



City of Cordova, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended December 31, 2019

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member
of BDO International Limited, a UK company limited by guarantee.



City of Cordova, Alaska

Basic Financial Statements, Required Supplementary
Information, Supplementary Information
and Single Audit Reports
Year Ended December 31, 2019

City of Cordova, Alaska

Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	A-1 6-7
Statement of Activities	A-2 8-9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	B-1 10
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	B-2 11
Statement of Revenues, Expenditures and Changes in Fund Balances	B-3 12
Reconciliation of Change in Fund Balances of Governmental Funds to Statement of Activities	B-4 13
Proprietary Funds:	
Statement of Net Position	C-1 14-15
Statement of Revenues, Expenses and Changes in Net Position	C-2 16
Statement of Cash Flows	C-3 17-18
Notes to Basic Financial Statements	19-57
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	D-1 60-61
General Reserve Special Revenue Fund	D-2 62
Public Employees' Retirement System Pension Plan: Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City Contributions	D-3 63
Public Employees' Retirement System OPEB Plan: Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset) and Schedule of City Contributions	D-4 64
Notes to Required Supplementary Information	65-66

City of Cordova, Alaska

Contents

	<u>Page</u>
Supplementary Information	
Combining and Individual Fund Financial Statements and Schedules -	
General Fund:	
Balance Sheet	E-1 70
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	E-2 71-79
Nonmajor Governmental Funds:	
Combining Balance Sheet	F-1 82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	F-2 83
General Capital Projects Fund - Schedule of Expenditures by Project	G-1 84
Enterprise Funds:	
Port:	
Statement of Net Position	H-1 86
Statement of Revenues, Expenses and Changes in Net Position	H-2 87
Statement of Cash Flows	H-3 88
Combining Schedule of Revenues, Expenses and Changes in Net Position	H-4 89
Water:	
Statement of Net Position	H-5 90
Statement of Revenues, Expenses and Changes in Net Position	H-6 91
Statement of Cash Flows	H-7 92
Combining Schedule of Revenues, Expenses and Changes in Net Position	H-8 93
Sewer:	
Statement of Net Position	H-9 94
Statement of Revenues, Expenses and Changes in Net Position	H-10 95
Statement of Cash Flows	H-11 96
Combining Schedule of Revenues, Expenses and Changes in Net Position	H-12 97
Refuse:	
Statement of Net Position	H-13 98
Statement of Revenues, Expenses and Changes in Net Position	H-14 99
Statement of Cash Flows	H-15 100
Combining Schedule of Revenues, Expenses and Changes in Net Position	H-16 101

City of Cordova, Alaska

Contents

	<u>Page</u>
Supplementary Information, continued	
Combining and Individual Fund Financial Statements and Schedules, continued:	
Enterprise Funds, continued:	
Odiak Park:	
Statement of Net Position	H-17 102
Statement of Revenues, Expenses and Changes in Net Position	H-18 103
Statement of Cash Flows	H-19 104
Health Insurance Internal Service Fund:	
Statement of Net Position	I-1 106
Statement of Revenues, Expenses and Changes in Net Position	I-2 107
Statement of Cash Flows	I-3 108
Schedule of Expenditures of Federal Awards	J-1 109
Schedule of State Financial Assistance	J-2 110
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	111
 Single Audit Section	
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 <i>Government Auditing Standards</i>	114-115
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	116-117
Independent Auditor's Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the <i>State of Alaska Audit Guide and Compliance Supplement for State Single Audits</i>	118-119
Schedule of Findings and Questioned Costs	120-121
 City of Cordova Single Audit Responses (Unaudited)	
Summary Schedule of Prior Audit Findings	124



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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, 2019, and the related notes to the financial statements, which collectively comprise the City of Cordova'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 Cordova City School District and Cordova Community Medical Center which are reported as discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Cordova, Alaska, is based solely on the reports 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.

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, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 60-62, and the schedules of the City's information on the net pension and OPEB liability, and the City contributions to the pension and OPEB plans on pages 63-64, 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 was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Cordova's basic financial statements. The accompanying combining and individual fund financial statements, and schedules listed in the table of contents, the Schedule of Expenditures of Federal Awards as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of State Financial Assistance as required by the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, the Schedule of State Financial Assistance, and the combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Cordova's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cordova's internal control over financial reporting and compliance.

