b>43,549,007</b>	<b>112,838,165</b>	<b>2,294,439</b>	<b>49,176</b>
<b>Deferred Outflows of Resources</b>					
Related to pensions	1,146,352	1,584,815	2,731,167	749,931	-
Deferred loss on bonds	1,397,459	-	1,397,459	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 71,832,969</b>	<b>\$ 45,133,822</b>	<b>\$ 116,966,791</b>	<b>\$ 3,044,370</b>	<b>\$ 49,176</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 343,718	\$ 980,825	\$ 1,324,543	\$ 43,487	\$ 447
Accrued payroll and related liabilities	228,487	531,975	760,462	59,059	-
Health claims payable	321,000	22,000	343,000	-	-
Payable to third party payors	-	99,058	99,058	-	-
Customer deposits	-	49,389	49,389	-	-
Accrued interest payable	225,085	107,770	332,855	-	-
Unearned revenue	77,870	416,617	494,487	-	-
Noncurrent liabilities:					
Due within one year:					
Accrued vacation and sick leave	287,477	80,725	368,202	-	-
Bonds and loans	1,144,000	105,044	1,249,044	-	-
Capital lease	-	32,287	32,287	-	-
Due in more than one year:					
Loans	-	1,708,135	1,708,135	-	-
General obligation bonds	16,267,000	73,000	16,340,000	-	-
Capital lease	-	41,850	41,850	-	-
Net pension liability	5,629,313	8,699,997	14,329,310	3,566,892	-
Unamortized bond premium	2,259,611	-	2,259,611	-	-
Landfill closure costs	-	818,360	818,360	-	-
<b>Total Liabilities</b>	<b>26,783,561</b>	<b>13,767,032</b>	<b>40,550,593</b>	<b>3,669,438</b>	<b>447</b>
<b>Deferred Inflows of Resources</b>					
Property taxes	26,616	-	26,616	-	-
Related to pensions	62,446	97,279	159,725	113,798	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>26,872,623</b>	<b>13,864,311</b>	<b>40,736,934</b>	<b>3,783,236</b>	<b>447</b>
<b>Net Position</b>					
Net investment in capital assets	37,391,728	36,534,476	73,926,204	119,775	-
Restricted:					
Gaming	-	-	-	-	529
E-911	64,396	-	64,396	-	-
Refuse	-	788,830	788,830	-	-
Medical Center	-	13,035	13,035	-	-
School District	-	-	-	233,411	-
Unrestricted (deficit)	7,504,222	(6,066,830)	1,437,392	(1,092,052)	48,200
<b>Total Net Position (Deficit)</b>	<b>44,960,346</b>	<b>31,269,511</b>	<b>76,229,857</b>	<b>(738,866)</b>	<b>48,729</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 71,832,969</b>	<b>\$ 45,133,822</b>	<b>\$ 116,966,791</b>	<b>\$ 3,044,370</b>	<b>\$ 49,176</b>

*See accompanying notes to basic financial statements.*

**City of Cordova, Alaska**  
**Statement of Activities**  
**Year Ended December 31, 2016**

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Fees, Fines and Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Primary Government		Cordova School District	Cordova Volunteer Fire Department	
					Governmental Activities	Business- type Activities			Total
<b>Primary Government</b>									
<b>Governmental:</b>									
General government	\$ 2,155,792	\$ 468,592	\$ 14,358	\$ -	\$ (1,672,842)	\$ -	\$ (1,672,842)		
Public safety	2,186,907	170,867	146,778	95,464	(1,773,798)	-	(1,773,798)		
Information and recreation	1,946,560	120,899	-	-	(1,825,661)	-	(1,825,661)		
Public works	2,586,902	-	-	1,131,388	(1,455,514)	-	(1,455,514)		
Education	2,475,858	-	735,460	-	(1,740,398)	-	(1,740,398)		
Health	200,000	-	-	34,770	(165,230)	-	(165,230)		
Community service	118,017	-	-	-	(118,017)	-	(118,017)		
Interest	655,686	-	861,471	-	205,785	-	205,785		
<b>Total governmental activities</b>	<b>12,325,722</b>	<b>760,358</b>	<b>1,758,067</b>	<b>1,261,622</b>	<b>(8,545,675)</b>	<b>-</b>	<b>(8,545,675)</b>		
<b>Business-type:</b>									
Port	2,419,869	1,776,204	14,592	-	-	(629,073)	(629,073)		
Water	1,053,444	606,682	5,102	2,100,516	-	1,658,856	1,658,856		
Sewer	1,098,649	774,035	5,102	-	-	(319,512)	(319,512)		
Refuse	1,222,121	1,109,608	12,637	-	-	(99,876)	(99,876)		
Medical Center	12,554,864	8,691,680	131,217	-	-	(3,731,967)	(3,731,967)		
Camper Park	57,159	81,747	-	-	-	24,588	24,588		
<b>Total business-type activities</b>	<b>18,406,106</b>	<b>13,039,956</b>	<b>168,650</b>	<b>2,100,516</b>	<b>-</b>	<b>(3,096,984)</b>	<b>(3,096,984)</b>		
<b>Total Primary Government</b>	<b>\$ 30,731,828</b>	<b>\$ 13,800,314</b>	<b>\$ 1,926,717</b>	<b>\$ 3,362,138</b>	<b>(8,545,675)</b>	<b>(3,096,984)</b>	<b>(11,642,659)</b>		
<b>Component Units</b>									
School District	\$ 7,207,484	\$ 69,374	\$ 1,164,973	\$ -			\$ (5,973,137)		
Volunteer Fire Department	\$ 24,630	\$ -	\$ 4,565	\$ -				\$ (20,065)	
<b>General Revenues</b>									
Sales taxes					3,207,765	-	3,207,765	-	-
Property taxes					2,251,542	-	2,251,542	-	-
Payments in lieu of taxes					423,633	-	423,633	-	-
Other taxes					159,339	-	159,339	-	-
Contributions from primary government					-	-	-	1,792,579	20,190
Grants and entitlements not restricted to a specific purpose					1,234,289	-	1,234,289	4,094,001	-
Investment income					419,245	1,737	420,982	145	-
Other					-	77,765	77,765	192,995	-
Transfers					(3,305,866)	3,305,866	-	-	-
<b>Total General Revenues and Transfers</b>					<b>4,389,947</b>	<b>3,385,368</b>	<b>7,775,315</b>	<b>6,079,720</b>	<b>20,190</b>
Change in net position					(4,155,728)	288,384	(3,867,344)	106,583	125
Net Position, beginning of year					49,116,074	30,981,127	80,097,201	(845,449)	48,604
<b>Net Position, ending</b>					<b>\$ 44,960,346</b>	<b>\$ 31,269,511</b>	<b>\$ 76,229,857</b>	<b>\$ (738,866)</b>	<b>\$ 48,729</b>

*See accompanying notes to basic financial statements.*

**City of Cordova, Alaska**  
**Governmental Funds**  
**Balance Sheet**

	Major Funds					Total Govern- mental Funds
	General	General Reserve Special Revenue	Cordova Center Capital Project	Street Improvement Capital Project	Nonmajor Funds	
<i>December 31, 2016</i>						
<b>Assets</b>						
Cash and investments	\$ 1,089,750	\$ 9,606,535	\$ -	\$ 31,046	\$ 609,460	\$ 11,336,791
Receivables:						
Taxes	595,129	-	-	-	-	595,129
Grants and shared revenues	-	-	-	-	35,687	35,687
Assessments	-	1,104	-	-	-	1,104
Other	51,031	-	-	-	14,832	65,863
Prepaid insurance	138,955	-	-	-	-	138,955
Due from other funds	1,181,936	-	-	-	-	1,181,936
<b>Total Assets</b>	<b>\$ 3,056,801</b>	<b>\$ 9,607,639</b>	<b>\$ -</b>	<b>\$ 31,046</b>	<b>\$ 659,979</b>	<b>\$ 13,355,465</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 137,462	\$ -	\$ 204,918	\$ -	\$ 1,338	\$ 343,718
Accrued payroll and related liabilities	228,487	-	-	-	-	228,487
Health claims payable	321,000	-	-	-	-	321,000
Unearned revenue	74,323	-	-	-	3,547	77,870
Due to other funds	-	88,042	1,013,589	-	27,015	1,128,646
<b>Total Liabilities</b>	<b>761,272</b>	<b>88,042</b>	<b>1,218,507</b>	<b>-</b>	<b>31,900</b>	<b>2,099,721</b>
<b>Deferred Inflows of Resources</b>						
Deferred property taxes	41,534	-	-	-	-	41,534
Deferred ambulance revenue	-	-	-	-	10,327	10,327
Deferred special assessments	-	1,104	-	-	-	1,104
<b>Total Deferred Inflows of Resources</b>	<b>41,534</b>	<b>1,104</b>	<b>-</b>	<b>-</b>	<b>10,327</b>	<b>52,965</b>
<b>Fund Balances</b>						
Nonspendable - prepaid insurance	138,955	-	-	-	-	138,955
Restricted - enhanced 911 services	-	-	-	-	64,396	64,396
Committed for education	1,621,136	-	-	-	-	1,621,136
Assigned:						
School construction	-	-	-	-	121,432	121,432
Capital projects and land	-	9,518,493	-	31,046	176,072	9,725,611
Public safety	-	-	-	-	255,852	255,852
Unassigned (deficit)	493,904	-	(1,218,507)	-	-	(724,603)
<b>Total Fund Balances (Deficit)</b>	<b>2,253,995</b>	<b>9,518,493</b>	<b>(1,218,507)</b>	<b>31,046</b>	<b>617,752</b>	<b>11,202,779</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,056,801</b>	<b>\$ 9,607,639</b>	<b>\$ -</b>	<b>\$ 31,046</b>	<b>\$ 659,979</b>	<b>\$ 13,355,465</b>

*See accompanying notes to basic financial statements.*

**City of Cordova, Alaska**  
**Reconciliation of Governmental Funds Balance Sheet**  
**to Statement of Net Position**  
**December 31, 2016**

Total fund balances for governmental funds \$ 11,202,779

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets and related accumulated depreciation are as follows:

Land and land improvements	\$	1,410,419	
Artwork		112,924	
Construction in progress		914,505	
Buildings		62,983,993	
Infrastructure		3,709,621	
Machinery and equipment		7,648,247	
Accumulated depreciation		<u>(19,717,370)</u>	
<b>Total capital assets</b>			<b>57,062,339</b>

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

These assets consist of:

Delinquent property taxes receivable		14,918	
Deferred assessments receivable		1,104	
Deferred ambulance revenue		<u>10,327</u>	
<b>Total other long-term assets</b>			<b>26,349</b>

Certain items reported as immediate expenditures in the funds, are amortized over time on the Statement of Net Position. This is the deferred loss on bond refunding.

1,397,459

Long-term liabilities are not due and payable in the current period and therefore are not reported as fund liabilities.

These liabilities consist of:

General obligation bonds payable		(17,411,000)	
Unamortized bond premium		(2,259,611)	
Accrued interest on bonds		(225,085)	
Accrued leave		(287,477)	
Net pension liability		<u>(5,629,313)</u>	
<b>Total long-term liabilities</b>			<b>(25,812,486)</b>

Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.

Deferred outflows of resources related to pensions		1,146,352	
Deferred inflows of resources related to pensions		<u>(62,446)</u>	
<b>Total deferred pension items</b>			<b>1,083,906</b>

**Total Net Position of Governmental Activities**

**\$ 44,960,346**

*See accompanying notes to basic financial statements.*

## City of Cordova, Alaska

**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

Year Ended December 31, 2016	Major Funds					Total Govern- mental Funds
	General	General Reserve Special Revenue	Cordova Center Capital Project	Street Improvement Capital Project	Nonmajor Funds	
<b>Revenues</b>						
Taxes	\$ 6,042,276	\$ -	\$ -	\$ -	\$ -	\$ 6,042,276
Licenses and permits	30,821	-	-	-	-	30,821
Federal government	742,210	-	-	-	95,464	837,674
State of Alaska	2,327,810	-	1,534	-	46,553	2,375,897
Investment income	88,041	331,204	-	-	-	419,245
Land sales	-	34,089	-	-	-	34,089
Charges for services	970,916	-	-	-	-	970,916
Other revenues	226,273	333	975,000	-	84,678	1,286,284
<b>Total Revenues</b>	<b>10,428,347</b>	<b>365,626</b>	<b>976,534</b>	<b>-</b>	<b>226,695</b>	<b>11,997,202</b>
<b>Expenditures</b>						
Current:						
General government	1,769,375	-	4,895	-	-	1,774,270
Public safety	1,632,423	-	-	-	90,609	1,723,032
Information and recreation	1,541,210	-	-	-	17,691	1,558,901
Public works	1,956,622	-	-	-	12,152	1,968,774
Education	1,850,494	-	-	-	32,029	1,882,523
Health	200,000	-	-	-	-	200,000
Community service	118,017	-	-	-	-	118,017
Debt service:						
Principal	1,112,000	-	-	-	-	1,112,000
Interest	852,612	-	23,164	-	-	875,776
Capital outlay	-	-	927,895	1,753,616	154,066	2,835,577
<b>Total Expenditures</b>	<b>11,032,753</b>	<b>-</b>	<b>955,954</b>	<b>1,753,616</b>	<b>306,547</b>	<b>14,048,870</b>
Excess of revenues over (under) expenditures	(604,406)	365,626	20,580	(1,753,616)	(79,852)	(2,051,668)
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	38,984	1,300,000	-	97,750	1,436,734
Transfers out	(3,442,600)	(1,300,000)	-	-	-	(4,742,600)
<b>Net Other Financing Sources (Uses)</b>	<b>(3,442,600)</b>	<b>(1,261,016)</b>	<b>1,300,000</b>	<b>-</b>	<b>97,750</b>	<b>(3,305,866)</b>
Net change in fund balances	(4,047,006)	(895,390)	1,320,580	(1,753,616)	17,898	(5,357,534)
<b>Fund Balances (Deficit), beginning</b>	<b>6,301,001</b>	<b>10,413,883</b>	<b>(2,539,087)</b>	<b>1,784,662</b>	<b>599,854</b>	<b>16,560,313</b>
<b>Fund Balances (Deficit), ending</b>	<b>\$ 2,253,995</b>	<b>\$ 9,518,493</b>	<b>\$ (1,218,507)</b>	<b>\$ 31,046</b>	<b>\$ 617,752</b>	<b>\$ 11,202,779</b>

See accompanying notes to basic financial statements.



**City of Cordova, Alaska**  
**Reconciliation of Change in Fund Balances of Governmental Funds**  
**to Statement of Activities**  
**Year Ended December 31, 2016**

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Net change in fund balances - total governmental funds \$ (5,357,534)

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, depreciation expense is recognized to allocate the cost of these items over their estimated useful lives. This is the amount by which capital outlays (\$2,910,272) exceeds depreciation (\$1,708,563). 1,201,709

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of decrease in deferred taxes, assessments, and ambulance revenue. (6,924)

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal payments on long-term debt	1,112,000	
Net decrease in deferred loss on bond refunding	(107,496)	
Net decrease in unamortized bond premium	299,302	
	299,302	1,303,806

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. This amount represents the net decrease (increase) in the following:

Accrued interest payable	28,284	
Accrued leave	(6,500)	
Net pension obligation and related accounts	(1,318,569)	
	(1,318,569)	(1,296,785)

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**Change in Net Position of Governmental Activities \$ (4,155,728)**

*See accompanying notes to basic financial statements.*

**City of Cordova, Alaska**  
**Enterprise Funds**  
**Statement of Net Position**

December 31, 2016	Major Funds					Nonmajor Fund	Total Enterprise Funds
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	
<b>Assets and Deferred Outflows of Resources</b>							
<b>Current Assets</b>							
Cash and investments	\$ 1,392,888	\$ -	\$ 670,016	\$ 32,149	\$ 96,239	\$ 113,540	\$ 2,304,832
Receivables:							
Accounts	393,224	29,342	68,566	77,658	1,768,150	-	2,336,940
Grants	-	264,384	-	-	-	-	264,384
Due from third party payors	-	-	-	-	16,081	-	16,081
Other	-	-	-	-	83,392	-	83,392
Allowance for doubtful accounts	(144,278)	(1,095)	(431)	(1,560)	(771,058)	-	(918,422)
Inventory	-	-	-	-	138,786	-	138,786
Prepaid expenses	29,002	15,524	15,524	17,249	8,883	-	86,182
Deposits	-	-	6,500	-	-	-	6,500
<b>Total Current Assets</b>	<b>1,670,836</b>	<b>308,155</b>	<b>760,175</b>	<b>125,496</b>	<b>1,340,473</b>	<b>113,540</b>	<b>4,318,675</b>
Restricted Assets - landfill closure cash	-	-	-	788,830	-	-	788,830
Property, Plant and Equipment	26,409,796	20,469,325	18,533,179	5,207,823	13,905,816	90,080	84,616,019
Less accumulated depreciation	(13,664,958)	(9,018,145)	(10,324,846)	(2,904,561)	(10,151,419)	(57,298)	(46,121,227)
<b>Net Property, Plant and Equipment</b>	<b>12,744,838</b>	<b>11,451,180</b>	<b>8,208,333</b>	<b>2,303,262</b>	<b>3,754,397</b>	<b>32,782</b>	<b>38,494,792</b>
<b>Total Assets</b>	<b>14,415,674</b>	<b>11,759,335</b>	<b>8,968,508</b>	<b>3,217,588</b>	<b>5,094,870</b>	<b>146,322</b>	<b>43,602,297</b>
Deferred Outflows of Resources - related to pensions	141,406	53,314	53,314	117,993	1,218,788	-	1,584,815
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 14,557,080</b>	<b>\$ 11,812,649</b>	<b>\$ 9,021,822</b>	<b>\$ 3,335,581</b>	<b>\$ 6,313,658</b>	<b>\$ 146,322</b>	<b>\$ 45,187,112</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 11,166	\$ 381,759	\$ 17,593	\$ 7,881	\$ 556,816	\$ 5,610	\$ 980,825
Accrued payroll and related liabilities	12,710	5,128	5,128	9,581	498,914	514	531,975
Health claims payable	-	-	-	-	22,000	-	22,000
Accrued vacation and sick leave	32,993	12,977	12,977	21,778	-	-	80,725
Payable to third party payors	-	-	-	-	99,058	-	99,058
Customer deposits	-	49,389	-	-	-	-	49,389
Accrued interest payable	-	15,982	90,363	1,425	-	-	107,770
Due to other funds	-	53,290	-	-	-	-	53,290
Unearned revenue	416,617	-	-	-	-	-	416,617
Current portion of bonds and loans payable	-	69,044	-	36,000	-	-	105,044
Current portion of capital lease payable	-	-	-	-	32,287	-	32,287
<b>Total Current Liabilities</b>	<b>473,486</b>	<b>587,569</b>	<b>126,061</b>	<b>76,665</b>	<b>1,209,075</b>	<b>6,124</b>	<b>2,478,980</b>
<b>Noncurrent Liabilities, net of current portion</b>							
General obligation bonds	-	-	-	73,000	-	-	73,000
Loans payable to ADEC	-	608,904	1,099,231	-	-	-	1,708,135
Capital lease payable	-	-	-	-	41,850	-	41,850
Net pension liability	692,832	259,730	259,730	579,841	6,907,864	-	8,699,997
Landfill closure costs	-	-	-	818,360	-	-	818,360
<b>Total Noncurrent Liabilities</b>	<b>692,832</b>	<b>868,634</b>	<b>1,358,961</b>	<b>1,471,201</b>	<b>6,949,714</b>	<b>-</b>	<b>11,341,342</b>
<b>Total Liabilities</b>	<b>1,166,318</b>	<b>1,456,203</b>	<b>1,485,022</b>	<b>1,547,866</b>	<b>8,158,789</b>	<b>6,124</b>	<b>13,820,322</b>
Deferred Inflow of Resources - related to pensions	7,803	3,038	3,038	6,400	77,000	-	97,279
<b>Net Position</b>							
Net investment in capital assets	12,744,838	10,773,232	7,109,102	2,194,262	3,680,260	32,782	36,534,476
Restricted	-	-	-	788,830	13,035	-	801,865
Unrestricted (deficit)	638,121	(419,824)	424,660	(1,201,777)	(5,615,426)	107,416	(6,066,830)
<b>Total Net Position</b>	<b>13,382,959</b>	<b>10,353,408</b>	<b>7,533,762</b>	<b>1,781,315</b>	<b>(1,922,131)</b>	<b>140,198</b>	<b>31,269,511</b>
<b>Total Liabilities, Deferred Inflow of Resources, and Net Position</b>	<b>\$ 14,557,080</b>	<b>\$ 11,812,649</b>	<b>\$ 9,021,822</b>	<b>\$ 3,335,581</b>	<b>\$ 6,313,658</b>	<b>\$ 146,322</b>	<b>\$ 45,187,112</b>