BDO USA, LLP

Anchorage, Alaska
November 5, 2020

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Basic Financial Statements

City of Cordova, Alaska
Statement of Net Position

	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
<i>December 31, 2019</i>						
Assets and Deferred Outflows of Resources						
Assets						
Cash and investments	\$11,130,348	\$ 2,903,531	\$ 14,033,879	\$ 1,547,263	\$ 481,116	\$ 33,970
Receivables:						
Taxes	579,440	-	579,440	-	-	-
Accounts	-	629,326	629,326	-	2,178,531	-
Grants and shared revenues	-	1,820	1,820	335,064	-	-
Other	663,264	-	663,264	-	21,525	-
Allowance for doubtful accounts	-	(214,318)	(214,318)	-	-	-
Prepaid items	220,426	51,272	271,698	48,794	27,222	-
Deposits	-	6,500	6,500	-	-	-
Inventory	-	-	-	45,718	340,183	-
Restricted cash and investments	-	940,892	940,892	-	-	-
Lease receivable	738,213	-	738,213	-	-	-
Capital assets:						
Land and construction in progress	1,547,343	5,597,463	7,144,806	-	-	-
Other capital assets, net of depreciation	50,114,817	26,994,801	77,109,618	101,665	3,634,539	-
Total Assets	64,993,851	36,911,287	101,905,138	2,078,504	6,683,116	33,970
Deferred Outflows of Resources						
Related to pensions	358,287	118,831	477,118	762,988	437,004	-
Related to other postemployment benefits	274,069	96,744	370,813	432,191	395,467	-
Related to goodwill	-	-	-	-	120,000	-
Deferred loss on bonds	1,074,970	-	1,074,970	-	-	-
Total Deferred Outflows of Resources	1,707,326	215,575	1,922,901	1,195,179	952,471	-
Total Assets and Deferred Outflows of Resources	\$66,701,177	\$ 37,126,862	\$103,828,039	\$ 3,273,683	\$7,635,587	\$ 33,970

City of Cordova, Alaska
Statement of Net Position, continued

	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
<i>December 31, 2019</i>						
Liabilities, Deferred Inflows of Resources and Net Position						
Liabilities						
Accounts payable	\$ 113,220	\$ 57,795	\$ 171,015	\$ 331,348	\$ 994,349	\$ -
Accrued payroll and related liabilities	202,782	48,717	251,499	87,241	492,295	-
Health claims payable	445,000	-	445,000	-	16,186	-
Customer deposits	-	33,065	33,065	-	-	-
Accrued interest payable	172,501	83,851	256,352	-	-	-
Internal balance	(1,045)	1,045	-	-	-	-
Unearned revenue	66,227	506,696	572,923	-	-	-
Noncurrent liabilities:						
Due within one year:						
Accrued vacation and sick leave	276,905	115,912	392,817	-	210,197	-
Bonds and loans	1,160,000	124,045	1,284,045	-	-	-
Capital lease	-	-	-	-	118,668	-
Due in more than one year:						
Loans	-	2,985,201	2,985,201	-	-	-
General obligation bonds	12,630,000	-	12,630,000	-	-	-
Capital lease	-	-	-	-	306,577	-
Net pension liability	4,686,027	1,491,933	6,177,960	3,964,070	5,963,724	-
Net other postemployment benefits liability	137,214	30,099	167,313	702,933	161,642	-
Unamortized bond premium	1,670,756	-	1,670,756	-	-	-
Landfill closure costs	-	844,410	844,410	-	-	-
Total Liabilities	21,559,587	6,322,769	27,882,356	5,085,592	8,263,638	-
Deferred Inflows of Resources						
Related to pensions	294,771	95,001	389,772	106,433	107,885	-
Related to other postemployment benefits	211,242	71,546	282,788	300,344	245,012	-
Total Deferred Inflow of Resources	506,013	166,547	672,560	406,777	352,897	-
Total Liabilities and Deferred Inflows of Resources	22,065,600	6,489,316	28,554,916	5,492,369	8,616,535	-
Net Position						
Net investment in capital assets	37,276,374	29,483,018	66,759,392	101,665	3,209,294	-
Restricted:						
E-911	64,396	-	64,396	-	-	-
Refuse	-	940,892	940,892	-	-	-
School District	-	-	-	198,312	-	-
Unrestricted (deficit)	7,294,807	213,636	7,508,443	(2,518,663)	(4,190,242)	33,970
Total Net Position (Deficit)	44,635,577	30,637,546	75,273,123	(2,218,686)	(980,948)	33,970
Total Liabilities, Deferred Inflows of Resources and Net Position	\$66,701,177	\$37,126,862	\$103,828,039	\$ 3,273,683	\$7,635,587	\$ 33,970

See accompanying notes to basic financial statements.

City of Cordova, Alaska
Statement of Activities
Year Ended December 31, 2019

Activities	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions
Primary Government				
Governmental:				
General government	\$ 1,845,538	\$ 724,777	\$ 235,528	\$ -
Public safety	1,451,543	411,757	-	174,444
Information and recreation	1,312,562	131,839	-	-
Public works	2,286,706	736	-	-
Education	2,554,694	-	654,198	-
Health	1,651,465	-	-	-
Community service	138,017	-	-	-
Interest	613,243	-	827,843	-
Total governmental activities	11,853,768	1,269,109	1,717,569	174,444
Business-type:				
Port	2,089,996	1,663,255	34,235	-
Water	1,270,628	796,070	14,123	-
Sewer	1,069,151	832,999	14,123	-
Refuse	1,052,599	1,129,837	28,039	-
Camper Park	63,238	53,515	567	-
Total business-type activities	5,545,612	4,475,676	91,087	-
Total Primary Government	\$ 17,399,380	\$ 5,744,785	\$ 1,808,656	\$ 174,444
Component Units				
Cordova City School District	\$ 7,460,967	\$ 60,136	\$ 671,055	\$ -
Cordova Community Medical Center	\$ 11,917,131	\$ 10,121,544	\$ 618,939	\$ -
Volunteer Fire Department	\$ 55,867	\$ -	\$ -	\$ -

City of Cordova, Alaska
Statement of Activities, continued
Year Ended December 31, 2019

Activities	Net (Expense) Revenue and Changes in Net Position					
	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	Cordova City School District	Cordova Community Medical Center	Cordova Volunteer Fire Department
Primary Government						
Governmental:						
General government	\$ (885,233)	\$ -	\$ (885,233)			
Public safety	(865,342)	-	(865,342)			
Information and recreation	(1,180,723)	-	(1,180,723)			
Public works	(2,285,970)	-	(2,285,970)			
Education	(1,900,496)	-	(1,900,496)			
Health	(1,651,465)	-	(1,651,465)			
Community service	(138,017)	-	(138,017)			
Interest	214,600	-	214,600			
Total governmental activities	(8,692,646)	-	(8,692,646)			
Business-type:						
Port	-	(392,506)	(392,506)			
Water	-	(460,435)	(460,435)			
Sewer	-	(222,029)	(222,029)			
Refuse	-	105,277	105,277			
Camper Park	-	(9,156)	(9,156)			
Total business-type activities	-	(978,849)	(978,849)			
Total Primary Government	(8,692,646)	(978,849)	(9,671,495)			
Component Units						
Cordova City School District				<u>\$ (6,729,776)</u>		
Cordova Community Medical Center					<u>\$ (1,176,648)</u>	
Volunteer Fire Department						<u>\$ (55,867)</u>
General Revenues						
Sales taxes	3,253,551	-	3,253,551	-	-	-
Property taxes	2,680,287	-	2,680,287	-	-	-
Payments in lieu of taxes	470,880	-	470,880	-	-	-
Other taxes	299,725	-	299,725	-	-	-
Contributions from primary government	-	-	-	1,645,039	1,548,332	18,008
Grants and entitlements not restricted to a specific purpose	2,038,599	-	2,038,599	5,055,822	-	-
Investment income	1,130,043	858	1,130,901	4,903	-	-
Gain on sale of building	33,500	-	33,500	-	-	-
Other	-	-	-	75,129	-	19,254
Transfers	(230,016)	230,016	-	(555,430)	-	-
Total General Revenues and Transfers	9,676,569	230,874	9,907,443	6,225,463	1,548,332	37,262
Change in net position	983,923	(747,975)	235,948	(504,313)	371,684	(18,605)
Net Position, beginning	43,651,654	31,385,521	75,037,175	(1,714,373)	(1,352,632)	52,575
Net Position, ending	\$ 44,635,577	\$ 30,637,546	\$ 75,273,123	\$ (2,218,686)	\$ (980,948)	\$ 33,970

See accompanying notes to basic financial statements.