*See accompanying notes to basic financial statements.*

**City of Cordova, Alaska**  
**Enterprise Funds**  
**Statement of Revenues, Expenses and Changes in Net Position**

Year Ended December 31, 2016	Major Funds					Nonmajor	Total
	Port	Water	Sewer	Refuse	Medical Center	Fund Odiak Park	
<b>Operating Revenues</b>							
Charges for services	\$ 1,776,204	\$ 606,682	\$ 774,035	\$ 1,109,608	\$ 8,691,680	\$ 81,747	\$ 13,039,956
<b>Operating Expenses</b>							
Salaries and benefits	686,392	283,533	281,386	636,211	7,106,759	24,633	9,018,914
Other operating expenses	964,864	321,594	359,633	423,529	4,891,927	30,488	6,992,035
Depreciation	768,613	436,235	413,490	130,696	550,521	2,038	2,301,593
<b>Total Operating Expenses</b>	2,419,869	1,041,362	1,054,509	1,190,436	12,549,207	57,159	18,312,542
Income (loss) from operations	(643,665)	(434,680)	(280,474)	(80,828)	(3,857,527)	24,588	(5,272,586)
<b>Nonoperating Revenues (Expenses)</b>							
Investment income	1,141	-	-	579	17	-	1,737
Interest expense	-	(227)	(16,488)	(4,100)	(5,657)	-	(26,472)
In-kind contributions	-	(11,855)	(27,652)	(27,585)	-	-	(67,092)
State of Alaska PERS relief	14,592	5,102	5,102	12,637	131,217	-	168,650
Gain on debt forgiveness	-	-	-	-	77,765	-	77,765
<b>Net Nonoperating Revenues (Expenses)</b>	15,733	(6,980)	(39,038)	(18,469)	203,342	-	154,588
Income (loss) before contributions and transfers	(627,932)	(441,660)	(319,512)	(99,297)	(3,654,185)	24,588	(5,117,998)
Capital contributions	-	2,100,516	-	-	-	-	2,100,516
Transfers in	-	15,000	-	-	3,344,850	-	3,359,850
Transfers out	(35,328)	(1,164)	(11,164)	(2,328)	-	(4,000)	(53,984)
Change in net position	(663,260)	1,672,692	(330,676)	(101,625)	(309,335)	20,588	288,384
Net Position, beginning of year (restated)	14,046,219	8,680,716	7,864,438	1,882,940	(1,612,796)	119,610	30,981,127
<b>Net Position, ending</b>	\$ 13,382,959	\$ 10,353,408	\$ 7,533,762	\$ 1,781,315	\$ (1,922,131)	\$ 140,198	\$ 31,269,511

See accompanying notes to basic financial statements.

**City of Cordova, Alaska**  
**Enterprise Funds**  
**Statement of Cash Flows**

Year Ended December 31, 2016	Major Funds					Nonmajor	Total Enterprise Funds
	Port	Water	Sewer	Refuse	Medical Center	Fund Odiak Park	
<b>Cash Flows from (for) Operating Activities</b>							
Receipts from customers and users	\$ 1,702,148	\$ 595,264	\$ 749,907	\$ 1,083,490	\$ 7,465,895	\$ 81,747	\$ 11,678,451
Receipts from grants and other sources	-	-	-	-	1,356,411	-	1,356,411
Payments for interfund services used	(141,394)	(110,291)	(109,775)	(130,585)	-	-	(492,045)
Payments to suppliers	(829,979)	(183,465)	(252,538)	(213,723)	(4,137,360)	(24,998)	(5,642,063)
Payments to employees	(518,270)	(216,104)	(213,957)	(481,123)	(5,443,898)	(24,499)	(6,897,851)
<b>Net cash flows from (for) operating activities</b>	<b>212,505</b>	<b>85,404</b>	<b>173,637</b>	<b>258,059</b>	<b>(758,952)</b>	<b>32,250</b>	<b>2,903</b>
<b>Cash Flows from (for) Noncapital Financing Activities</b>							
Transfers in	-	15,000	-	-	-	-	15,000
Transfers out	(35,328)	(1,164)	(11,164)	(2,328)	-	(4,000)	(53,984)
Proceeds from interfund advance	-	-	-	-	910,667	-	910,667
<b>Net cash flows from (for) noncapital financing activities</b>	<b>(35,328)</b>	<b>13,836</b>	<b>(11,164)</b>	<b>(2,328)</b>	<b>910,667</b>	<b>(4,000)</b>	<b>871,683</b>
<b>Cash Flows from (for) Capital and Related Financing Activities</b>							
Additions to property, plant and equipment	-	(2,845,773)	(5,414)	(100,774)	(27,039)	-	(2,979,000)
Capital contributions received	-	2,407,551	-	-	-	-	2,407,551
Increase (decrease) in due to other funds	-	53,290	-	(34,458)	-	-	18,832
Principal and interest paid on long-term debt	-	(74,223)	-	(38,350)	(30,220)	-	(142,793)
Proceeds from ADEC loan	-	172,813	20,101	-	-	-	192,914
<b>Net cash flows from (for) capital and related financing activities</b>	<b>-</b>	<b>(286,342)</b>	<b>14,687</b>	<b>(173,582)</b>	<b>(57,259)</b>	<b>-</b>	<b>(502,496)</b>
<b>Cash Flows from Investing Activities</b>							
Investment income received	1,141	-	-	579	17	-	1,737
<b>Net increase (decrease) in cash and investments</b>	<b>178,318</b>	<b>(187,102)</b>	<b>177,160</b>	<b>82,728</b>	<b>94,473</b>	<b>28,250</b>	<b>373,827</b>
<b>Cash and Investments, beginning</b>	<b>1,214,570</b>	<b>187,102</b>	<b>492,856</b>	<b>738,251</b>	<b>1,766</b>	<b>85,290</b>	<b>2,719,835</b>
<b>Cash and Investments, ending</b>	<b>\$ 1,392,888</b>	<b>\$ -</b>	<b>\$ 670,016</b>	<b>\$ 820,979</b>	<b>\$ 96,239</b>	<b>\$ 113,540</b>	<b>\$ 3,093,662</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>							
Cash and investments	\$ 1,392,888	\$ -	\$ 670,016	\$ 32,149	\$ 96,239	\$ 113,540	\$ 2,304,832
Restricted assets	-	-	-	788,830	-	-	788,830
<b>Total Cash and Investments</b>	<b>\$ 1,392,888</b>	<b>\$ -</b>	<b>\$ 670,016</b>	<b>\$ 820,979</b>	<b>\$ 96,239</b>	<b>\$ 113,540</b>	<b>\$ 3,093,662</b>

See accompanying notes to basic financial statements.

**City of Cordova, Alaska**  
**Enterprise Funds**  
**Statement of Cash Flows, continued**

Year Ended December 31, 2016	Major Funds					Nonmajor Fund	Total Enterprise Funds
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	
<b>Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities</b>							
Income (loss) from operations	\$ (643,665)	\$ (434,680)	\$ (280,474)	\$ (80,828)	\$ (3,857,527)	\$ 24,588	\$ (5,272,586)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:							
Depreciation	768,613	436,235	413,490	130,696	550,521	2,038	2,301,593
Noncash expense - PERS relief	14,592	5,102	5,102	12,637	131,217	-	168,650
Noncash expense - utility costs	-	-	-	-	28,135	-	28,135
Gain on debt forgiveness	-	-	-	-	77,764	-	77,764
Increase (decrease) in allowance for doubtful accounts	32,919	(2,943)	(14,555)	(2,042)	387,759	-	401,138
In-kind contributions	-	(11,855)	(27,652)	(27,585)	-	-	(67,092)
(Increase) decrease in assets and deferred outflows of resources							
Accounts receivable	(78,077)	1,179	18,079	3,509	475,122	-	419,812
Inventory	-	-	-	-	(3,412)	-	(3,412)
Prepaid expenses	(8,088)	3,299	3,299	3,665	13,759	-	15,934
Deferred outflows -related to pensions	(29,834)	(10,430)	(10,430)	(25,837)	(288,809)	-	(365,340)
Increase (decrease) in liabilities and deferred inflows of resources							
Accounts payable	1,579	24,539	(5,979)	2,255	(324,209)	5,490	(296,325)
Accrued payroll and related liabilities	3,683	1,839	1,839	2,364	48,694	134	58,553
Accrued vacation and sick leave	(8,269)	5,208	5,208	3,151	-	-	5,298
Health claims payable	-	-	-	-	22,000	-	22,000
Unearned revenue	(28,898)	-	-	-	-	-	(28,898)
Customer deposits	-	2,201	-	-	-	-	2,201
Landfill closure costs payable	-	-	-	73,301	-	-	73,301
Payable to third party payors	-	-	-	-	99,058	-	99,058
Net pension liability	189,066	66,100	66,100	163,739	1,892,764	-	2,377,769
Deferred inflows related to pensions	(1,116)	(390)	(390)	(966)	(11,788)	-	(14,650)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 212,505</b>	<b>\$ 85,404</b>	<b>\$ 173,637</b>	<b>\$ 258,059</b>	<b>\$ (758,952)</b>	<b>\$ 32,250</b>	<b>\$ 2,903</b>
<b>Noncash Capital and Related Financing Activities</b>							
Capital assets acquired on account	\$ -	\$ 338,198	\$ -	\$ -	\$ -	\$ -	\$ 338,198

*See accompanying notes to basic financial statements.*

# City of Cordova, Alaska

## Notes to Basic Financial Statements Year Ended December 31, 2016

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

The City of Cordova (the City) was incorporated in 1909 as a home rule municipality under the laws of the State of Alaska. The City operates under a council-manager form of government and performs municipal duties allowed by Alaska statutes and as directed by its residents.

These financial statements present the City of Cordova (the primary government) and its component units, the Cordova City School District, Cordova Community Medical Center (Medical Center), and Cordova Volunteer Fire Department. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, the blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

#### Blended component unit - Cordova Community Medical Center

Cordova Community Medical Center provides health care, including long-term care, in the Cordova area. The City Council through local ordinance has assumed all governance responsibility for the medical center. In addition, the City bears significant financial burden and risk of loss associated with the medical center operations. A Health Services Advisory Board is appointed by the City Council and operations management has been contracted with Providence Health Systems.

#### Discretely presented component unit - Cordova City School District

Cordova City School District is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School District is fiscally dependent upon the City because the City Council approves the total annual budget of the School District, levies the necessary taxes, and provides significant operating subsidies to the School District.

#### Discretely presented component unit - Cordova Volunteer Fire Department

The Cordova Volunteer Fire Department assists the City's fire department with fire prevention, training, and fighting fires in the Cordova area.

In accordance with Alaska statutes, the Cordova City School District maintains a June 30 fiscal year end. Cordova Community Medical Center previously operated on a June 30 fiscal year end and changed its fiscal year end to December 31, beginning with December 31, 2013. The City has established a December 31 year end. For this report, the June 30, 2016 year-end financial statements of the School District have been included with the City of Cordova.

Complete financial statements of individual component units can be obtained from their respective administrative offices at the addresses below:

Cordova City School District  
P.O. Box 140  
Cordova, AK 99574

Cordova Community Medical  
Center  
P.O. Box 160  
Cordova, AK 99574

Cordova Volunteer Fire  
Department  
P.O. Box 1210  
Cordova, AK 99574

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. In general, the effect of interfund activity has been removed from these statements to minimize the double-counting of internal activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges to external parties.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days after year end. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only to the extent they have matured.

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# City of Cordova, Alaska

## Notes to Basic Financial Statements

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Property and sales taxes, charges for services, leases, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when received by the government. The City reports the following major funds:

### Major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The *General Reserve Special Revenue Fund* accounts for financial activities related to land purchases and sales, and serves as the City's emergency reserves fund.

The *Cordova Center Capital Project Fund* accounts for costs associated with design and construction of the new Cordova Center building.

The *Street Improvement Project Capital Project Fund* accounts for costs associated with the design and construction of streets.

### Major proprietary funds:

The *Port Enterprise Fund* is used to account for the operations of the port and harbor.

The *Water Enterprise Fund* is used to account for the operations of the City water system.

The *Sewer Enterprise Fund* is used to account for the operations of the City sewer system.

The *Refuse Enterprise Fund* is used to account for the Refuse Utility and the solid waste landfill.

The *Cordova Community Medical Center Enterprise Fund* is used to account for the Medical Center which provides health care and long-term care services in Cordova.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are allocated administration fees and charges between the enterprise funds and the various other funds and departments. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. In addition, general revenues include all taxes, investment income, and federal and State of Alaska entitlement revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprise Funds include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### ***Budgets***

An operating budget is adopted each year for the General Fund and General Reserve Special Revenue Fund on the same modified accrual basis used to reflect actual revenues and expenditures in the fund financial statements. Appropriations lapse at year end to the extent that they have not been expended or encumbered. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts between line items within any department; however, any supplemental appropriations that amend the total expenditures of any department or fund require Council approval. Budgets are not adopted for the other governmental funds.

### ***Central Treasury***

A central treasury is used to account for cash from most funds of the City to maximize interest income. Investments are stated at fair value. Investment earnings are allocated to most funds based on their respective cash balances. The School District, Medical Center and Volunteer Fire Department maintain separate cash accounts from the City.

### ***Cash and Cash Equivalents***

For purposes of the statements of cash flows, the Enterprise Funds consider all cash accounts to be cash and cash equivalents. The central treasury, which holds cash and investments, is used essentially as a cash management pool by each fund.

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when purchased and charged to operations when used in both government-wide and fund financial statements.

### ***Inventory***

Inventories are valued at the lower of cost or market in the proprietary funds. Cost is determined by the first-in, first-out method. The cost is recorded as an expense at the time individual inventory items are consumed.

### ***Receivables and Payables***

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

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### ***Property taxes***

Property taxes are a lien on the assessed value of taxable property as of January 1. Pursuant to Alaska Statute, Title 29.45.240, the City establishes the mill rate levy by June 15. Tax bills are mailed prior to July 1 and may be paid in two equal installments. The first installment is due by August 31 and the second installment is due by October 31. City property tax revenues in the fund financial statements are recognized in the fiscal year in which they are collectible and available to finance expenditures of the fiscal period.

Any real or personal property taxes still due the City at December 31 are delinquent. Any amount not collected within 60 days following year end are considered unavailable and are reflected as deferred inflows in the General Fund.

### ***Grants and Other Intergovernmental Revenues***

In applying the measurable and available concepts to grants and intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts are considered “earned”; therefore, revenues are recognized based upon expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the measurable and available criteria are met.

### ***Interfund Transactions***

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers.

### ***Compensated Absences***

The City allows employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured (e.g. the employee has terminated employment).

### ***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets (e.g. roads, sidewalks, etc.) have been capitalized on a prospective basis beginning January 1, 2004. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized.

Property, plant, and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

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Buildings and improvements	50-60 years
Infrastructure	50 years
Improvements	20-50 years
Machinery and equipment	3-20 years

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### ***Unearned Grant Revenue***

Amounts received from grantor agencies, which are restricted as to use and have not been expended for the intended uses are shown as unearned revenue.

### ***Long-term Debt***

In the government-wide and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

### ***Fund Balances***

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

*Nonspendable fund balance.* This classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the City Council—the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

## City of Cordova, Alaska

### Notes to Basic Financial Statements

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*Assigned fund balance.* This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council or their designee has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources—committed, assigned, and unassigned—in order as needed.

#### ***Pension Plan***

Substantially all employees of the City participate in the Public Employees' Retirement System (PERS) administered by the State of Alaska. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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## City of Cordova, Alaska

### Notes to Basic Financial Statements

#### 2. Cash and Investments

The City of Cordova utilizes a central treasury that is available for use by all funds. Each fund's portion of the central treasury is displayed on the balance sheet as "cash and investments" or in the case of "negative cash," is included in "due to other funds."