City of Cordova, Alaska
Governmental Funds
Balance Sheet

<i>December 31, 2019</i>	Major Funds			Total Govern- mental Funds
	General	General Reserve Special Revenue	Nonmajor Funds	
Assets				
Cash and investments	\$ 716,343	\$ 9,401,111	\$ 640,265	\$ 10,757,719
Receivables:				
Taxes	579,440	-	-	579,440
Other	216,346	-	123,948	340,294
Prepaid insurance	220,426	-	-	220,426
Due from other funds	1,045	-	-	1,045
Lease receivable	738,213	-	-	738,213
Total Assets	\$ 2,471,813	\$ 9,401,111	\$ 764,213	\$ 12,637,137
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 99,220	\$ -	\$ 14,000	\$ 113,220
Accrued payroll and related liabilities	202,782	-	-	202,782
Unearned revenue	66,227	-	-	66,227
Total Liabilities	368,229	-	14,000	382,229
Deferred Inflows of Resources				
Deferred property taxes	54,172	-	-	54,172
Deferred ambulance revenue	-	-	11,305	11,305
Deferred lease revenue	738,213	-	-	738,213
Total Deferred Inflows of Resources	792,385	-	11,305	803,690
Fund Balances				
Nonspendable - prepaid insurance	220,426	-	-	220,426
Restricted - enhanced 911 services	-	-	64,396	64,396
Assigned:				
Capital projects and land	-	9,401,111	312,871	9,713,982
Public safety	-	-	361,641	361,641
Unassigned	1,090,773	-	-	1,090,773
Total Fund Balances	1,311,199	9,401,111	738,908	11,451,218
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,471,813	\$ 9,401,111	\$ 764,213	\$ 12,637,137

See accompanying notes to basic financial statements.

City of Cordova, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2019

Total fund balances for governmental funds		\$ 11,451,218
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	136,924	
Buildings	62,064,430	
Infrastructure	3,906,909	
Machinery and equipment	7,976,503	
Accumulated depreciation	<u>(23,833,025)</u>	
Total capital assets		51,662,160
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Lease receivable	738,213	
Delinquent property taxes receivable	54,172	
Deferred ambulance revenue	<u>11,305</u>	
Total other long-term assets		803,690
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.		
		1,074,970
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	(13,790,000)	
Unamortized bond premium	(1,670,756)	
Accrued interest on bonds	(172,501)	
Accrued leave	(276,905)	
Net pension liability	(4,686,027)	
Net other postemployment benefits liability	<u>(137,214)</u>	
Total long-term liabilities		(20,733,403)
Certain changes in net pension and other postemployment benefit liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pensions	358,287	
Deferred inflows of resources related to pensions	(294,771)	
Deferred outflows of resources related to other postemployment benefits	274,069	
Deferred inflows of resources related to other postemployment benefits	<u>(211,242)</u>	
Total deferred pension and other postemployment benefits items		126,343
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities statement of net position.		
		<u>250,599</u>
Total Net Position of Governmental Activities		\$ 44,635,577

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, 2019	Major Funds			Total Govern- mental Funds
	General	General Reserve Special Revenue	Nonmajor Funds	
Revenues				
Taxes	\$ 6,704,443	\$ -	\$ -	\$ 6,704,443
Licenses and permits	20,422	-	-	20,422
Federal government	653,453	-	174,444	827,897
State of Alaska	2,785,330	-	38,680	2,824,010
Investment income	59,304	1,070,739	-	1,130,043
Land sales	-	57,640	-	57,640
Charges for services	811,543	-	-	811,543
Sale of property	3,150	-	-	3,150
Other revenues	836,140	736	244,104	1,080,980
Total Revenues	11,873,785	1,129,115	457,228	13,460,128
Expenditures				
Current:				
General government	1,888,598	-	-	1,888,598
Public safety	1,645,068	-	70,996	1,716,064
Information and recreation	1,545,534	-	-	1,545,534
Public works	2,254,248	-	80,481	2,334,729
Education	1,864,136	-	95,063	1,959,199
Health	1,651,465	-	-	1,651,465
Community service	138,017	-	-	138,017
Debt service:				
Principal	1,282,000	-	-	1,282,000
Interest	706,760	-	-	706,760
Capital outlay	-	-	348,033	348,033
Total Expenditures	12,975,826	-	594,573	13,570,399
Excess of revenues over (under) expenditures	(1,102,041)	1,129,115	(137,345)	(110,271)
Other Financing Sources (Uses)				
Transfers in	1,023,331	38,984	225,449	1,287,764
Transfers out	(225,449)	(1,292,331)	-	(1,517,780)
Net Other Financing Sources (Uses)	797,882	(1,253,347)	225,449	(230,016)
Net change in fund balances	(304,159)	(124,232)	88,104	(340,287)
Fund Balances, beginning	1,615,358	9,525,343	650,804	11,791,505
Fund Balances, ending	\$ 1,311,199	\$ 9,401,111	\$ 738,908	\$ 11,451,218

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, 2019

Net change in fund balances - total governmental funds		\$ (340,287)
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 depreciation (\$1,718,129) exceeds capital outlays \$470,712.		
		(1,247,417)
Revenues reported in the governmental funds represents payments that reduces lease receivables in the Statement of Activities		(12,787)
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	\$ 1,282,000	
Net decrease in deferred loss on bond refunding	(107,497)	
Net decrease in unamortized bond premium	191,027	
		1,365,530
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	9,987	
Accrued leave	15,694	
Net pension obligation and related accounts	(26,925)	
Net other postemployment benefits and related accounts	969,529	
		968,285
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue of Internal Service Fund activities is reported with governmental activities.		250,599
		250,599
Change in Net Position of Governmental Activities		\$ 983,923

See accompanying notes to basic financial statements.

City of Cordova, Alaska
Proprietary Funds
Statement of Net Position

	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
<i>December 31, 2019</i>							
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 1,791,190	\$ -	\$ 534,400	\$ 445,553	\$ 132,388	\$ 2,903,531	\$ 372,629
Accounts receivable	401,263	41,709	97,231	89,123	-	629,326	322,970
Allowance for doubtful accounts	(213,757)	-	-	(561)	-	(214,318)	-
Grants receivable	-	1,820	-	-	-	1,820	-
Prepaid expenses	9,163	13,707	13,707	13,707	988	51,272	-
Deposits	-	-	6,500	-	-	6,500	-
Total Current Assets	1,987,859	57,236	651,838	547,822	133,376	3,378,131	695,599
Restricted Assets - landfill closure cash	-	-	-	940,892	-	940,892	-
Property, Plant and Equipment	26,667,540	23,292,342	18,628,332	5,448,432	90,080	74,126,726	-
Less accumulated depreciation	(15,963,607)	(10,734,172)	(11,553,593)	(3,219,678)	(63,412)	(41,534,462)	-
Net Property, Plant and Equipment	10,703,933	12,558,170	7,074,739	2,228,754	26,668	32,592,264	-
Total Assets	12,691,792	12,615,406	7,726,577	3,717,468	160,044	36,911,287	695,599
Deferred Outflows of Resources							
Related to other postemployment benefits	33,068	16,480	16,480	30,716	-	96,744	-
Related to pensions	52,138	15,205	15,205	36,283	-	118,831	-
Total Deferred Outflows of Resources	85,206	31,685	31,685	66,999	-	215,575	-
Total Assets and Deferred Outflows of Resources	\$ 12,776,998	\$ 12,647,091	\$ 7,758,262	\$ 3,784,467	\$ 160,044	\$ 37,126,862	\$ 695,599