##### *Reconciliation of Deposit and Investment Balances*

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2016.

	Pooled Cash and Investments	Cordova Community Medical Center	Totals
Bank deposits	\$ 2,465,470	\$ 96,239	\$ 2,561,709
Investments	11,868,744	-	11,868,744
<b>Total Cash and Investments</b>	<b>\$ 14,334,214</b>	<b>\$ 96,239</b>	<b>\$ 14,430,453</b>

	Pooled Cash and Investments	Cordova Community Medical Center	Government- wide Statement of Net Position
Cash and investments	\$ 13,545,384	\$ 96,239	\$ 13,641,623
Restricted cash and investments	788,830	-	788,830
<b>Total Cash and Investments</b>	<b>\$ 14,334,214</b>	<b>\$ 96,239</b>	<b>\$ 14,430,453</b>

##### *Restricted Cash and Investments*

The City maintains restricted cash for future landfill closure costs as required by Alaska Department of Environmental Conservation. The restricted cash balance, is comprised of a certificate of deposit at December 31, 2016 totaling \$483,823, with the remaining restricted funds in the amount of \$305,007 being held in the central treasury. Total restricted cash is \$788,830 at December 31, 2016.

##### *Investment Policy*

The investment policy authorizes the City to invest in U.S. Treasury obligations, U.S. government agency securities and instrumentalities of government-sponsored corporations, State of Alaska obligations, certificates of deposit with commercial banks, repurchase agreements, and investments through the Alaska Municipal League Investment Pool. Investments are carried at fair value.

**City of Cordova, Alaska**  
**Notes to Basic Financial Statements**

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In 2010, the City passed an ordinance authorizing investments in different securities than those listed above in the following ratio:

Fixed income securities	50%
Equity securities	40%
Alternative securities	10%

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*Interest Rate Risk*

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City minimizes its exposure to interest rate risk by limiting the investment horizon to either seven or ten years depending on the investment objective.

The City's investment balances as of December 31, 2016, are as follows:

Investments by Type	Fair Value	Investment Maturities (in Years)		
		Less than 1 year	1 to 5 years	Over 5 years
Investments subject to interest rate risk - certificates of deposit	\$ 738,723	\$ 483,823	\$ 254,900	\$ -
Investments not subject to interest rate risk:				
Cash and money market funds	1,419,450			
Mutual funds	9,710,571			
<b>Total Investments</b>	<b>\$ 11,868,744</b>			

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to limit its investments to the following ratings: investment grade corporate securities and Yankee Bonds must be rated BBB-/Baa3 or better by Standard & Poor's, Moody's Investors Services ("Moody's"), Fitch, or another nationally recognized statistical ratings organization ("NSRO"). State and local government obligations must have an underlying rating of at least A-/A3. Securitized Assets must be rated AAA/Aaa by Standard & Poor's, Moody's, Fitch, or NSRO. Money Market Funds shall contain securities having a rating of at least A-1/P-1. For the General Reserve Special Revenue Fund, securities in a suitably diversified bond mutual fund need not meet these rating requirements.

**City of Cordova, Alaska**  
**Notes to Basic Financial Statements**

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The City's exposure to credit risk as of December 31, 2016, is as follows:

Investment Rating	Fair Value
AAA	\$ 435,762
AA	133,166
A	436,020
BBB	976,800
BB	1,319,845
B	446,257
Not Rated:	
Cash and money market funds	1,419,450
Mutual funds	5,962,721
Certificates of deposit	738,723
<b>Total Investments</b>	<b>\$ 11,868,744</b>

*Custodial Credit Risk - Deposits*

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy is that deposit-type securities shall be collateralized for any amount exceeding FDIC or any other federal deposit insurance limits.

*Custodial Credit Risk - Investments*

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. As of December 31, 2016, none of the City's investments were subject to custodial credit risk.

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**City of Cordova, Alaska**  
**Notes to Basic Financial Statements**

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**3. Capital Assets**

Capital asset activity for the year ended December 31, 2016 was as follows:

<b>Governmental Activities</b>	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,410,419	\$ -	-	\$ 1,410,419
Artwork	64,724	48,200	-	112,924
Construction in progress	1,429,089	1,865,625	(2,380,209)	914,505
<b>Total capital assets not being depreciated</b>	<b>2,904,232</b>	<b>1,913,825</b>	<b>(2,380,209)</b>	<b>2,437,848</b>
<i>Capital assets being depreciated:</i>				
Buildings	62,268,307	715,686	-	62,983,993
Infrastructure	1,379,109	2,330,512	-	3,709,621
Machinery and equipment	7,317,789	330,458	-	7,648,247
<b>Total assets being depreciated</b>	<b>70,965,205</b>	<b>3,376,656</b>	<b>-</b>	<b>74,341,861</b>
<i>Less accumulated depreciation for:</i>				
Buildings	13,656,492	1,194,006	-	14,850,498
Infrastructure	196,753	160,349	-	357,102
Machinery and equipment	4,155,562	354,208	-	4,509,770
<b>Total accumulated depreciation</b>	<b>18,008,807</b>	<b>1,708,563</b>	<b>-</b>	<b>19,717,370</b>
<b>Total capital assets being depreciated, net</b>	<b>52,956,398</b>	<b>1,668,093</b>	<b>-</b>	<b>54,624,491</b>
<b>Governmental Activity Capital Assets, net</b>	<b>\$ 55,860,630</b>	<b>\$ 3,581,918</b>	<b>\$ (2,380,209)</b>	<b>\$ 57,062,339</b>

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## City of Cordova, Alaska

### Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 5,688,343	\$ -	-	\$ 5,688,343
Construction in progress	1,872,775	2,547,386	-	4,420,161
<b>Total capital assets not being depreciated</b>	<b>7,561,118</b>	<b>2,547,386</b>	<b>-</b>	<b>10,108,504</b>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	11,447,485	100,774	-	11,548,259
Improvements other than buildings	52,322,580	-	-	52,322,580
Machinery and equipment	9,935,108	238,812	-	10,173,920
Landfill	462,756	-	-	462,756
<b>Total assets being depreciated</b>	<b>74,167,929</b>	<b>339,586</b>	<b>-</b>	<b>74,507,515</b>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	8,794,808	215,951	-	9,010,759
Improvements other than buildings	29,331,234	1,452,638	-	30,783,872
Machinery and equipment	5,346,440	609,866	-	5,956,306
Landfill	347,152	23,138	-	370,290
<b>Total accumulated depreciation</b>	<b>43,819,634</b>	<b>2,301,593</b>	<b>-</b>	<b>46,121,227</b>
<b>Total capital assets being depreciated, net</b>	<b>30,348,295</b>	<b>(1,962,007)</b>	<b>-</b>	<b>28,386,288</b>
<b>Business-type Activity Capital Assets, net</b>	<b>\$ 37,909,413</b>	<b>\$ 585,379</b>	<b>\$ -</b>	<b>\$ 38,494,792</b>

Depreciation expense was charged to the functions as follows for the year ended December 31, 2016:

#### **Governmental Activities**

General government	\$ 610,505
Public safety	102,262
Information and recreation	148,623
Public works	237,253
Education	609,920
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 1,708,563</b>

**City of Cordova, Alaska**  
**Notes to Basic Financial Statements**

**Business-type Activities**

Port	\$	768,613
Water		436,235
Sewer		413,490
Refuse		130,696
Medical Center		550,521
Camper Park		2,038
<b>Total Depreciation Expense - Business-type Activities</b>		<b>\$ 2,301,593</b>

**4. Short-term Debt**

The following is a summary of short-term debt transactions of the City for the year ended December 31, 2016:

Governmental Activities	Balance January 1, 2016	Additions	Retired	Balance December 31, 2016	Due Within One Year
\$2,793,919 line of credit, payable to bank, becomes due on December 31, 2016. Interest at LIBOR plus 2.75%	\$ 746,733	\$ -	\$ 746,733	\$ -	-

**5. Long-term Debt**

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2016:

Governmental Activities	Balance January 1, 2016	Additions	Retired	Balance December 31, 2016	Due Within One Year
<b>General Obligation Bonds:</b>					
\$16,615,000 2009 school bonds, partially refunded in 2015, due in annual installments of \$700,000 to \$765,000 through February 1, 2019; plus interest at 4.00% to 6.00% payable semiannually	\$ 2,870,000	\$ -	\$ 675,000	\$ 2,195,000	\$ 700,000
\$210,000 2010 Series B bonds, due in annual installments of \$40,000 to \$45,000 through August 1, 2020; plus interest at 3.75% to 4.76% payable semiannually	210,000	-	40,000	170,000	40,000

## City of Cordova, Alaska

### Notes to Basic Financial Statements

Governmental Activities, continued	Balance January 1, 2016	Additions	Retired	Balance December 31, 2016	Due Within One Year
\$445,000 2011 Series Three school bonds, due in annual installments of \$45,000 to \$55,000 through 2021; plus interest at 4.00% to 5.00% payable semiannually	\$ 290,000	-	\$ 45,000	\$ 245,000	\$ 45,000
\$1,805,000 2015 Series One A Road bonds, due in annual installments of \$60,000 to \$130,000 through 2034; plus interest at 2.0% to 5.0% payable semiannually	1,750,000	-	60,000	1,690,000	60,000
\$700,000 2015 Series One road refunding bonds, due in annual installments of \$139,000 to \$155,000 through 2019; plus interest at 2.0% to 5.0% payable semiannually	568,000	-	132,000	436,000	139,000
\$10,065,000 2015 Series One C school refunding bonds, due in annual installments of \$70,000 to \$1,295,000 through 2028; plus interest at 2.0% to 5.0% payable semiannually	10,045,000	-	70,000	9,975,000	70,000
\$2,790,000 2015 Series One D bonds (Cordova Center), due in annual installments of \$90,000 to \$205,000 through 2035; plus interest at 2.0% to 5.0% payable semiannually	2,790,000	-	90,000	2,700,000	90,000
Accrued vacation and sick leave	280,977	178,322	171,822	287,477	287,477
Net pension liability	4,052,649	1,576,664	-	5,629,313	-
<b>Total Governmental Activities</b>	<b>\$ 22,856,626</b>	<b>\$ 1,754,986</b>	<b>\$ 1,283,822</b>	<b>\$ 23,327,790</b>	<b>\$ 1,431,477</b>

## City of Cordova, Alaska

### Notes to Basic Financial Statements

<b>Business-type Activities</b>	Balance January 1, 2016	Additions	Retired	Balance December 31, 2016	Due Within One Year
<b>General Obligation Bonds:</b>					
\$175,000 2015 Series One B landfill refunding bonds, due in annual installments of \$36,000 to \$38,000 through 2019; plus interest at 2.0% to 5.0% payable semiannually	\$ 142,000	\$ -	\$ 33,000	\$ 109,000	\$ 36,000
<b>Alaska Department of Environmental Conservation Loans:</b>					
\$1,380,884 Drinking Water loan, due in annual installments of \$69,044 through February 1, 2020; plus interest at 1.50%	345,224	-	69,044	276,180	69,044
\$1,081,500 (maximum) Drinking Water loan, terms not yet established; interest at 1.5%	228,955	172,813	-	401,768	-
\$1,100,000 (maximum) Clean Water loan, terms not yet established; interest at 1.50%	1,093,705	5,526	-	1,099,231	-
Loan payable to financial institution, payable in monthly installments of \$712 until maturity in 2017; interest at 10%	10,517	-	10,517	-	-
Capital lease obligation due in monthly installments of \$3,174 through 2019; including interest at 9.75%	98,700	-	24,563	74,137	32,287
Accrued vacation and sick leave	75,425	62,439	57,139	80,725	80,725
Landfill closure costs payable	747,133	71,227	-	818,360	-
Net pension liability	6,322,228	2,377,769	-	8,699,997	-
<b>Total Business-type Activities</b>	<b>\$ 9,063,887</b>	<b>\$ 2,689,774</b>	<b>\$ 194,263</b>	<b>\$ 11,559,398</b>	<b>\$ 218,056</b>

## City of Cordova, Alaska

### Notes to Basic Financial Statements

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2016 that are in repayment status follow:

#### Governmental Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2017	\$ 1,144,000	\$ 807,522	\$ 1,951,522
2018	1,192,000	759,976	1,951,976
2019	1,285,000	709,315	1,994,315
2020	1,160,000	654,440	1,814,440
2021	1,165,000	598,068	1,763,068
2022-2026	6,430,000	2,124,566	8,554,566
2027-2031	3,875,000	610,624	4,485,624
2032-2035	1,160,000	101,123	1,261,123
	<b>\$ 17,411,000</b>	<b>\$ 6,365,634</b>	<b>\$ 23,776,634</b>

#### Business-type Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2017	\$ 36,000	\$ 5,700	\$ 41,700
2018	38,000	3,900	41,900
2019	35,000	2,000	37,000
	<b>\$ 109,000</b>	<b>\$ 11,600</b>	<b>\$ 120,600</b>

ADEC Loan	Principal	Interest	Total Requirements
Year Ending December 31,			
2017	\$ 69,044	\$ 4,143	\$ 73,187
2018	69,044	3,107	72,151
2019	69,045	2,071	71,116
2020	69,047	1,036	70,083
	<b>\$ 276,180</b>	<b>\$ 10,357</b>	<b>\$ 286,537</b>

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### 6. Capital Lease Obligation

The Medical Center has acquired a backup storage system under the provisions of a 9.75% capital lease obligation with a term of 36 equal monthly installments of \$3,174 beginning April 2016 with a \$1 bargain purchase option. The amount owed under the lease will be paid off in 2019. Carrying value of the system acquired under the lease is \$77,315. Future minimum payments are as follows:

Capital Lease Obligation	Principal	Interest	Total Requirements
Year Ending December 31,			
2017	\$ 32,287	\$ 5,804	\$ 38,091
2018	35,580	2,512	38,092
2019	6,270	76	6,346
	\$ 74,137	\$ 8,392	\$ 82,529

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### 7. Landfill Closure and Postclosure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, accounting principles generally accepted in the United States of America require that the City report a portion of these closure and postclosure care costs each period based on landfill capacity used as of each balance sheet date.

There are currently three cells available for use at the City's landfill at Mile 17. In addition there is a construction pit. The total estimated future closure cost of these three cells and the construction pit is \$1,880,324. The \$818,360 reported as landfill closure costs payable at December 31, 2016 for the landfill represents the cumulative amount reported to date based on the use of the expected usage of the two cells and construction pit. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,061,964 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Cells 1 and 2 are expected to be closed in 2017. Cell three is estimated to have a life of approximately 16 years once it starts accepting waste which is anticipated to be in 2018 after cells one and two have been capped and closed. In addition the construction pit has an estimated remaining life of approximately 10 years.

## City of Cordova, Alaska

### Notes to Basic Financial Statements

#### 8. Fund Balances

Fund balances, reported for the major funds and the nonmajor funds in the aggregate on the governmental funds balance sheet are subject to the following constraints:

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	General Reserve Special Revenue	Cordova Center Capital Project	Street Improvement Project Capital Project		
Nonspendable:						
Prepaid insurance	\$ 138,955	\$ -	\$ -	\$ -	\$ -	138,955
Restricted -						
Enhanced 911 services	-	-	-	-	64,396	64,396
Committed for						
education	1,621,136	-	-	-	-	1,621,136
Assigned:						
School construction	-	-	-	-	121,432	121,432
Capital projects and land	-	9,518,493	-	31,046	176,072	9,725,611
Public safety	-	-	-	-	255,852	255,852
Unassigned (deficit)	493,904	-	(1,218,507)	-	-	(724,603)
<b>Total Fund Balances (Deficit)</b>	<b>\$ 2,253,995</b>	<b>\$ 9,518,493</b>	<b>\$ (1,218,507)</b>	<b>\$ 31,046</b>	<b>\$ 617,752</b>	<b>\$ 11,202,779</b>

#### 9. Expenditures Exceeding Appropriations

Expenditures exceeded appropriations by the following amounts in departments of the General Fund.

Management	\$ 9,124
Nondepartmental services	14,083
Public works	56,988

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### 10. Defined Benefit (DB) Pension Plan

#### General Information About the Plan

The City participates in the Alaska Public Employees' Retirement System (PERS). PERS is a cost-sharing multiple employer plan which covers eligible State and local government employees, other than teachers. The Plan was established and is administered by the State of Alaska Department of Administration. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

The Plan is included in a comprehensive annual financial report that includes financial statements and other required supplemental information. That report is available via the internet at <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website.

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date. For all tiers within the Defined Benefit (DB) plan, full retirement benefits are generally calculated using a formula comprised of a multiplier times the average monthly salary (AMS) times the number of years of service. The multiplier is increased at longevity milestone markers for most employees. Police/Fire employees accrue benefits at an accelerated rate. The tiers within the Plan establish differing criteria regarding normal retirement age, early retirement age, and the criteria for calculation of AMS, COLA adjustments, and other OPEB benefits. A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective June 30, 2006. New employees hired after that date participate in the PERS Defined Contribution (DC) Plan described later in these notes.

#### *Historical Context and Special Funding Situation*

In April 2008, the Alaska Legislature passed legislation converting the previously existing PERS plan from an agent-multiple employer plan to a cost-sharing plan with an effective date of July 1, 2008. In connection with this conversion, the State of Alaska passed additional legislation which statutorily capped the employer contribution rate, established a state funded "on-behalf" contribution (subject to funding availability), and required that employer contributions be calculated against *all* PERS eligible wages, including wages paid to participants of the PERS Tier IV defined contribution plan described later in these notes.

Alaska Statute 39.35.255 requires the State of Alaska to contribute to the Plan an amount such that, when combined with the employer contribution, is sufficient to pay the Plan's past service liability contribution rate as adopted by the Alaska Retirement Management Board. As such, the Plan is considered to be in a special funding situation as defined by GASB, and management has recorded all pension related liabilities, deferred inflows and outflows of resources, and disclosures on this basis.

It is important to note that the Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

The City records these on-behalf contributions as revenue and expense/expenditures as dictated by the governing GAAP for each basis of accounting depending on fund type.



# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### ***Employee Contribution Rates***

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.5% of their annual covered salary.