City of Cordova, Alaska
Proprietary Funds
Statement of Net Position, continued

<i>December 31, 2019</i>	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		Fund
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 19,439	\$ 14,122	\$ 10,579	\$ 5,778	\$ (703)	\$ 49,215	\$ -
Accrued payroll and related liabilities	16,226	8,604	8,604	14,527	756	48,717	-
Accrued vacation and sick leave	49,074	22,500	22,500	21,838	-	115,912	-
Customer deposits	-	33,065	-	-	-	33,065	-
Accrued interest payable	-	78,901	4,950	-	-	83,851	-
Health claims payable	-	-	-	-	-	-	445,000
Due to other funds	-	1,045	-	-	-	1,045	-
Unearned revenue	506,696	-	-	-	-	506,696	-
Current portion of bonds and loans payable	-	69,045	55,000	-	-	124,045	-
Other liabilities	-	-	-	-	8,580	8,580	-
Total Current Liabilities	591,435	227,282	101,633	42,143	8,633	971,126	445,000
Noncurrent Liabilities, net of current portion							
Loans payable to ADEC, net of current portion	-	2,050,201	935,000	-	-	2,985,201	-
Net other postemployment benefits liability (asset)	(870)	9,519	9,519	11,931	-	30,099	-
Net pension liability	582,924	213,909	213,909	481,191	-	1,491,933	-
Landfill closure costs	-	-	-	844,410	-	844,410	-
Total Noncurrent Liabilities	582,054	2,273,629	1,158,428	1,337,532	-	5,351,643	-
Total Liabilities	1,173,489	2,500,911	1,260,061	1,379,675	8,633	6,322,769	445,000
Deferred Inflows of Resources							
Related to pensions	37,013	13,595	13,595	30,798	-	95,001	-
Related to other postemployment benefits	22,617	12,911	12,911	23,107	-	71,546	-
Total Deferred Inflow of Resources	59,630	26,506	26,506	53,905	-	166,547	-
Net Position							
Net investment in capital assets	10,703,933	10,438,924	6,084,739	2,228,754	26,668	29,483,018	-
Restricted	-	-	-	940,892	-	940,892	-
Unrestricted (deficit)	839,946	(319,250)	386,956	(818,759)	124,743	213,636	250,599
Total Net Position	11,543,879	10,119,674	6,471,695	2,350,887	151,411	30,637,546	250,599
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 12,776,998	\$ 12,647,091	\$ 7,758,262	\$ 3,784,467	\$ 160,044	\$ 37,126,862	\$ 695,599

See accompanying notes to basic financial statements.

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

Year Ended December 31, 2019	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
Operating Revenues							
Charges for services	\$ 1,663,255	\$ 796,070	\$ 832,999	\$ 1,129,837	\$ 53,515	\$ 4,475,676	\$ 1,584,842
Operating Expenses							
Salaries and benefits	523,100	228,597	228,999	453,787	31,759	1,466,242	-
Other operating expenses	805,183	367,638	371,709	393,280	29,441	1,967,251	1,334,243
Depreciation	761,713	626,869	416,786	164,500	2,038	1,971,906	-
Total Operating Expenses	2,089,996	1,223,104	1,017,494	1,011,567	63,238	5,405,399	1,334,243
Income (loss) from operations	(426,741)	(427,034)	(184,495)	118,270	(9,723)	(929,723)	250,599
Nonoperating Revenues (Expenses)							
Investment income	162	-	-	696	-	858	-
Interest expense	-	(31,295)	(15,400)	(1,140)	-	(47,835)	-
In-kind contributions	-	(16,229)	(36,257)	(39,892)	-	(92,378)	-
State of Alaska PERS relief	34,235	14,123	14,123	28,039	567	91,087	-
Net Nonoperating Revenues (Expenses)	34,397	(33,401)	(37,534)	(12,297)	567	(48,268)	-
Income (loss) before transfers	(392,344)	(460,435)	(222,029)	105,973	(9,156)	(977,991)	250,599
Transfers in	-	-	-	269,000	-	269,000	-
Transfers out	(20,328)	(1,164)	(11,164)	(2,328)	(4,000)	(38,984)	-
Change in net position	(412,672)	(461,599)	(233,193)	372,645	(13,156)	(747,975)	250,599
Net Position, beginning	11,956,551	10,581,273	6,704,888	1,978,242	164,567	31,385,521	-
Net Position, ending	\$ 11,543,879	\$ 10,119,674	\$ 6,471,695	\$ 2,350,887	\$ 151,411	\$ 30,637,546	\$ 250,599