### ***Employer and Other Contribution Rates***

There are several contribution rates associated with the pension and healthcare contributions and related liabilities. These amounts are calculated on an annual basis.

***Employer Effective Rate:*** This is the contractual employer pay-in rate. Under current legislation, this rate is statutorily capped at 22% of eligible wages, subject to a wage floor, and other termination events. This 22% rate is calculated on *all* PERS participating wages, including those wages attributable to employees in the defined contribution plan. Contributions derived from the defined contribution employees are referred to as the Defined Benefit Unfunded Liability or DBUL contribution.

***ARM Board Adopted Rate:*** This is the rate formally adopted by the Alaska Retirement Management Board. This rate is actuarially determined and used to calculate annual Plan funding requirements, without regard to the statutory rate cap or the GASB accounting rate. Effective July 1, 2015, the Legislature requires the ARM Board to adopt employer contribution rates for past service liabilities using a level percent of pay method over a closed 25 year term which ends in 2039. This will result in lower ARM Board Rates than previously adopted.

***On-behalf Contribution Rate:*** This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In 2015, the State Legislature appropriated a one-time contribution to the Plan in the amount of \$1 billion. As a result, the on-behalf contribution in 2015 was significantly higher than the statutory amount. In 2016, the on-behalf contribution has returned to “normal” levels and generally equals the statutory calculation. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. On the government-wide financial statements, the on-behalf amounts are included in revenue and expense only to the extent they are applicable to the measurement period.

***GASB Rate:*** This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY16, the rate uses an 8% pension discount rate and a 4.3% healthcare discount rate.

The GASB Rate and the ARM Board Adopted Rate differ significantly as a direct result of variances in the actuarial methods and assumptions used.

## City of Cordova, Alaska

### Notes to Basic Financial Statements

Contribution rates for the years ended June 30, 2016 and June 30, 2017 were determined in the June 30, 2013 and June 30, 2014 actuarial valuations, respectively. City contribution rates for the 2016 calendar year were as follows:

<i>January 1, 2016 to June 30, 2016</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	13.25%	16.38%	3.63%	37.79%
Postemployment healthcare (see Note 12)	8.75%	10.81%	1.56%	58.73%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>27.19%</b>	<b>5.19%</b>	<b>96.52%</b>

<i>July 1, 2016 to December 31, 2016</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	19.10%	4.14%	24.49%
Postemployment healthcare (see Note 12)	7.04%	7.04%	-%	56.64%
<b>Total Contribution Rates</b>	<b>22.00%</b>	<b>26.14%</b>	<b>4.14%</b>	<b>81.13%</b>

#### ***Medical Center PERS Participation***

As indicated in Note 1, the Cordova Community Medical Center is considered a blended component unit for financial reporting purposes. As such all required disclosures related to the Medical Center are to be included in these financial statements as part of the blending process. For PERS participation, the Medical Center is considered a reporting employer separate from the City. Therefore, the required PERS disclosures for the City and Medical Center are being separately disclosed.

#### ***Plan Contributions***

In 2016, the City (excluding the Medical Center) was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2015 to June 30, 2016	City Fiscal Year January 1, 2016 to December 31, 2016
Employer contributions (including DBUL)	\$ 324,433	\$ 370,083
Nonemployer contributions (on-behalf)	137,763	155,409
<b>Total Contributions</b>	<b>\$ 462,196</b>	<b>\$ 525,492</b>

In addition, employee contributions to the Plan totaled \$97,598 during the City's fiscal year.

## City of Cordova, Alaska

### Notes to Basic Financial Statements

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

At December 31, 2016, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	City	Medical Center	Total 2016
City/Medical Center proportionate share of NPL	\$ 7,421,446	\$ 6,907,864	\$ 14,329,310
State's proportionate share of NPL associated with the City/Medical Center	935,836	871,786	1,807,622
<b>Total Net Pension Liability</b>	<b>\$ 8,357,282</b>	<b>\$ 7,779,650</b>	<b>\$ 16,136,932</b>

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 to calculate the net pension liability as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, including the State, actuarially determined. At the June 30, 2016 measurement date, the City's proportion was 0.13277 percent, which was an increase of 0.022267 from its proportion measured as of June 30, 2015. The Medical Center's proportion was 0.12358 percent at the June 30, 2016 measurement date, which is an increase of .02018 from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$2,231,734. Of this amount, \$137,763 was recorded as on-behalf revenue and expense for additional contributions paid by the State. The Medical Center recognized pension expense of \$1,592,167, which includes on-behalf revenue of \$131,217.

At December 31, 2016, the City and Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>City</i>		
Difference between expected and actual experience	\$ 682	\$ (82,725)
Changes in assumptions	34,229	-
Net difference between projected and actual earnings on pension plan investments	729,492	-
Changes in proportion and differences between City contributions and proportionate share of contributions	543,123	-
City contributions subsequent to the measurement date	204,853	-
<b>Total Deferred Outflows and Deferred Inflows Related to Pensions</b>	<b>\$ 1,512,379</b>	<b>\$ (82,725)</b>

## City of Cordova, Alaska

### Notes to Basic Financial Statements

<i>Medical Center</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 635	\$ (77,000)
Changes in assumptions	31,861	-
Net difference between projected and actual earnings on pension plan investments	679,010	-
Changes in proportion and differences between Medical Center contributions and proportionate share of contributions	440,053	-
Medical Center contributions subsequent to the measurement date	67,229	-
<b>Total Deferred Outflows and Deferred Inflows Related to Pensions</b>	<b>\$ 1,218,788</b>	<b>\$ (77,000)</b>

The \$204,853 (City Amount) and \$67,229 (Medical Center Amount) reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	City	Medical Center	Total 2016
2017	\$ 577,956	\$ 477,231	\$ 1,055,187
2018	156,058	140,503	296,561
2019	298,219	277,581	575,800
2020	192,568	179,244	371,812
<b>Total Amortization</b>	<b>\$ 1,224,801</b>	<b>\$ 1,074,559</b>	<b>\$ 2,299,360</b>

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# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### *Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement period, and rolled forward to the measurement date of June 30, 2016. The actuarial valuation for the year ended June 30, 2015 (latest available) was prepared by Conduent HR Services. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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Actuarial Cost Method	Entry Age Normal - Level Percentage of Payroll
Asset Valuation Method	Invested assets are reported at fair value.
Allocation Methodology	Amounts were allocated to employers based on the projected present value of contributions for FY2017-FY2039. The liability is expected to go to zero at 2039.
Investment Return / Discount Rate	8.00% per year (geometric), compounded annually, net of expenses
Salary Scale	Inflation - 3.12% per year Productivity - 0.50% per year Peace Officer/Firefighter - graded by years of service from 9.66% to 4.92% All others - graded by age and years of service from 8.55% to 4.34%
Total Inflation	Measured by the consumer price index for urban and clerical workers for Anchorage and is assumed to increase 3.12% annually.
Mortality	Pre-termination - Based on the 2010-2013 actual mortality experience Post-termination - 96% of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

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## City of Cordova, Alaska

### Notes to Basic Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (note that the rates shown below exclude the inflation component):

<i>Asset Class</i>	<i>Long-term Expected Real Rate of Return</i>
Domestic equity	5.35%
Global equity (non-US)	5.55%
Private equity	6.25%
Fixed income composite	0.80%
Real estate	3.65%
Alternative equity	4.70%

#### ***Discount Rate***

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employer and State contributions will continue to follow the current funding policy which meets State statutes. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### ***Discount Rate Sensitivity***

The following presents the City's and Medical Center's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the City's and Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	Proportional Share	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	0.13277%	\$ 9,558,447	\$ 7,421,446	\$ 5,618,985
Medical Center's proportionate share of the net pension liability	0.12358%	\$ 8,896,979	\$ 6,907,864	\$ 5,230,137

## City of Cordova, Alaska

### Notes to Basic Financial Statements

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#### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

#### **11. Defined Contribution (DC) Pension Plan**

Employees hired after July 1, 2006 participate in PERS Tier IV, a defined contribution plan. This Plan is administered by the State of Alaska, Department of Administration in conjunction with the defined benefit plan noted above. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature. The Alaska Retirement Management Board may also amend contribution requirements. Included in the Plan are individual pension accounts, retiree medical insurance plan and a separate Health Reimbursement Arrangement account that will help retired members pay medical premiums and other eligible medical expenses not covered by the medical plan. This Plan is included in the comprehensive annual financial report for PERS, and at the following website, as noted above. <http://doa.alaska.gov/dr/pers>.

Contributions to the DC plan consist solely of employer and employee contributions with no special funding or other nonemployer contributions. In addition, actual remittances to the PERS system require that the City and Medical Center contribute at 22%. After deducting the DC plan contributions (and related OPEB contributions), the remaining remittance (the DBUL) is deposited into the DB plan as noted earlier.

#### ***Benefit Terms***

Employees are immediately vested in their own contributions and vest 25% with two years of service, plus an additional 25% per year thereafter for full vesting at five years of service.

#### ***Employee Contribution Rate***

Employees are required to contribute 8.0% of their annual covered salary. This amount goes directly to the individual's account.

#### ***Employer Contribution Rate***

For the year ended December 31, 2016, the City and Medical Center were required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended December 31, 2016 were \$110,505 and \$176,807, respectively. Medical Center employer and employee contributions were \$453,277 and \$173,516, respectively. The City and Medical Center employer contribution amounts were recognized as pension expense/expenditures.

# City of Cordova, Alaska

## Notes to Basic Financial Statements

### 12. Other Post-Employment Benefit (OPEB) Plans

#### *Defined Benefit OPEB*

As part of its participation in the PERS DB Plan (Tiers I, II, III), the City and Medical Center participates in the Alaska Retiree Healthcare Trust (ARHCT). The ARHCT is self-funded and provides major medical coverage to retirees of the System. Benefits vary by Tier level. The Plan is administered by the State of Alaska, Department of Administration. Employer contribution rates are established in concert with the Defined Benefit Pension Plan described earlier in these notes.

#### *Employer Contribution Rate*

For the year ended December 31, 2016, the City and Medical Center were required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

#### *Annual Postemployment Healthcare Cost*

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. On-behalf contributions to the OPEB Plan in 2016, 2015, and 2014 were \$32,966, \$26,027 and \$108,780, respectively.

<i>City</i> <i>Year Ended December 31,</i>	Annual OPEB Costs	City Contributions	% of Costs Contributed
2016	\$ 205,514	\$ 205,514	100 %
2015	216,720	216,720	100 %
2014	238,295	238,295	100 %

<i>Medical Center</i> <i>Year Ended December 31,</i>	Annual OPEB Costs	Medical Center Contributions	% of Costs Contributed
2016	\$ 161,036	\$ 161,036	100 %
2015	185,604	185,604	100 %
2014	235,970	235,970	100 %

#### *Defined Contribution OPEB*

Defined Contribution Pension Plan participants (PERS Tier IV) participate in the Occupational Death and Disability Plan (ODD), and the Retiree Medical Plan. Information on these plans is included in the comprehensive annual financial report for the PERS Plan noted above. These plans provide for death, disability, and post-employment health care benefits.



# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### **Employer Contribution Rates**

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended December 31, 2016 were as follows:

	Other Tier IV	Police/Fire Tier IV
Retiree medical plan	1.18%	1.18%
Occupational death and disability benefits	0.17%	0.49%
<b>Total Contribution Rates</b>	<b>1.35%</b>	<b>1.67%</b>

In addition, PERS defined contribution members also participate in the Health Reimbursement Arrangement. AS 39.30.370 establishes this contribution amount as “three percent of the average annual employee compensation of *all employees of all employers* in the plan”. As of July 1, 2016, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,049 per year for each full-time employee, and \$1.31 per hour for part-time employees.

### **Annual Postemployment Healthcare Cost**

In 2016, the City and Medical Center contributed \$113,173 and \$118,935, respectively, in DC OPEB costs. These amounts have been recognized as expense/expenditures.

## **13. Deferred Compensation Plan**

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The provisions of the plans require that all assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries.

## **14. Risk Management**

The City is exposed to various risks of loss including (a) damage to and loss of buildings and contents, (b) employee torts, (c) professional liability; i.e., errors and omissions, (d) workers’ compensation; i.e., employee injuries, and (e) medical insurance costs of employees.

The City is self-insured for its costs of providing medical insurance. Stop-loss coverage limits claims to \$45,000 each occurrence and \$1,066,608 in aggregate for all medical claims during the year. The City contracts with a third-party administrator for health claims servicing. Claims and premium costs are allocated to each department based on budgeted amounts. Claims payable is reported in the General Fund. The City accrues a liability for claims incurred but not reported at year end.

# City of Cordova, Alaska

## Notes to Basic Financial Statements

A schedule of the changes in the claims liability for the year ended December 31, 2016 follows. Note the amounts reported here reflect both the City and Medical Center information which are tracked separately by the plan administrator.

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
<b>December 31, 2016</b>	\$ 283,421	\$ 2,056,771	\$ (1,997,192)	\$ 343,000

The City is a member of Alaska Public Entity Insurance (APEI), a governmental insurance pool. APEI provides the City coverage for property, including building and contents, automobiles, mobile equipment and data processing equipment; casualty, including general liability, and public officials, law enforcement professional liability, auto liability and employee benefit liability; and workers' compensation, including employer's liability. The City has no coverage for potential losses from environmental damages.

APEI is a public entity risk pool organized to share risks among its members. The bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments during the year ended December 31, 2016. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

### 15. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended December 31, 2016, follows:

***Due From Other Funds:***

Due to the General Fund from:	
Cordova Center Capital Project for advances to cover capital costs	\$ 1,013,589
Water Enterprise Fund for operations and capital projects	53,290
Nonmajor governmental funds for advances to cover capital costs	27,015
<b>Total Due from Other Funds</b>	<b>\$ 1,093,894</b>

**City of Cordova, Alaska**  
**Notes to Basic Financial Statements**

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***Transfers***

To General Reserve Special Revenue Fund for “permanent fund replacement” from:	
Sewer Enterprise Fund	\$ 11,164
Water Enterprise Fund	1,164
Port Enterprise Fund	20,328
Refuse Enterprise Fund	2,328
Odiak Park Enterprise Fund	4,000
<b>Total transfers to General Reserve Special Revenue Fund</b>	<b>38,984</b>
To Water Enterprise Fund for water services from Port Enterprise Fund	15,000
To Cordova Center Capital Project Fund for capital expenditures from General Reserve Special Revenue Fund	1,300,000
To Cordova Community Medical Center Enterprise Fund for capital expenditures from General Fund	251,724
To Cordova Community Medical Center Enterprise Fund for uncollectible interfund advance from General Fund	3,093,126
To General Capital Projects Fund for capital expenditures from the General Fund	97,750
<b>Total Transfers to Other Funds</b>	<b>\$ 4,796,584</b>

**16. Contingencies**

***Grants***

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, would become a liability.

***Litigation***

The City is involved in various claims and pending litigation as part of the normal course of its activities. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on the City’s financial statements.

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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### 17. Restatement

The Cordova Community Medical Center has restated its beginning net position to correct misstated grant revenue, payroll and other liabilities, grant receivables, and electronic health records incentive revenue and construction in progress. As a result, the Cordova Community Medical Center's beginning net position balance has been decreased by \$309,018 to reflect this cumulative change. The impact on beginning net position is as follows:

	Cordova Community Medical Center Enterprise Fund	Business-type Activities and Enterprise Funds
Net position as of December 31, 2015, as previous reported	\$ (1,303,778)	\$ 31,290,145
Correction of grant receivables, other liabilities and grant revenue	133,740	133,740
Correction of electronic health record incentive revenue	571,921	571,921
Correction of construction in progress	(1,060,095)	(1,060,095)
Correction of payroll liability	45,416	45,416
Net position as of December 31, 2015, as restated	\$ (1,612,796)	\$ 30,981,127

### 18. New Accounting Pronouncements

The Governmental Accounting Standards Board has passed several new accounting standards with upcoming implementation dates. Management has not fully evaluated the potential effects of these statements, but believes that GASB Statement 75 will result in the biggest reporting change. However, actual impacts have not yet been determined.

*GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* - Effective for year-end December 31, 2017, with earlier application encouraged - This statement contains financial reporting guidelines for Postemployment Benefit Plans. This is the Plan side requirements applicable to OPEB benefits and generally brings the OPEB reporting rules into alignment with the new GASB 67 Pension rules.

*GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Effective for year-end December 31, 2018, with earlier application encouraged - This statement contains accounting and financial reporting guidelines for OPEB related activities at the participating employer level and generally brings the OPEB reporting rules into alignment with the new GASB 68 Pension rules.

*GASB 80 - Blending Requirements for Certain Component Units* - Effective for year-end December 31, 2017, with earlier application encouraged - This statement requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement amends the previous requirements established in paragraph 53 of GASB 14. The criterion specified in GASB 80 does not apply to component units included in the financial reporting entity pursuant to GASB 39.

# City of Cordova, Alaska

## Notes to Basic Financial Statements

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GASB 81 - *Irrevocable Split-Interest Agreements* - Effective for year-end December 31, 2017, with earlier application encouraged - This statement establishes recording and recognition criteria for governments who receive resources pursuant to an irrevocable split-interest agreement.

GASB 82 - *Pension-Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - Effective for year-end December 31, 2017, with earlier application encouraged - This statement further amends prior pension reporting to redefine "covered payroll" for required supplementary information, clarifies deviations from actuarial standards, and clarifies the classification of employer-paid member contributions.

GASB 83 - *Certain Asset Retirement Obligations* - Effective for year-end December 31, 2019, with earlier application encouraged - This statement addresses accounting and financial reporting for certain asset retirement obligations that are legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB 84 - *Fiduciary Activities* - Effective for year-end December 31, 2019, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 85 - *Omnibus* - Effective for year-end December 31, 2018, with earlier application encouraged - This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. Issues covered include blending of component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB 86 - *Certain Debt Extinguishment Issues* - Effective for year-end December 31, 2018, with earlier application encouraged - This statement addresses accounting and financial reporting for in-substance defeasance of debt when only existing resources are used, as well as accounting and financial reporting for prepaid insurance on extinguished debt.

GASB 87 - *Leases* - Effective for year-end December 31, 2020, with earlier application encouraged - This statement addresses accounting and financial reporting for certain lease assets and liabilities for leases that previously were classified as operating leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

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## **Required Supplementary Information**

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**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

<i>Year Ended December 31, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 6,041,500	\$ 6,041,500	\$ 6,042,276	\$ 776
Licenses and permits	23,600	23,600	30,821	7,221
Federal government	702,036	702,036	742,210	40,174
State of Alaska	3,103,055	3,103,055	2,327,810	(775,245)
Investment income	60,000	60,000	88,041	28,041
Charges for services	919,344	919,344	970,916	51,572
Other revenues	281,187	281,187	226,273	(54,914)
<b>Total Revenues</b>	<b>11,130,722</b>	<b>11,130,722</b>	<b>10,428,347</b>	<b>(702,375)</b>
<b>Expenditures</b>				
Current:				
General government:				
City council	20,450	20,450	13,396	7,054
City clerk	263,177	263,177	252,579	10,598
City mayor	2,900	2,900	50	2,850
Management	351,512	351,512	360,636	(9,124)
Finance	415,051	415,051	395,594	19,457
Planning and zoning	243,509	243,509	231,644	11,865
Planning commission	4,500	4,500	1,593	2,907
Nondepartmental services	499,800	499,800	513,883	(14,083)
<b>Total general government</b>	<b>1,800,899</b>	<b>1,800,899</b>	<b>1,769,375</b>	<b>31,524</b>
Public safety:				
Police department	1,005,001	1,005,001	953,787	51,214
Jail operations	243,306	243,306	227,406	15,900
Fire department	360,006	360,006	353,079	6,927
Disaster management	14,000	14,000	15,445	(1,445)
Department of motor vehicles	72,022	72,022	82,706	(10,684)
<b>Total public safety</b>	<b>1,694,335</b>	<b>1,694,335</b>	<b>1,632,423</b>	<b>61,912</b>
Information and recreation				
Library	833,180	833,180	847,619	(14,439)
Ski hill	64,200	64,200	82,508	(18,308)
Bidarki Center	357,291	357,291	338,567	18,724
Pool	301,743	301,743	272,516	29,227
<b>Total information and recreation</b>	<b>1,556,414</b>	<b>1,556,414</b>	<b>1,541,210</b>	<b>15,204</b>



## City of Cordova, Alaska

**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual, continued**

<i>Year Ended December 31, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Expenditures, continued</b>				
Current, continued:				
Public works:				
Public works administration	\$ 174,217	\$ 174,217	\$ 156,460	\$ 17,757
Facility utilities	150,684	150,684	180,771	(30,087)
Facility maintenance	280,294	280,294	267,692	12,602
Street maintenance	693,583	693,583	759,401	(65,818)
Snow removal	80,095	80,095	66,755	13,340
Equipment maintenance	375,310	375,310	358,960	16,350
Parks maintenance	114,360	114,360	132,610	(18,250)
Cementary maintenance	31,091	31,091	33,973	(2,882)
<b>Total public works</b>	<b>1,899,634</b>	<b>1,899,634</b>	<b>1,956,622</b>	<b>(56,988)</b>
Contributions:				
Cordova City School District	1,855,927	1,855,927	1,850,494	5,433
Prince William Sound Community College	10,000	10,000	-	10,000
Providence management contract	200,000	200,000	200,000	-
Family Resource Center	20,000	20,000	20,000	-
Cordova Chamber of Commerce	98,017	98,017	98,017	-
<b>Total contributions</b>	<b>2,183,944</b>	<b>2,183,944</b>	<b>2,168,511</b>	<b>15,433</b>
Debt service:				
Principal	1,112,000	1,112,000	1,112,000	-
Interest	852,612	852,612	852,612	-
<b>Total debt service</b>	<b>1,964,612</b>	<b>1,964,612</b>	<b>1,964,612</b>	<b>-</b>
<b>Total Expenditures</b>	<b>11,099,838</b>	<b>11,099,838</b>	<b>11,032,753</b>	<b>67,085</b>
Excess of revenues over (under) expenditures	30,884	30,884	(604,406)	(635,290)
<b>Other Financing Sources (Uses)</b>				
Transfers in	95,000	95,000	-	(95,000)
Transfers out	(125,884)	(125,884)	(3,442,600)	(3,316,716)
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(4,047,006)</b>	<b>\$ (4,047,006)</b>
<b>Fund Balance, beginning</b>			<b>6,301,001</b>	
<b>Fund Balance, ending</b>			<b>\$ 2,253,995</b>	

See accompanying notes to Required Supplementary Information.

**City of Cordova, Alaska**  
**General Reserve Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**

<i>Year Ended December 31, 2016</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
Investment income	\$ 225,000	\$ 225,000	\$ 331,204	\$ 106,204
Land sales	200,000	200,000	34,089	(165,911)
Special assessments	1,200	1,200	333	(867)
<b>Total Revenues</b>	426,200	426,200	365,626	(60,574)
<b>Other Financing Sources (Uses)</b>				
Transfers in	38,984	38,984	38,984	-
Transfers out	-	-	(1,300,000)	(1,300,000)
Net change in fund balance	<u>\$ 465,184</u>	<u>\$ 465,184</u>	(895,390)	<u>\$ (1,360,574)</u>
Fund Balance, beginning			<u>10,413,883</u>	
Fund Balance, ending			<u>\$ 9,518,493</u>	

*See accompanying notes to Required Supplementary Information.*

**City of Cordova, Alaska**  
**Public Employees Retirement System**  
**Schedule of the City's Information on the Net Pension Liability**

City, Excluding Medical Center							
Plan Year Ended June 30,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.13277%	\$ 7,421,446	\$ 935,836	\$ 8,357,282	\$ 3,399,956	218.28%	59.55%
2015	0.11051%	\$ 5,359,777	\$ 1,436,622	\$ 6,796,399	\$ 3,176,623	168.73%	63.96%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*
2007	*	*	*	*	*	*	*

Medical Center							
Plan Year Ended June 30,	Medical Center's Proportion of the Net Pension Liability	Medical Center's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Medical Center's Covered Payroll	Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.12358%	\$ 6,907,864	\$ 871,786	\$ 7,779,650	\$ 787,599	877.08%	59.55%
2015	0.10340%	\$ 5,015,100	\$ 1,343,213	\$ 6,358,313	\$ 2,606,949	192.37%	63.96%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*
2007	*	*	*	*	*	*	*

\*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

*See accompanying notes to Required Supplementary Information.*

**City of Cordova, Alaska**  
**Public Employees Retirement System**  
**Schedule of City Contributions**

City, Excluding Medical Center						
Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll	
2016	\$ 370,083	\$ 370,083	\$ -	\$ 3,501,744	10.57%	
2015	\$ 307,165	\$ 307,165	\$ -	\$ 3,298,167	9.31%	
2014	*	*	*	*	*	*
2013	*	*	*	*	*	*
2012	*	*	*	*	*	*
2011	*	*	*	*	*	*
2010	*	*	*	*	*	*
2009	*	*	*	*	*	*
2008	*	*	*	*	*	*
2007	*	*	*	*	*	*

Medical Center						
Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Medical Center's Covered Payroll	Contributions as a Percentage of Covered Payroll	
2016	\$ 227,258	\$ 227,258	\$ -	\$ 682,883	33.28%	
2015	\$ 262,622	\$ 262,622	\$ -	\$ 3,019,377	8.70%	
2014	*	*	*	*	*	*
2013	*	*	*	*	*	*
2012	*	*	*	*	*	*
2011	*	*	*	*	*	*
2010	*	*	*	*	*	*
2009	*	*	*	*	*	*
2008	*	*	*	*	*	*
2007	*	*	*	*	*	*

\*GASB requires ten years of information be presented. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

*See accompanying notes to Required Supplementary Information.*

# City of Cordova, Alaska

## Notes to Required Supplementary Information Year Ended December 31, 2016

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### 1. Budgetary Comparison Schedules

The Municipal Charter lays out the process for annual budget adoption.

At least five weeks before the beginning of the fiscal year, the City Manager shall prepare and submit a budget to the City Council. Public hearings shall be held. The Council may amend the budget, but proposed expenditures may never exceed the anticipated revenues. The Council must adopt the budget not later than the third day before the start of the new fiscal year. If the Council does not adopt the budget, the original proposed budget shall go into effect.

The city manager may transfer unencumbered appropriations within a department, office, or agency. However, Council approval is required to transfer appropriations between departments or agencies.

The City publishes its annual budget document and it is available on the City's website at: [www.cityofcordova.net](http://www.cityofcordova.net)

### 2. Pension Disclosures

In accordance with GASB Statement 82, "Covered Payroll" is defined as payroll on which contributions to the pension plan are based. Because a portion of the City's contributions to the Plan (the DBUL) are based on Defined Contribution Wages, covered payroll reported here includes all PERS participating wages (both DB and DC). For Pension Plan administration, the Medical Center is considered a separate reporting entity from the rest of the City. As such, the RSI disclosures have been presented with the City and the Medical Center separately identified.

Both pension tables are intended to present 10 years of information. Additional year's information will be added to the schedules as it becomes available.

#### *Schedule of City's Information on the Net Pension Liability*

- This table is presented based on the Plan measurement date. For December 31, 2016, the Plan measurement date is June 30, 2016.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.

#### *Schedule of City Contributions*

- This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow on the December 31, 2016 basic financial statements.

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## Supplementary Information

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## General Fund

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The General Fund was established to account for the revenues and expenditures necessary to carry out basic governmental activities of the City such as police and fire protection, public works, planning, legal services, administrative services, etc. Appropriations are made from the fund annually. The fund will continue to exist indefinitely.

Revenue, for this and other funds, is recorded by source, i.e., taxes, State of Alaska, etc. Expenditures are recorded first by function, then by activity and object of the expenditure.

General Fund expenditures are made primarily for current day-to-day operating expenditures and operating equipment. Capital expenditures for large-scale public improvements, such as buildings, are accounted for elsewhere in the Capital Project or Enterprise Funds.



## City of Cordova, Alaska

General Fund  
Balance Sheet

December 31, 2016

**Assets**

Cash and investments \$ 1,089,750

## Receivables:

Sales tax 538,678

Delinquent property taxes 56,451

Other 51,031

Total Receivables 646,160

Prepaid insurance 138,955

Due from other funds 1,181,936

Total Assets \$ 3,056,801

**Liabilities, Deferred Inflows of Resources, and Fund Balance****Liabilities**

Accounts payable \$ 137,462

Accrued payroll and related liabilities 228,487

Medical claims payable 321,000

Unearned revenue 74,323

Total Liabilities 761,272

**Deferred Inflows of Resources**

Deferred property taxes 41,534

**Fund Balance**

Nonspendable - prepaid insurance 138,955

Committed for education 1,621,136

Unassigned 493,904

Total Fund Balance 2,253,995

Total Liabilities, Deferred Inflows of Resources, and Fund Balance \$ 3,056,801

## City of Cordova, Alaska

## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual

Year Ended December 31,	2016		
	Final Budget	Actual	Variance with Budget
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 2,236,000	\$ 2,251,539	\$ 15,539
Sales taxes	3,270,000	3,207,765	(62,235)
Public accommodations surtax	117,500	120,688	3,188
Vehicle rental surtax	18,000	16,201	(1,799)
Penalties and interest	15,000	22,450	7,450
Federal payment in lieu of property taxes	385,000	423,633	38,633
<b>Total taxes</b>	<b>6,041,500</b>	<b>6,042,276</b>	<b>776</b>
Licenses and permits:			
Business licenses	15,000	20,700	5,700
Other licenses and permits	8,600	10,121	1,521
<b>Total licenses and permits</b>	<b>23,600</b>	<b>30,821</b>	<b>7,221</b>
Federal government:			
National forest receipts	695,311	710,164	14,853
USFS dispatch services	6,725	6,750	25
E-rate revenue	-	25,296	25,296
<b>Total federal government</b>	<b>702,036</b>	<b>742,210</b>	<b>40,174</b>
State of Alaska:			
Raw fish tax	1,250,000	713,635	(536,365)
Liquor licenses	12,000	11,950	(50)
Cooperative tax refunds	215,000	227,632	12,632
Shared fisheries tax	35,000	28,504	(6,496)
Revenue sharing	195,000	130,882	(64,118)
PERS relief	194,158	144,060	(50,098)
Dispatch services	4,725	4,725	-
Motor vehicle registration	79,600	59,337	(20,263)
Driver license fees	20,000	9,336	(10,664)
Public safety contract - jail	135,303	135,303	-
Other	2,000	975	(1,025)
State debt reimbursement - school bonds	960,269	861,471	(98,798)
<b>Total State of Alaska</b>	<b>3,103,055</b>	<b>2,327,810</b>	<b>(775,245)</b>

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

Year Ended December 31,	2016		
	Final Budget	Actual	Variance with Budget
<b>Revenues, continued</b>			
Investment income	\$ 60,000	\$ 88,041	\$ 28,041
<b>Charges for services:</b>			
Administrative overhead charges	492,044	492,044	-
Leases	213,200	301,834	88,634
Bidarki Center	82,500	87,248	4,748
Pool	34,000	33,686	(314)
Fines and forfeitures	13,000	11,402	(1,598)
Dog impounds and licenses	1,600	645	(955)
Airline security services	80,000	40,961	(39,039)
Finger printing and case file fees	3,000	3,096	96
<b>Total charges for services</b>	<b>919,344</b>	<b>970,916</b>	<b>51,572</b>
<b>Other revenues:</b>			
In-kind from School and Medical Center	160,287	154,854	(5,433)
Material and equipment sales	10,500	1,338	(9,162)
Cemetery lot sales	1,500	1,050	(450)
Miscellaneous	107,900	67,431	(40,469)
Fisherman's Memorial Park	1,000	1,600	600
<b>Total other revenues</b>	<b>281,187</b>	<b>226,273</b>	<b>(54,914)</b>
<b>Total Revenues</b>	<b>11,130,722</b>	<b>10,428,347</b>	<b>(702,375)</b>
<b>Expenditures</b>			
<b>General government:</b>			
<b>City council:</b>			
Materials and supplies	1,500	1,509	(9)
Purchased services	18,950	11,887	7,063
<b>Total city council</b>	<b>20,450</b>	<b>13,396</b>	<b>7,054</b>

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

<i>Year Ended December 31,</i>	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
General government, continued:			
City clerk:			
Salaries and benefits	\$ 228,127	\$ 224,294	\$ 3,833
Materials and supplies	2,000	2,580	(580)
Purchased services	33,050	25,705	7,345
<b>Total city clerk</b>	<b>263,177</b>	<b>252,579</b>	<b>10,598</b>
Mayor - Materials and supplies	2,900	50	2,850
Management:			
Salaries and benefits	301,862	336,142	(34,280)
Materials and supplies	5,000	1,354	3,646
Purchased services	43,650	23,127	20,523
Capital outlay	1,000	13	987
<b>Total management</b>	<b>351,512</b>	<b>360,636</b>	<b>(9,124)</b>
Finance:			
Salaries and benefits	400,151	391,050	9,101
Materials and supplies	4,000	2,359	1,641
Purchased services	10,400	2,185	8,215
Capital outlay	500	-	500
<b>Total finance</b>	<b>415,051</b>	<b>395,594</b>	<b>19,457</b>
Planning department:			
Salaries and benefits	218,159	215,729	2,430
Materials and supplies	2,300	2,363	(63)
Purchased services	23,050	13,552	9,498
<b>Total planning department</b>	<b>243,509</b>	<b>231,644</b>	<b>11,865</b>

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

<i>Year Ended December 31,</i>	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
General government, continued:			
Planning commission:			
Materials and supplies	\$ 700	\$ 796	\$ (96)
Purchased services	3,800	797	3,003
Total planning commission	4,500	1,593	2,907
Nondepartmental services:			
Materials and supplies	15,500	12,851	2,649
Purchased services	484,300	501,032	(16,732)
Total nondepartmental services	499,800	513,883	(14,083)
Total general government	1,800,899	1,769,375	31,524
Public safety:			
Police department:			
Salaries and benefits	865,001	822,548	42,453
Materials and supplies	16,000	15,156	844
Purchased services	71,500	67,269	4,231
Repairs and vehicle costs	40,500	34,239	6,261
Capital outlay	12,000	14,575	(2,575)
Total police department	1,005,001	953,787	51,214
Jail operations:			
Salaries and benefits	224,706	214,152	10,554
Materials and supplies	10,500	7,216	3,284
Purchased services	5,100	3,483	1,617
Repairs and vehicle costs	3,000	2,555	445
Total jail operations	243,306	227,406	15,900

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

<i>Year Ended December 31,</i>	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
Public safety, continued:			
Fire department:			
Salaries and benefits	\$ 211,436	\$ 203,232	\$ 8,204
Materials and supplies	32,025	33,854	(1,829)
Purchased services	79,493	59,811	19,682
Repairs and vehicle costs	31,000	49,594	(18,594)
Capital outlay	6,052	6,588	(536)
<b>Total fire department</b>	<b>360,006</b>	<b>353,079</b>	<b>6,927</b>
Disaster management:			
Materials and supplies	7,000	7,639	(639)
Purchased services	7,000	7,806	(806)
<b>Total disaster management</b>	<b>14,000</b>	<b>15,445</b>	<b>(1,445)</b>
Department of Motor Vehicles:			
Salaries and benefits	52,822	70,385	(17,563)
Materials and supplies	800	367	433
Purchased services	17,400	10,966	6,434
Capital outlay	1,000	988	12
<b>Total department of motor vehicles</b>	<b>72,022</b>	<b>82,706</b>	<b>(10,684)</b>
<b>Total public safety</b>	<b>1,694,335</b>	<b>1,632,423</b>	<b>61,912</b>
Information and recreation:			
Library:			
Salaries and benefits	647,000	630,856	16,144
Materials and supplies	24,850	16,760	8,090
Purchased services	159,830	197,065	(37,235)
Repairs and vehicle costs	1,500	2,938	(1,438)
<b>Total library</b>	<b>833,180</b>	<b>847,619</b>	<b>(14,439)</b>