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Proprietary Funds
Statement of Cash Flows

Year Ended December 31, 2019	Major Enterprise Funds				Nonmajor Enterprise Fund	Total	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park	Enterprise Funds	
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$ 1,659,075	\$ 756,167	\$ 754,617	\$ 1,065,209	\$ 53,515	\$ 4,288,583	\$ 1,261,872
Payments for interfund services used	(161,886)	(80,479)	(90,211)	(120,665)	(8,250)	(461,491)	-
Payments to suppliers	(629,104)	(277,342)	(278,260)	(190,840)	(20,356)	(1,395,902)	(889,243)
Payments to employees	(611,646)	(267,255)	(267,449)	(534,003)	(33,768)	(1,714,121)	-
Net cash flows from (for) operating activities	256,439	131,091	118,697	219,701	(8,859)	717,069	372,629
Cash Flows from (for) Noncapital Financing Activities							
Transfers in	-	-	-	269,000	-	269,000	-
Transfers out	(20,328)	(1,164)	(11,164)	(2,328)	(4,000)	(38,984)	-
Net cash flows from (for) noncapital financing activities	(20,328)	(1,164)	(11,164)	266,672	(4,000)	230,016	-
Cash Flows for Capital and Related Financing Activities							
Additions to property, plant and equipment	(198,858)	(66,604)	(103,563)	(333,435)	-	(702,460)	-
Capital contributions received	-	-	-	-	-	-	-
Increase (decrease) in due to other funds	-	1,045	-	-	-	1,045	-
Principal and interest paid on long-term debt	-	(69,296)	(70,675)	(39,520)	-	(179,491)	-
Net cash flows from (for) capital and related financing activities	(198,858)	(134,855)	(174,238)	(372,955)	-	(880,906)	-
Cash Flows from Investing Activities							
Investment income received	162	-	-	696	-	858	-
Net increase (decrease) in cash and investments	37,415	(4,928)	(66,705)	114,114	(12,859)	67,037	372,629
Cash and Investments, beginning	1,753,775	4,928	601,105	1,272,331	145,247	3,777,386	-
Cash and Investments, ending	\$ 1,791,190	\$ -	\$ 534,400	\$ 1,386,445	\$ 132,388	\$ 3,844,423	\$ 372,629
Reconciliation of Cash and Investments to Statement of Net Position							
Cash and investments	\$ 1,791,190	\$ -	\$ 534,400	\$ 445,553	\$ 132,388	\$ 2,903,531	\$ 372,629
Restricted assets	-	-	-	940,892	-	940,892	-
Total Cash and Investments	\$ 1,791,190	\$ -	\$ 534,400	\$ 1,386,445	\$ 132,388	\$ 3,844,423	\$ 372,629