## City of Cordova, Alaska

## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - continued

Year Ended December 31,	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
Information and recreation, continued:			
Ski hill:			
Purchased services	\$ 64,200	\$ 82,508	\$ (18,308)
Bidarki Center:			
Salaries and benefits	280,391	277,580	2,811
Materials and supplies	7,000	5,596	1,404
Purchased services	53,900	41,950	11,950
Repairs and vehicle costs	6,000	6,029	(29)
Capital outlay	10,000	7,412	2,588
<b>Total Bidarki Center</b>	<b>357,291</b>	<b>338,567</b>	<b>18,724</b>
Pool:			
Salaries and benefits	127,543	135,376	(7,833)
Materials and supplies	19,000	15,772	3,228
Purchased services	102,200	89,166	13,034
Repairs and vehicle costs	37,000	17,701	19,299
Capital outlay	16,000	14,501	1,499
<b>Total pool</b>	<b>301,743</b>	<b>272,516</b>	<b>29,227</b>
<b>Total information and recreation</b>	<b>1,556,414</b>	<b>1,541,210</b>	<b>15,204</b>
Public works:			
Administration:			
Salaries and benefits	161,117	147,830	13,287
Materials and supplies	1,100	973	127
Purchased services	9,300	6,474	2,826
Repairs and vehicle costs	2,700	1,183	1,517
<b>Total public works administration</b>	<b>174,217</b>	<b>156,460</b>	<b>17,757</b>
Facility utilities - purchased services	150,684	180,771	(30,087)

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

<i>Year Ended December 31,</i>	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
Public works, continued:			
Facility maintenance:			
Salaries and benefits	\$ 231,994	\$ 229,573	\$ 2,421
Materials and supplies	9,700	9,807	(107)
Purchased services	12,900	13,123	(223)
Repairs and vehicle costs	22,200	10,978	11,222
Capital outlay	3,500	4,211	(711)
<b>Total facility maintenance</b>	<b>280,294</b>	<b>267,692</b>	<b>12,602</b>
Street maintenance:			
Salaries and benefits	429,583	490,607	(61,024)
Materials and supplies	97,500	107,894	(10,394)
Purchased services	96,500	103,358	(6,858)
Repairs and vehicle costs	70,000	57,542	12,458
<b>Total street maintenance</b>	<b>693,583</b>	<b>759,401</b>	<b>(65,818)</b>
Snow removal:			
Salaries and benefits	35,095	23,408	11,687
Materials and supplies	35,000	33,397	1,603
Purchased services	10,000	9,950	50
<b>Total snow removal</b>	<b>80,095</b>	<b>66,755</b>	<b>13,340</b>
Equipment maintenance:			
Salaries and benefits	222,110	219,670	2,440
Materials and supplies	37,700	32,217	5,483
Purchased services	10,500	10,362	138
Repairs and vehicle costs	105,000	96,711	8,289
<b>Total equipment maintenance</b>	<b>375,310</b>	<b>358,960</b>	<b>16,350</b>



## City of Cordova, Alaska

## General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual - continued

Year Ended December 31,	2016		
	Final Budget	Actual	Variance with Budget
<b>Expenditures, continued</b>			
Public works, continued:			
Parks maintenance:			
Salaries and benefits	\$ 71,860	\$ 91,516	\$ (19,656)
Materials and supplies	500	277	223
Purchased services	22,500	21,406	1,094
Repairs and vehicle costs	8,000	8,439	(439)
Capital outlay	11,500	10,972	528
Total parks maintenance	114,360	132,610	(18,250)
Cemetery maintenance:			
Salaries and benefits	11,591	17,175	(5,584)
Materials and supplies	19,500	16,798	2,702
Total cemetery maintenance	31,091	33,973	(2,882)
Total public works	1,899,634	1,956,622	(56,988)
Debt service:			
General obligation bond principal	1,112,000	1,112,000	-
General obligation bond interest	852,612	852,612	-
Total debt service	1,964,612	1,964,612	-
Contributions:			
Cordova City School District	1,855,927	1,850,494	5,433
Providence management contract	200,000	200,000	-
Family Resource Center	20,000	20,000	-
Prince William Sound Community College	10,000	-	10,000
Cordova Chamber of Commerce	98,017	98,017	-
Total contributions	2,183,944	2,168,511	15,433
<b>Total Expenditures</b>	<b>11,099,838</b>	<b>11,032,753</b>	<b>67,085</b>

**City of Cordova, Alaska**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual - continued**

<i>Year Ended December 31,</i>	2016		
	Final Budget	Actual	Variance with Budget
Excess of revenues over (under) expenditures	\$ 30,884	\$ (604,406)	\$ (635,290)
<b>Other Financing Sources (Uses)</b>			
Transfers in from General Reserve Special Revenue Fund	95,000	-	(95,000)
Transfers out:			
Cordova Community Medical Center Enterprise Fund	(28,134)	(3,344,850)	(3,316,716)
General Capital Projects Capital Project Fund	(97,750)	(97,750)	-
<b>Net Other Financing Sources (Uses)</b>	(30,884)	(3,442,600)	(3,411,716)
Net change in fund balance	<u>\$ -</u>	(4,047,006)	<u>\$ (4,047,006)</u>
<b>Fund Balance, beginning</b>		<u>6,301,001</u>	
<b>Fund Balance, ending</b>		<u>\$ 2,253,995</u>	

## Nonmajor Governmental Funds

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The Special Revenue Fund is established to finance particular activities and is created from receipts of restricted revenues.

### E-911

This fund is established to account for restricted revenues and costs associated with Enhanced 911 surcharges.

The Capital Project Funds are established to account for the resources expended to acquire assets of a relatively permanent nature. Capital Project Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors, and other grantors of capital project fund revenue, that their requirements regarding the use of the revenues were fully satisfied.

### Ambulance

This fund accounts for miscellaneous revenues that have been earmarked for additional ambulance equipment.

### Equipment Replacement

This fund accounts for various equipment purchases.

### General Capital Projects

This fund accounts for various community-wide capital projects.

### School Building

This fund accounts for the ILP School Building project.

### School Capital Project

This fund is used to account for various construction, maintenance, and repair projects for the school.

### Chip Seal CIP

This fund accounts for various chip seal street repair and improvement projects.

### Hospital Repair

This fund accounts for major repairs to the Cordova Community Medical Center.

**City of Cordova, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**

December 31, 2016	Special Revenue Fund	Capital Project Funds							Totals
		E-911	Ambulance	Equipment Replacement	General Capital Projects	School Building	School Capital Project	Chip Seal CIP	
<b>Assets</b>									
Cash and investments	\$ 64,396	\$ 252,075	\$ 29,968	\$ -	\$ 9,669	\$ 111,763	\$ 138,164	\$ 3,425	\$ 609,460
Grants receivable	-	-	-	35,687	-	-	-	-	35,687
Other receivable	-	14,832	-	-	-	-	-	-	14,832
<b>Total Assets</b>	<b>\$ 64,396</b>	<b>\$ 266,907</b>	<b>\$ 29,968</b>	<b>\$ 35,687</b>	<b>\$ 9,669</b>	<b>\$ 111,763</b>	<b>\$ 138,164</b>	<b>\$ 3,425</b>	<b>\$ 659,979</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ 728	\$ -	\$ 610	\$ -	\$ -	\$ -	\$ -	\$ 1,338
Unearned revenue	-	-	-	122	-	-	-	3,425	3,547
Due to other funds	-	-	-	27,015	-	-	-	-	27,015
<b>Total Liabilities</b>	<b>-</b>	<b>728</b>	<b>-</b>	<b>27,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,425</b>	<b>31,900</b>
<b>Deferred Inflows of Resources</b>									
Deferred ambulance revenue	-	10,327	-	-	-	-	-	-	10,327
<b>Fund Balances</b>									
Restricted:									
Enhanced 911 services	64,396	-	-	-	-	-	-	-	64,396
Assigned:									
School construction	-	-	9,669	-	111,763	-	-	-	121,432
Capital projects	-	-	29,968	7,940	-	-	138,164	-	176,072
Public safety	-	255,852	-	-	-	-	-	-	255,852
<b>Total Fund Balances</b>	<b>64,396</b>	<b>255,852</b>	<b>29,968</b>	<b>7,940</b>	<b>9,669</b>	<b>111,763</b>	<b>138,164</b>	<b>-</b>	<b>617,752</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 64,396</b>	<b>\$ 266,907</b>	<b>\$ 29,968</b>	<b>\$ 35,687</b>	<b>\$ 9,669</b>	<b>\$ 111,763</b>	<b>\$ 138,164</b>	<b>\$ 3,425</b>	<b>\$ 659,979</b>

**City of Cordova, Alaska**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in**  
**Fund Balances**

Year Ended December 31, 2016	Special Revenue Fund	Capital Project Funds										Totals
		E-911	Ambulance	Equipment Replacement	General Capital Projects	School Building	School Capital Project	Chip Seal CIP	Hospital Repair			
<b>Revenues</b>												
Federal government	\$ -	\$ -	\$ -	\$ 95,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,464
State of Alaska	-	-	-	11,783	-	-	-	-	-	-	34,770	46,553
Other revenues	-	52,649	-	32,029	-	-	-	-	-	-	-	84,678
<b>Total Revenues</b>	-	52,649	-	139,276	-	-	-	-	-	-	34,770	226,695
<b>Expenditures</b>												
Public safety	-	4,866	-	85,743	-	-	-	-	-	-	-	90,609
Information and recreation	-	-	-	17,691	-	-	-	-	-	-	-	17,691
Public works	-	-	12,152	-	-	-	-	-	-	-	-	12,152
Cordova City School District	-	-	-	32,029	-	-	-	-	-	-	-	32,029
Capital outlay	-	-	-	119,296	-	-	-	-	-	-	34,770	154,066
<b>Total Expenditures</b>	-	4,866	12,152	254,759	-	-	-	-	-	-	34,770	306,547
Excess of revenues over (under) expenditures	-	47,783	(12,152)	(115,483)	-	-	-	-	-	-	-	(79,852)
<b>Other Financing Sources - transfers in</b>												
	-	-	-	97,750	-	-	-	-	-	-	-	97,750
<b>Net change in fund balances</b>	-	47,783	(12,152)	(17,733)	-	-	-	-	-	-	-	17,898
<b>Fund Balances, beginning</b>	64,396	208,069	42,120	25,673	9,669	111,763	138,164					599,854
<b>Fund Balances, ending</b>	\$ 64,396	\$ 255,852	\$ 29,968	\$ 7,940	\$ 9,669	\$ 111,763	\$ 138,164	\$ -	\$ -	\$ -	\$ -	\$ 617,752

**City of Cordova, Alaska**  
**General Capital Projects Fund**  
**Schedule of Expenditures by Project**

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*Year Ended December 31, 2016*

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CT room design	\$ 2,317
Crater Lake joint hydro project	5,062
Crater Lake restroom vault	26,687
Mt. Eccles window upgrade	43,172
Non-capital information and recreation projects	59,749
Non-capital Cordova City School District	32,029
Non-capital public safety projects	85,743
<hr/>	
<b>Total Expenditures</b>	<b>\$ 254,759</b>

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## Enterprise Funds

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

### MAJOR ENTERPRISE FUNDS

#### Port

This fund accounts for the operations of the port and boat harbor.

#### Water

This fund accounts for the operations of the water system.

#### Sewer

This fund accounts for the operations of the sewer system.

#### Refuse

This fund accounts for the operations of the baler, refuse collection services, and landfill.

#### Cordova Community Medical Center

This fund accounts for the operations of the Cordova Community Medical Center which provides acute inpatient and outpatient, as well as long-term care and other community health care services, in the Cordova area.

### NONMAJOR ENTERPRISE FUND

#### Odiak Park

This fund accounts for the operations of the Odiak Camper Park.

**City of Cordova, Alaska**  
**Port Enterprise Fund**  
**Statement of Net Position**

December 31, 2016

**Assets and Deferred Outflows of Resources**

**Current Assets**

Cash and investments	\$ 1,392,888
Accounts receivable	393,224
Allowance for doubtful accounts	(144,278)
Prepaid insurance	29,002

**Total Current Assets** 1,670,836

**Property, Plant and Equipment**

Land	4,395,992
Buildings	274,983
Machinery and equipment	2,873,167
Improvements	18,865,654

Total property, plant and equipment	26,409,796
Accumulated depreciation	(13,664,958)

**Net Property, Plant and Equipment** 12,744,838

**Total Assets** 14,415,674

**Deferred Outflows of Resources - related to pensions** 141,406

**Total Assets and Deferred Outflows of Resources** \$ 14,557,080

**Liabilities, Deferred Inflows of Resources and Net Position**

**Current Liabilities**

Accounts payable	\$ 11,166
Accrued payroll and related liabilities	12,710
Accrued vacation and sick leave	32,993
Unearned revenue	416,617

**Total Current Liabilities** 473,486

**Noncurrent Liabilities - net pension liability** 692,832

**Total Liabilities** 1,166,318

**Deferred Inflows of Resources - related to pensions** 7,803

**Net Position**

Net investment in capital assets	12,744,838
Unrestricted	638,121

**Total Net Position** 13,382,959

**Total Liabilities, Deferred Inflows of Resources and Net Position** \$ 14,557,080



**City of Cordova, Alaska**  
**Port Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	2016
<b>Operating Revenues</b>	
User charges:	
Slip fees	\$ 935,812
Wharfage and dockage	76,223
<b>Total user charges</b>	<b>1,012,035</b>
Rents, leases and storage fees	61,244
Travel lift fees	137,364
Penalties and interest	13,019
Other revenues	552,542
<b>Total Operating Revenues</b>	<b>1,776,204</b>
<b>Operating Expenses</b>	
Salaries and benefits	686,392
Materials and supplies	13,868
Purchased services	247,988
Vehicle expense	30,922
Insurance	58,553
Repairs and maintenance	472,139
Depreciation	768,613
Allocated administrative and billing expenses	141,394
<b>Total Operating Expenses</b>	<b>2,419,869</b>
Loss from operations	(643,665)
<b>Nonoperating Revenues</b>	
Investment income	1,141
State of Alaska PERS relief	14,592
<b>Total Nonoperating Revenues</b>	<b>15,733</b>
Loss before transfers	(627,932)
Transfers out	(35,328)
Change in net position	(663,260)
<b>Net Position, beginning</b>	<b>14,046,219</b>
<b>Net Position, ending</b>	<b>\$ 13,382,959</b>

**City of Cordova, Alaska**  
**Port Enterprise Fund**  
**Statement of Cash Flows**

Year Ended December 31, 2016

**Cash Flows from Operating Activities**

Receipts from customers and users	\$ 1,702,148
Payments to suppliers	(829,979)
Payments to employees	(518,270)
Payments for interfund services used	(141,394)

Net cash flows from operating activities 212,505

**Cash Flows for Noncapital Financing Activities**

Transfers out	(35,328)
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**Cash Flows from Investing Activities**

Investment income received	1,141
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Net increase in cash and investments 178,318

Cash and Investments, beginning 1,214,570

**Cash and Investments, ending** **\$ 1,392,888**

**Reconciliation of Loss from Operations to Net**

**Cash Flows from Operating Activities**

Loss from operations	\$ (643,665)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	768,613
Noncash expense - PERS relief	14,592
Increase (decrease) in allowance for doubtful accounts	32,919
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(78,077)
Prepaid insurance	(8,088)
Deferred outflows of resources related to pensions	(29,834)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	1,579
Accrued payroll and related liabilities	3,683
Accrued vacation and sick leave	(8,269)
Net pension liability	189,066
Deferred inflows of resources related to pensions	(1,116)
Unearned revenue	(28,898)

**Net Cash Flows from Operating Activities** **\$ 212,505**

## City of Cordova, Alaska

## Port Enterprise Fund

## Combining Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2016</i>	Port Operating	Port Capital Projects	Port Depreciation Reserves	Total
<b>Operating Revenues</b>	\$ 1,776,204	\$ -	\$ -	\$ 1,776,204
<b>Operating Expenses</b>				
Salaries and benefits	686,392	-	-	686,392
Materials and supplies	13,868	-	-	13,868
Purchased services	247,988	-	-	247,988
Vehicle expense	30,922	-	-	30,922
Insurance	58,553	-	-	58,553
Repairs and maintenance	472,139	-	-	472,139
Depreciation	768,613	-	-	768,613
Allocated administrative and billing expenses	141,394	-	-	141,394
<b>Total Operating Expenses</b>	2,419,869	-	-	2,419,869
Loss from operations	(643,665)	-	-	(643,665)
<b>Nonoperating Revenues</b>				
Investment income	1,141	-	-	1,141
State of Alaska PERS relief	14,592	-	-	14,592
<b>Total Nonoperating Revenues</b>	15,733	-	-	15,733
Loss before transfers	(627,932)	-	-	(627,932)
Transfers out	(35,328)	-	-	(35,328)
Eliminating transfers	(150,000)	-	150,000	-
Net transfers	(185,328)	-	150,000	(35,328)
Change in net position	(813,260)	-	150,000	(663,260)
<b>Net Position, beginning</b>	13,383,105	1,816	661,298	14,046,219
<b>Net Position, ending</b>	\$ 12,569,845	\$ 1,816	\$ 811,298	\$ 13,382,959

**City of Cordova, Alaska**  
**Water Enterprise Fund**  
**Statement of Net Position**

<i>December 31,</i>	2016
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and investments	\$ -
Accounts receivable	29,342
Grants and loans receivable	264,384
Allowance for doubtful accounts	(1,095)
Prepaid insurance	15,524
<b>Total Current Assets</b>	<b>308,155</b>
<b>Property, Plant and Equipment</b>	
Land	881,531
Construction in progress	4,387,533
Buildings	33,591
Machinery and equipment	362,911
Improvements	14,803,759
Total property, plant and equipment	20,469,325
Accumulated depreciation	(9,018,145)
<b>Net Property, Plant and Equipment</b>	<b>11,451,180</b>
<b>Total Assets</b>	<b>11,759,335</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>53,314</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 11,812,649</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 381,759
Accrued payroll and related liabilities	5,128
Accrued vacation and sick leave	12,977
Due to other funds	53,290
Customer deposits	49,389
Accrued interest payable	15,982
Current portion of loan payable to ADEC	69,044
<b>Total Current Liabilities</b>	<b>587,569</b>
<b>Noncurrent Liabilities</b>	
Net pension liability	259,730
Loans payable to ADEC, net of current portion	608,904
<b>Total Noncurrent Liabilities</b>	<b>868,634</b>
<b>Total Liabilities</b>	<b>1,456,203</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>3,038</b>
<b>Net Position</b>	
Net investment in capital assets	10,773,232
Unrestricted (deficit)	(419,824)
<b>Total Net Position</b>	<b>10,353,408</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 11,812,649</b>

**City of Cordova, Alaska**  
**Water Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	<b>2016</b>
<b>Operating Revenues</b> - user charges	<b>\$ 606,682</b>
<b>Operating Expenses</b>	
Salaries and benefits	283,533
Materials and supplies	39,588
Purchased services	102,515
Vehicle expense	5,646
Insurance	32,188
Repairs and maintenance	31,366
Depreciation	436,235
Allocated administrative and billing expenses	110,291
<b>Total Operating Expenses</b>	<b>1,041,362</b>
Loss from operations	(434,680)
<b>Nonoperating Revenues (Expenses)</b>	
State of Alaska PERS relief	5,102
In-kind contributions to School and Medical Center	(11,855)
Interest expense	(227)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(6,980)</b>
Loss before contributions and transfers	(441,660)
Capital contributions	2,100,516
Transfers in	15,000
Transfers out	(1,164)
Change in net position	1,672,692
<b>Net Position, beginning</b>	<b>8,680,716</b>
<b>Net Position, ending</b>	<b>\$ 10,353,408</b>

**City of Cordova, Alaska**  
**Water Enterprise Fund**  
**Statement of Cash Flows**

<i>Year Ended December 31,</i>	2016
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 595,264
Payments for interfund services used	(110,291)
Payments to suppliers	(183,465)
Payments to employees	(216,104)
<b>Net cash flows from operating activities</b>	<b>85,404</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers in	15,000
Transfers out	(1,164)
<b>Net cash flows from noncapital financing activities</b>	<b>13,836</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Additions to property, plant and equipment	(2,845,773)
Increase (decrease) in due to other funds	53,290
Capital contributions received	2,407,551
Principal and interest paid on ADEC loans	(74,223)
Proceeds from ADEC loans	172,813
<b>Net cash flows from capital and related financing activities</b>	<b>(286,342)</b>
<b>Net increase in cash and investments</b>	<b>(187,102)</b>
<b>Cash and Investments, beginning</b>	<b>187,102</b>
<b>Cash and Investments, ending</b>	<b>\$ -</b>
<b>Reconciliation of Loss from Operations to Net Cash</b>	
<b>Flows from Operating Activities</b>	
Loss from operations	\$ (434,680)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	436,235
Noncash expense - PERS relief	5,102
Increase (decrease) in allowance for doubtful accounts	(2,943)
In-kind contributions	(11,855)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	1,179
Prepaid insurance	3,299
Deferred outflows of resources related to pensions	(10,430)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	24,539
Accrued payroll and related liabilities	1,839
Accrued vacation and sick leave	5,208
Customer deposits	2,201
Net pension liability	66,100
Deferred inflows of resources related to pensions	(390)
<b>Net Cash Flows from (for) Operating Activities</b>	<b>\$ 85,404</b>
<b>Noncash Capital and Related Financing Activity - Capital Assets Acquired on Account</b>	<b>\$ 338,198</b>

**City of Cordova, Alaska**  
**Water Enterprise Fund**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31, 2016</i>	Water Operating	Water Compliance	Water Depreciation Reserves	Eliminations	Total
<b>Operating Revenues - user charges</b>	\$ 606,682	\$ -	\$ -	\$ -	\$ 606,682
<b>Operating Expenses</b>					
Salaries and benefits	283,533	-	-	-	283,533
Materials and supplies	39,588	-	-	-	39,588
Purchased services	102,515	-	-	-	102,515
Vehicle expense	5,646	-	-	-	5,646
Insurance	32,188	-	-	-	32,188
Repairs and maintenance	31,146	-	-	220	31,366
Depreciation	436,235	-	-	-	436,235
Allocated administrative and billing expenses	110,291	-	-	-	110,291
Capital outlay	-	2,530,376	-	(2,530,376)	-
<b>Total Operating Expenses</b>	1,041,142	2,530,376	-	(2,530,156)	1,041,362
Income (loss) from operations	(434,460)	(2,530,376)	-	2,530,156	(434,680)
<b>Nonoperating Revenues (Expenses)</b>					
State funding	-	1,582,078	-	(1,582,078)	-
State of Alaska PERS relief	5,102	-	-	-	5,102
In-kind contributions to School and Medical Center	(11,855)	-	-	-	(11,855)
Interest expense	(227)	-	-	-	(227)
<b>Net Nonoperating Revenues (Expenses)</b>	(6,980)	1,582,078	-	(1,582,078)	(6,980)
Loss before contributions and transfers	(441,440)	(948,298)	-	948,078	(441,660)
Capital contributions	-	518,438	-	1,582,078	2,100,516
Transfers in	15,000	-	-	-	15,000
Transfers out	(1,164)	-	-	-	(1,164)
Eliminating transfers	(50,000)	-	50,000	-	-
<b>Net transfers</b>	(36,164)	-	50,000	-	13,836
Change in net position	(477,604)	(429,860)	50,000	2,530,156	1,672,692
<b>Net Position, beginning</b>	6,519,157	(18,054)	322,236	1,857,377	8,680,716
<b>Net Position, ending</b>	\$ 6,041,553	\$ (447,914)	\$ 372,236	\$ 4,387,533	\$ 10,353,408

**City of Cordova, Alaska**  
**Water Enterprise Fund**  
**Schedule of Water Capital Projects**

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<i>Year Ended December 31, 2016</i>	LT2 Water Quality Project
<hr/>	
<b>Funding Sources</b>	
State of Alaska and federal grants	\$ 2,100,516
Water Enterprise Fund	429,860
<hr/>	
<b>Total Funding Sources</b>	<b>\$ 2,530,376</b>
<hr/>	
<b>Expenditures - capital outlay</b>	<b>\$ 2,530,376</b>
<hr/>	



**City of Cordova, Alaska**  
**Sewer Enterprise Fund**  
**Statement of Net Position**

<i>December 31,</i>	2016
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and investments	\$ 670,016
Accounts receivable	68,566
Allowance for doubtful accounts	(431)
Prepaid insurance	15,524
Deposits	6,500
<b>Total Current Assets</b>	<b>760,175</b>
<b>Property, Plant and Equipment</b>	
Land	32,560
Construction in progress	15,400
Buildings	93,071
Machinery and equipment	739,398
Improvements	17,652,750
Total property, plant and equipment	18,533,179
Accumulated depreciation	(10,324,846)
<b>Net Property, Plant and Equipment</b>	<b>8,208,333</b>
<b>Total Assets</b>	<b>8,968,508</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>53,314</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 9,021,822</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 17,593
Accrued payroll and related liabilities	5,128
Accrued vacation and sick leave	12,977
Accrued interest payable	90,363
<b>Total Current Liabilities</b>	<b>126,061</b>
<b>Noncurrent Liabilities</b>	
Net pension liability	259,730
Loan payable to ADEC	1,099,231
<b>Total Noncurrent Liabilities</b>	<b>1,358,961</b>
<b>Total Liabilities</b>	<b>1,485,022</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>3,038</b>
<b>Net Position</b>	
Net investment in capital assets	7,109,102
Unrestricted	424,660
<b>Total Net Position</b>	<b>7,533,762</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 9,021,822</b>

**City of Cordova, Alaska**  
**Sewer Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	<i>2016</i>
<b>Operating Revenues - user charges</b>	<b>\$ 774,035</b>
<b>Operating Expenses</b>	
Salaries and benefits	281,386
Materials and supplies	42,502
Purchased services	137,042
Vehicle expense	11,236
Insurance	32,188
Repairs and maintenance	26,890
Depreciation	413,490
Allocated administrative and billing expenses	109,775
<b>Total Operating Expenses</b>	<b>1,054,509</b>
Loss from operations	(280,474)
<b>Nonoperating Revenues (Expenses)</b>	
State of Alaska PERS relief	5,102
In-kind contributions to School and Medical Center	(27,652)
Interest expense	(16,488)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(39,038)</b>
Loss before transfers	(319,512)
Transfers out	(11,164)
Change in net position	(330,676)
<b>Net Position, beginning</b>	<b>7,864,438</b>
<b>Net Position, ending</b>	<b>\$ 7,533,762</b>

## City of Cordova, Alaska

## Sewer Enterprise Fund

## Statement of Cash Flows

<i>Year Ended December 31,</i>	2016
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 749,907
Payments for interfund services used	(109,775)
Payments to suppliers	(252,538)
Payments to employees	(213,957)
<b>Net cash flows from operating activities</b>	<b>173,637</b>
<b>Cash Flows for Noncapital Financing Activities - transfers out</b>	<b>(11,164)</b>
<b>Cash Flows for Capital and Related Financing Activities -</b>	
Additions to property, plant and equipment	(5,414)
Proceeds from ADEC loan	20,101
<b>Net cash flows from capital and related financing activities</b>	<b>14,687</b>
<b>Net increase in cash and investments</b>	<b>177,160</b>
<b>Cash and Investments, beginning</b>	<b>492,856</b>
<b>Cash and Investments, ending</b>	<b>\$ 670,016</b>
<b>Reconciliation of Loss from Operations to Net</b>	
<b>Cash Flows from Operating Activities</b>	
Loss from operations	\$ (280,474)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	413,490
Noncash expense - PERS relief	5,102
Decrease in allowance for doubtful accounts	(14,555)
In-kind contributions	(27,652)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	18,079
Prepaid insurance	3,299
Deferred outflows of resources related to pensions	(10,430)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(5,979)
Accrued payroll and related liabilities	1,839
Accrued vacation and sick leave	5,208
Net pension liability	66,100
Deferred inflows of resources related to pensions	(390)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 173,637</b>

**City of Cordova, Alaska**  
**Sewer Enterprise Fund**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31, 2016</i>	Sewer Operating	Sewer Capital Projects	Sewer Depreciation Reserves	Total
<b>Operating Revenues - user charges</b>	\$ 774,035	\$ -	\$ -	\$ 774,035
<b>Operating Expenses</b>				
Salaries and benefits	281,386	-	-	281,386
Materials and supplies	42,502	-	-	42,502
Purchased services	137,042	-	-	137,042
Vehicle expense	11,236	-	-	11,236
Insurance	32,188	-	-	32,188
Repairs and maintenance	21,364	5,526	-	26,890
Depreciation	413,490	-	-	413,490
Allocated administrative and billing expenses	109,775	-	-	109,775
<b>Total Operating Expenses</b>	<b>1,048,983</b>	<b>5,526</b>	<b>-</b>	<b>1,054,509</b>
Loss from operations	(274,948)	(5,526)	-	(280,474)
<b>Nonoperating Revenues (Expenses)</b>				
State of Alaska PERS relief	5,102	-	-	5,102
In-kind contributions to School and Medical Center	(27,652)	-	-	(27,652)
Interest expense	(16,488)	-	-	(16,488)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(39,038)</b>	<b>-</b>	<b>-</b>	<b>(39,038)</b>
Loss before transfers	(313,986)	(5,526)	-	(319,512)
Transfers out	(11,164)	-	-	(11,164)
Eliminating transfers	(100,000)	-	100,000	-
<b>Net transfers</b>	<b>(111,164)</b>	<b>-</b>	<b>100,000</b>	<b>(11,164)</b>
Change in net position	(425,150)	(5,526)	100,000	(330,676)
<b>Net Position, beginning</b>	<b>7,591,370</b>	<b>(14,575)</b>	<b>287,643</b>	<b>7,864,438</b>
<b>Net Position, ending</b>	<b>\$ 7,166,220</b>	<b>\$ (20,101)</b>	<b>\$ 387,643</b>	<b>\$ 7,533,762</b>

**City of Cordova, Alaska**  
**Refuse Enterprise Fund**  
**Statement of Net Position**

<i>December 31,</i>	2016
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and investments	\$ 32,149
Accounts receivable	77,658
Allowance for doubtful accounts	(1,560)
Prepaid insurance	17,249
<b>Total Current Assets</b>	<b>125,496</b>
<b>Restricted Assets - landfill closure cash</b>	<b>788,830</b>
<b>Property, Plant and Equipment</b>	
Land and land improvements	256,250
Buildings	447,328
Improvements other than buildings	989,699
Machinery and equipment	3,051,790
Landfill	462,756
Total property, plant and equipment	5,207,823
Accumulated depreciation	(2,904,561)
<b>Net Property, Plant and Equipment</b>	<b>2,303,262</b>
<b>Total Assets</b>	<b>3,217,588</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>117,993</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 3,335,581</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 7,881
Accrued payroll and related liabilities	9,581
Accrued vacation and sick leave	21,778
Accrued interest payable	1,425
Current portion of bonds payable	36,000
<b>Total Current Liabilities</b>	<b>76,665</b>
<b>Noncurrent Liabilities</b>	
Bonds payable, net of current portion	73,000
Net pension liability	579,841
Landfill closure costs	818,360
<b>Total Noncurrent Liabilities</b>	<b>1,471,201</b>
<b>Total Liabilities</b>	<b>1,547,866</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>6,400</b>
<b>Net Position</b>	
Net investment in capital assets	2,194,262
Restricted	788,830
Unrestricted (deficit)	(1,201,777)
<b>Total Net Position</b>	<b>1,781,315</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 3,335,581</b>

**City of Cordova, Alaska**  
**Refuse Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	2016
<b>Operating Revenues - user charges</b>	<b>\$ 1,109,608</b>
<b>Operating Expenses</b>	
Salaries and benefits	636,211
Materials and supplies	26,735
Purchased services	47,190
Vehicle expense	41,117
Insurance	32,365
Repairs and maintenance	72,236
Depreciation	130,696
Allocated administrative and billing expenses	130,585
Landfill closure and monitoring expense	73,301
<b>Total Operating Expenses</b>	<b>1,190,436</b>
Loss from operations	(80,828)
<b>Nonoperating Revenues (Expenses)</b>	
Investment income	579
State of Alaska PERS relief	12,637
In-kind contributions to School and Medical Center	(27,585)
Interest expense	(4,100)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(18,469)</b>
Loss before transfers	(99,297)
Transfers out	(2,328)
Change in net position	(101,625)
<b>Net Position, beginning</b>	<b>1,882,940</b>
<b>Net Position, ending</b>	<b>\$ 1,781,315</b>

## City of Cordova, Alaska

## Refuse Enterprise Fund

## Statement of Cash Flows

Year Ended December 31,	2016
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 1,083,490
Payment for interfund services used	(130,585)
Payments to suppliers	(213,723)
Payments to employees	(481,123)
<b>Net cash flows from operating activities</b>	<b>258,059</b>
<b>Cash Flows for Noncapital Financing Activities</b>	
Transfers out	(2,328)
<b>Cash Flows for Capital and Related Financing Activities</b>	
Additions to property, plant, and equipment	(100,774)
Increase (decrease) in due to other funds	(34,458)
Principal and interest paid on general obligation bonds	(38,350)
<b>Net cash flows for capital and related financing activities</b>	<b>(173,582)</b>
<b>Cash Flows from Investing Activities</b>	
Investment income received	579
<b>Net increase in cash and investments</b>	<b>82,728</b>
<b>Cash and Investments, beginning</b>	<b>738,251</b>
<b>Cash and Investments, ending</b>	<b>\$ 820,979</b>
<b>Reconciliation of Cash and Investments to Statement of Net Position</b>	
Cash and investments	\$ 32,149
Restricted assets	788,830
<b>Total Cash and Investments</b>	<b>\$ 820,979</b>
<b>Reconciliation of Loss from Operations to Net</b>	
<b>Cash Flows from Operating Activities</b>	
Loss from operations	\$ (80,828)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	130,696
Noncash expense - PERS relief	12,637
Decrease in allowance for doubtful accounts	(2,042)
In-kind contributions to School and Medical Center	(27,585)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	3,509
Prepaid insurance	3,665
Deferred outflows of resources related to pensions	(25,837)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	2,255
Accrued payroll and related liabilities	2,364
Accrued vacation and sick leave	3,151
Landfill closure costs payable	73,301
Net pension liability	163,739
Deferred inflows of resources related to pensions	(966)
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 258,059</b>

**City of Cordova, Alaska**  
**Refuse Enterprise Fund**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31, 2016</i>	Refuse Operating	Refuse Depreciation Reserves	Landfill Closure	Total
Operating Revenues - user charges	\$ 1,109,608	\$ -	\$ -	\$ 1,109,608
<b>Operating Expenses</b>				
Salaries and benefits	636,211	-	-	636,211
Materials and supplies	26,735	-	-	26,735
Purchased services	47,190	-	-	47,190
Vehicle expense	41,117	-	-	41,117
Insurance	32,365	-	-	32,365
Repairs and maintenance	72,236	-	-	72,236
Depreciation	130,696	-	-	130,696
Allocated administrative and billing expenses	130,585	-	-	130,585
Landfill closure and monitoring expense	-	-	73,301	73,301
<b>Total Operating Expenses</b>	<b>1,117,135</b>	<b>-</b>	<b>73,301</b>	<b>1,190,436</b>
Loss from operations	(7,527)	-	(73,301)	(80,828)
<b>Nonoperating Revenues (Expenses)</b>				
Investment income	-	-	579	579
State of Alaska PERS relief	12,637	-	-	12,637
In-kind contributions to School and Medical Center	(27,585)	-	-	(27,585)
Interest expense	(4,100)	-	-	(4,100)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(19,048)</b>	<b>-</b>	<b>579</b>	<b>(18,469)</b>
Loss before transfers	(26,575)	-	(72,722)	(99,297)
Transfers out	(2,328)	-	-	(2,328)
Eliminating transfers	(100,000)	50,000	50,000	-
<b>Net transfers</b>	<b>(102,328)</b>	<b>50,000</b>	<b>50,000</b>	<b>(2,328)</b>
Change in net position	(128,903)	50,000	(22,722)	(101,625)
<b>Net Position, beginning</b>	<b>1,860,107</b>	<b>13,556</b>	<b>9,277</b>	<b>1,882,940</b>
<b>Net Position, ending</b>	<b>\$ 1,731,204</b>	<b>\$ 63,556</b>	<b>\$ (13,445)</b>	<b>\$ 1,781,315</b>



**City of Cordova, Alaska**  
**Cordova Community Medical Center Enterprise Fund**  
**Statement of Net Position**

<i>December 31,</i>	2016
<b>Assets and Deferred Outflows of Resources</b>	
<b>Current Assets</b>	
Cash and investments	\$ 96,239
Receivables:	
Patient accounts	1,768,150
Other	83,392
Due from third party payors	16,081
Allowance for doubtful accounts	(771,058)
Prepaid expenses	8,883
Inventory	138,786
<b>Total Current Assets</b>	<b>1,340,473</b>
<b>Property, Plant and Equipment</b>	
Land	122,010
Construction in progress	17,228
Building and improvements	10,619,924
Equipment	3,146,654
Total property, plant and equipment	13,905,816
Accumulated depreciation	(10,151,419)
<b>Net Property, Plant and Equipment</b>	<b>3,754,397</b>
<b>Total Assets</b>	<b>5,094,870</b>
<b>Deferred Outflows of Resources - related to pensions</b>	<b>1,218,788</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 6,313,658</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 556,816
Accrued payroll and related liabilities	498,914
Health claims payable	22,000
Payable to third party payors	99,058
Current portion of capital lease payable	32,287
<b>Total Current Liabilities</b>	<b>1,209,075</b>
<b>Noncurrent Liabilities</b>	
Capital lease payable	41,850
Net pension liability	6,907,864
<b>Total Noncurrent Liabilities</b>	<b>6,949,714</b>
<b>Total Liabilities</b>	<b>8,158,789</b>
<b>Deferred Inflows of Resources - related to pensions</b>	<b>77,000</b>
<b>Net Position</b>	
Net investment in capital assets	3,680,260
Restricted	13,035
Unrestricted (deficit)	(5,615,426)
<b>Total Net Position</b>	<b>(1,922,131)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 6,313,658</b>

**City of Cordova, Alaska**  
**Cordova Community Medical Center Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	2016
<b>Operating Revenues</b>	
Net patient service revenue	\$ 7,188,480
Rural Health Care Program - Universal Service Fund assistance	962,530
Grants	479,312
Other	61,358
<b>Total Operating Revenues</b>	<b>8,691,680</b>
<b>Operating Expenses</b>	
Salaries and benefits	7,106,759
Professional services	2,391,901
Facility	1,241,637
Depreciation	550,521
Supplies	476,394
Insurance	192,873
Small equipment	184,596
Repairs and maintenance	97,010
Other expenses	307,516
<b>Total Operating Expenses</b>	<b>12,549,207</b>
Loss from operations	(3,857,527)
<b>Nonoperating Revenues (Expenses)</b>	
State of Alaska PERS relief	131,217
Gain on debt forgiveness	77,765
Interest expense	(5,657)
Investment income	17
<b>Net Nonoperating Revenues (Expenses)</b>	<b>203,342</b>
Loss before transfers	(3,654,185)
Transfers in	3,344,850
Change in net position	(309,335)
<b>Net Position, beginning (restated)</b>	<b>(1,612,796)</b>
<b>Net Position, ending</b>	<b>\$ (1,922,131)</b>

**City of Cordova, Alaska**  
**Cordova Community Medical Center Enterprise Fund**  
**Statement of Cash Flows**

Year Ended December 31,	2016
<b>Cash Flows for Operating Activities</b>	
Cash received from patient services	\$ 7,465,895
Cash received from other sources	877,099
Net cash from grant programs	479,312
Payments to suppliers	(4,137,360)
Payments to employees	(5,443,898)
<b>Net cash flows for operating activities</b>	<b>(758,952)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Proceeds from interfund advance	910,667
<b>Cash Flows for Capital and Related Financing Activities</b>	
Principal and interest paid on long-term debt	(30,220)
Additions to property, plant and equipment	(27,039)
<b>Net cash flows for capital and related financing activities</b>	<b>(57,259)</b>
<b>Cash Flows from Investing Activities</b> - Investment income received	<b>17</b>
Net increase in cash and investments	94,473
<b>Cash and Investments, beginning</b>	<b>1,766</b>
<b>Cash and Investments, ending</b>	<b>\$ 96,239</b>
<b>Reconciliation of Loss from Operations to Net Cash Flows for Operating Activities</b>	
Loss from operations	\$ (3,857,527)
Adjustments to reconcile loss from operations to net cash flows for operating activities:	
Increase in allowance for doubtful accounts	387,759
Depreciation	550,521
Utility costs waived by the City of Cordova	28,135
Noncash expense - PERS relief	131,217
Gain on debt forgiveness	77,764
(Increase) decrease in assets and deferred outflows of resources:	
Patient accounts receivable	(429,721)
Other receivables	(21,137)
Grants receivable	705,661
Due from third party payors	220,319
Inventory	(3,412)
Prepaid expenses	13,759
Deferred outflows of resources related to pensions	(288,809)
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(324,209)
Payable to third party payors	99,058
Accrued payroll and related liabilities	48,694
Health claims payable	22,000
Net pension liability	1,892,764
Deferred inflows of resources related to pensions	(11,788)
<b>Net Cash Flows for Operating Activities</b>	<b>\$ (758,952)</b>

**City of Cordova, Alaska**  
**Odiak Park Enterprise Fund**  
**Statement of Net Position**

<i>December 31,</i>	2016
<b>Assets</b>	
<b>Current Assets</b>	
Cash and investments	\$ 113,540
<b>Total Current Assets</b>	<b>113,540</b>
<b>Property, Plant and Equipment</b>	
Buildings	79,362
Improvements	10,718
Total property, plant and equipment	90,080
Accumulated depreciation	(57,298)
<b>Net Property, Plant and Equipment</b>	<b>32,782</b>
<b>Total Assets</b>	<b>\$ 146,322</b>
<b>Liabilities and Net Position</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 5,610
Accrued payroll and related liabilities	514
<b>Total Current Liabilities</b>	<b>6,124</b>
<b>Net Position</b>	
Net investment in capital assets	32,782
Unrestricted	107,416
<b>Total Net Position</b>	<b>140,198</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 146,322</b>

**City of Cordova, Alaska**  
**Odiak Park Enterprise Fund**  
**Statement of Revenues, Expenses and Changes in Net Position**

<i>Year Ended December 31,</i>	<i>2016</i>
<b>Operating Revenues</b>	
Park fees	\$ 81,747
<b>Operating Expenses</b>	
Salaries and benefits	24,633
Materials and supplies	1,260
Purchased services	20,609
Insurance	5,400
Repairs and maintenance	3,219
Depreciation	2,038
<b>Total Operating Expenses</b>	<b>57,159</b>
Income from operations	24,588
Transfers out	(4,000)
Change in net position	20,588
<b>Net Position, beginning</b>	<b>119,610</b>
<b>Net Position, ending</b>	<b>\$ 140,198</b>

**City of Cordova, Alaska**  
**Odiak Park Enterprise Fund**  
**Statement of Cash Flows**

<i>Year Ended December 31,</i>	2016
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 81,747
Payments to suppliers	(24,998)
Payments to employees	(24,499)
<b>Net cash flows from operating activities</b>	<b>32,250</b>
<b>Cash Flows for Noncapital Financing Activities - transfers out</b>	
	(4,000)
Net increase in cash and investments	28,250
<b>Cash and Investments, beginning</b>	<b>85,290</b>
<b>Cash and Investments, ending</b>	<b>\$ 113,540</b>
<b>Reconciliation of Income from Operations to Net</b>	
<b>Cash Flows from Operating Activities</b>	
Income from operations	\$ 24,588
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	2,038
Increase (decrease) in liabilities:	
Accounts payable	5,490
Accrued payroll and related liabilities	134
<b>Net Cash Flows from Operating Activities</b>	<b>\$ 32,250</b>

**City of Cordova, Alaska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expend- itures
<b>Department of Agriculture</b>				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665		\$ -	\$ 26,687
Passed through State of Alaska Department of Commerce, Community and Economic Development - Schools and Roads - Grants to States	10.665	851367	-	<u>710,164</u>
<b>Total Department of Agriculture and Forest Service Schools and Roads Cluster</b>				<u>736,851</u>
<b>Department of Commerce</b>				
Passed through State of Alaska Department of Military and Veteran Affairs - Meteorologic and Hydrologic Modernization Development	11.467	20NOAA-GY15	-	<u>34,619</u>
<b>Department of Interior</b>				
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payment in Lieu of Taxes	15.226	840304	-	<u>423,633</u>
<b>Institute of Museum and Library Services</b>				
Passed through State of Alaska Department of Education and Early Development - Grants to States - Continuing Education Grant	45.310	None	-	<u>950</u>
<b>Environmental Protection Agency</b>				
Drinking Water State Revolving Fund Cluster				
Passed through State of Alaska Department of Environmental Conservation: Capitalization Grants for Drinking Water State Revolving Funds:				
- Loan Portion	66.468	261141	-	168,545
- Subsidy Portion	66.468	261141	-	<u>152,590</u>
<b>Total Environmental Protection Agency and Drinking Water State Revolving Fund Cluster</b>				<u>321,135</u>
<b>Department of Homeland Security</b>				
Passed through State of Alaska Department of Military and Veteran Affairs:				
2016 Emergency Management Planning Grant	97.042	20EMPG-GY16	-	9,000
2015 Emergency Management Planning Grant	97.042	20EMPG-GY15	-	<u>9,000</u>
Total CFDA 97.042				<u>18,000</u>
Homeland Security Grant Program	97.067	14SHSP-GR34094	-	5,160
Homeland Security Grant Program	97.067	20SHSP-GY15	-	<u>8,387</u>
Total CFDA 97.067				<u>13,547</u>
<b>Total Department of Homeland Security</b>				<u>31,547</u>
<b>Total Federal Awards</b>				<u>\$ 1,548,735</u>

**City of Cordova, Alaska**  
**Schedule of State Financial Assistance**  
**Year Ended December 31, 2016**

Name of Award	Award Number	Total Grant Award	State Share of Expenditures
<b>Department of Commerce, Community and Economic Development</b>			
Cordova Center Construction and Equipment	15-EV-001	\$ 1,301,536	\$ 1,534
*Community Revenue Sharing Program	2016	130,882	130,882
Shared Fisheries Business Tax	2016	28,504	28,504
Hospital Roof Emergency Repairs & Replacement	12-DC-801	2,000,000	<u>34,770</u>
<b>Total Department of Commerce, Community, and Economic Development</b>			<u>195,690</u>
<b>Department of Environmental Conservation</b>			
*LT2 Compliance UV Treatment Facility	26169	3,775,000	1,582,078
LT2 Compliance UV Treatment Facility - Subsidy	261141	31,182	<u>31,182</u>
<b>Total Department of Environmental Conservation</b>			<u>1,613,260</u>
<b>Department of Administration</b>			
*PERS Relief Funding	N/A	188,376	<u>188,376</u>
<b>Department of Revenue</b>			
Liquor Licenses	N/A	11,950	11,950
*Fisheries Business Taxes	N/A	713,635	713,635
*Electric and Telephone Cooperative	N/A	227,632	<u>227,632</u>
<b>Total Department of Revenue</b>			<u>953,217</u>
<b>Department of Education and Early Development</b>			
Public Library Assistance	PLA-17-725-02	6,900	6,900
Public Library Assistance	FY2016	6,650	4,883
*Debt Retirement Program	2016	861,471	861,471
Alaska Online with Libraries (OWL)	FY2016	2,697	1,348
Alaska Online with Libraries (OWL)	FY2017	2,400	<u>1,200</u>
<b>Total Department of Education and Early Development</b>			<u>875,802</u>
<b>Total State Financial Assistance</b>			<u>\$ 3,826,345</u>

\* Major program



# City of Cordova, Alaska

## Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance Year Ended December 31, 2016

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance (the "Schedules") include the federal and state grant activity of City of Cordova under programs of the federal and state governments for the year ended December 31, 2016. The information in the Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Because the Schedules present only a selected portion of the operations of City of Cordova, they are not intended to and do not present the financial position, changes in net position or cash flows of City of Cordova.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

### 3. PERS On-behalf

The City has recorded \$188,376 in PERS On-behalf payments in the schedule of state financial assistance. This represents the PERS relief payments appropriated and transferred into the plan during calendar year 2016 and relates to both pension and OPEB contributions.

In the governmental fund financial statements, on-behalf revenue and expenditures have been recognized in their proportional share of PERS payroll within the calendar year under audit.

However, in the full accrual financial statements (the government-wide and enterprise fund financial statements), GASB 68 provisions prescribe that on-behalf *pension* contributions in a special funding situation may only be recognized during the *measurement period* in which the plan recognizes the contributions. For the City of Cordova, the PERS plan measurement period is July 1, 2015 through June 30, 2016, creating a six-month timing difference between the cash contribution and revenue and expense recognition for the pension on-behalf by the City in those funds.

As a result of these perspective and timing differences, amounts reported on the financial statements do not agree to the amount reported on the schedule of state financial assistance.

### 4. Drinking Water Revolving Loan

The Drinking Water Revolving Loan is a program that is funded through a mix of federal and state funding. This loan was offered with a subsidized portion not to exceed \$1,967,375. The subsidy will be reported on the state schedule or federal schedule, as applicable, when the cash is received. The City is unable to determine the funding split until the drawdowns are processed by the State.

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## Single Audit Reports

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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Honorable Mayor and City Council  
City of Cordova, Alaska

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 units, each major fund, and the aggregate remaining fund information of City of Cordova, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City of Cordova's basic financial statements, and have issued our report thereon dated September 28, 2017. Our report includes a reference to other auditors who audited the financial statements of Cordova Community Medical Center, as described in our report on City of Cordova's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **City of Cordova's Response to Findings**

City of Cordova's response to the findings identified in our audit are described in the accompanying corrective action plan. City of Cordova's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*BDO USA, LLP*

Anchorage, Alaska  
September 28, 2017



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3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and City Council  
City of Cordova, Alaska

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

We have audited City of Cordova's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Cordova's major federal programs for the year ended December 31, 2016. City of Cordova's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City of Cordova's basic financial statements include the operations of the Cordova City School District, which received \$563,683 in federal awards which is not included in City of Cordova's schedule of expenditures of federal awards during the year ended December 31, 2016. Our audit, described below, did not include the operations of Cordova City School District because other auditors were engaged to perform the audit of the School District; however, they did not meet the threshold for an audit in accordance with the Uniform Guidance.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

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

In our opinion, City of Cordova complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

*BDO USA, LLP*

Anchorage, Alaska  
September 28, 2017



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## **Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits***

Honorable Mayor and City Council  
City of Cordova, Alaska

### **Report on Compliance for Each Major State Program**

We have audited City of Cordova's compliance with the types of compliance requirements described in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* that could have a direct and material effect on each of City of Cordova's major state programs for the year ended December 31, 2016. City of Cordova's major state programs are identified in the accompanying schedule of state financial assistance.

City of Cordova's basic financial statements include the operations of the Cordova City School District, which received \$4,570,144 in state awards which is not included in City of Cordova's schedule of state financial assistance for the year ended December 31, 2016. Our audit, described below, did not include the operations of Cordova City School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Cordova's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Those standards and the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about City of Cordova's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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### ***Opinion on Each Major State Program***

In our opinion, City of Cordova complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Accordingly, this report is not suitable for any other purpose.

*BDO USA, LLP*

Anchorage, Alaska  
September 28, 2017



## City of Cordova, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2016

<b>Section II - Financial Statement Findings Required to be Reported in Accordance with Government Auditing Standards</b>
---

<b>Finding 2016-001</b>	<b>Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting</b>
<i>Criteria</i>	Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP).
<i>Condition</i>	There is no review of journal entries.
<i>Context</i>	The Finance Director prepares all journal entries, but there is no one reviewing them.
<i>Effect</i>	Journal entries could be made in error or inappropriately.
<i>Cause</i>	Limited accounting staff at the City.
<i>Recommendation</i>	We recommend that someone review and approve all journal entries and initial the support for the entries to document their approval. This process would improve controls over adjustments to the general ledger.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs. See the corrective action plan.
<b>Finding 2016-002</b>	<b>Bank and Investment Reconciliation Review - Significant Deficiency in Internal Control Over Financial Reporting</b>
<i>Criteria</i>	Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP).
<i>Condition</i>	There is no review of bank and investment reconciliations.
<i>Context</i>	The Finance Director prepares all bank and investment reconciliations, but there is no one reviewing them.
<i>Effect</i>	Reconciliations could be made in error or inappropriately.
<i>Cause</i>	Limited accounting staff at the City.
<i>Recommendation</i>	We recommend that someone review and approve all bank and investment reconciliations and initial them to document their review and approval. This process would improve controls over financial reporting.
<i>Views of responsible officials and planned corrective actions</i>	Management concurs. See the corrective action plan.

## City of Cordova, Alaska

### Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2016

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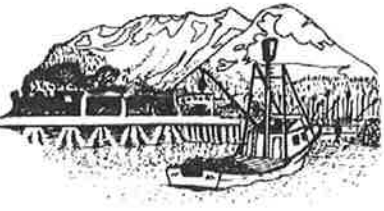
#### **Section III - Federal Award Findings and Questioned Costs**

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.

#### **Section IV - State Award Findings and Questioned Costs**

There were no findings and questioned costs for State awards (as defined in the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*) that are required to be reported.

**City of Cordova Single Audit Responses (Unaudited)**



## Status of Prior Audit Findings

<b>Finding 2015-001</b>	<b>Year End Account Reconciliations – Material Weakness in Internal Control Over Financial Reporting</b>
<i>Condition</i>	Certain general ledger accounts, including the schedule of federal awards and the schedule of state financial assistance were not fully reconciled at year end. Journal entries and supporting documentation were not always reviewed.
<i>Status</i>	The City hired an outside accountant to assist with preparation of the year end close and required schedules. We believe the finding has been partially resolved and we are committed to further improvement. (See Current Year Finding 2016-001 and 2016-002).



## Corrective Action Plan

Name of Contact Person:

Jon K. Stavig  
Finance Director  
(907) 424-6200

**Finding 2016-001**      **Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting**

*Corrective Action*      All subsequent journal entries will have the review of the Finance Director and Assistant which will be evidenced by dual signatures or initials.

*Implementation*      Immediately.

**Finding 2016-002**      **Bank and Investment Reconciliation Review - Significant Deficiency in Internal Control Over Financial Reporting**

*Corrective Action*      All subsequent reconciliations, both Bank and Investment Accounts will have the review of the Finance Director and Assistant. In addition, the Finance Director will provide cross training to others within the department to complete and review the reconciliations.

*Implementation*      Immediately.