City of Cordova, Alaska
Proprietary Funds
Statement of Cash Flows, continued

Year Ended December 31, 2019	Major Enterprise Funds				Nonmajor Enterprise Fund	Total Enterprise Funds	Health Insurance Internal Service Fund
	Port	Water	Sewer	Refuse	Odiak Park		
Reconciliation of Income (Loss) from Operations to Net Cash Flows from (for) Operating Activities							
Income (loss) from operations	\$ (426,741)	\$ (427,034)	\$ (184,495)	\$ 118,270	\$ (9,723)	\$ (929,723)	\$ 250,599
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:							
Depreciation	761,713	626,869	416,786	164,500	2,038	1,971,906	-
Noncash expense - PERS relief	34,235	14,123	14,123	28,039	567	91,087	-
In-kind contributions	-	(16,229)	(36,257)	(39,892)	-	(92,378)	-
(Increase) decrease in assets and deferred outflows of resources:							
Accounts receivable	(49,815)	(20,173)	(42,125)	(24,736)	-	(136,849)	(322,970)
Prepaid expenses	32,912	1,469	1,469	1,469	1,656	38,975	-
Deferred outflows related to pensions	5,820	2,401	2,401	4,767	-	15,389	-
Deferred outflows related to other postemployment benefits	691	285	285	566	-	1,827	-
Increase (decrease) in liabilities and deferred inflows of resources:							
Accounts payable	(18,719)	8,348	1,769	(2,723)	(821)	(12,146)	-
Accrued payroll and related liabilities	3,485	3,097	3,097	3,510	174	13,363	-
Accrued vacation and sick leave	7,576	(457)	(457)	(2,147)	-	4,515	-
Health claims payable	-	-	-	-	-	-	445,000
Unearned revenue	45,635	-	-	-	-	45,635	-
Customer deposits	-	(3,501)	-	-	-	(3,501)	-
Landfill closure costs payable	-	-	-	83,029	-	83,029	-
Other liabilities	-	-	-	-	(2,750)	(2,750)	-
Net pension liability	(25,586)	(10,555)	(10,555)	(20,955)	-	(67,651)	-
Net other postemployment benefits liability	(118,377)	(48,833)	(48,833)	(96,953)	-	(312,996)	-
Deferred inflows related to pensions	23,589	9,523	9,731	19,320	-	62,163	-
Deferred inflows related to other postemployment benefits	(19,979)	(8,242)	(8,242)	(16,363)	-	(52,826)	-
Net Cash Flows from (for) Operating Activities	\$ 256,439	\$ 131,091	\$ 118,697	\$ 219,701	\$ (8,859)	\$ 717,069	\$ 372,629

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Notes to Basic Financial Statements Year Ended December 31, 2019

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. 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.

Discretely presented component unit - Cordova Community Medical Center

Cordova Community Medical Center provides healthcare, including long-term care, in the Cordova area. The members of the board of directors are elected by the voters.

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, 2019 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
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City of Cordova, Alaska

Notes to Basic Financial Statements

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

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.

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.

Additionally, the government reports the following fund types:

The *Internal Service Fund* is used to account for health insurance services provided.

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 and Internal Service Funds are charges to customers for sales and services. Operating expenses for the Enterprise and Internal Service 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.

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City of Cordova, Alaska

Notes to Basic Financial Statements

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 Proprietary 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."

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City of Cordova, Alaska

Notes to Basic Financial Statements

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 acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

City of Cordova, Alaska

Notes to Basic Financial Statements

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:

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

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

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 and Other Postemployment Benefits (OPEB)

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 and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the financial statements also present deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Generally, the City reports pension, OPEB and deferred loss on bond related items as deferred outflows of resources. These items are amortized to expense over time.

In addition to liabilities, the financial statements also present deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until later. The City reports certain pension and OPEB related items as deferred inflows of resources. These items are amortized as a reduction of expense over varying periods of time.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

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 state of net position 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, 2019.

	Pooled Cash and Investments
Bank deposits	\$ 5,877,042
Investments	9,097,729
Total Cash and Investments	\$ 14,974,771

	Pooled Cash and Investments
Cash and investments	\$ 14,033,879
Restricted cash and investments	940,892
Total Cash and Investments	\$ 14,974,771

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, 2019 totaling \$486,167, with the remaining restricted funds in the amount of \$454,725 being held in the central treasury. Total restricted cash is \$940,892 at December 31, 2019.

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.

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City of Cordova, Alaska

Notes to Basic Financial Statements

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%

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, 2019, 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	\$ 486,167	\$ 486,167	\$ -	\$ -
Investments not subject to interest rate risk:				
Cash and money market funds	173,088			
Mutual funds	6,195,896			
Common stock	2,242,578			
Total Investments	\$ 9,097,729			

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.

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City of Cordova, Alaska

Notes to Basic Financial Statements

The City's exposure to credit risk as of December 31, 2019, is as follows:

Investment Rating	Fair Value
Common Stock:	
AA	\$ 261,221
A	4,191
BBB	396,277
BB	423,089
B	6,420
Mutual Funds:	
AAA	81,836
AA	1,258,526
A	1,497
BB	368,340
Not Rated:	
Cash and money market funds	173,088
Common stock	1,151,380
Mutual funds	4,485,697
Certificates of deposit	486,167
Total Investments	\$ 9,097,729

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, 2019, none of the City's investments were subject to custodial credit risk.

3. Lease Receivable

The City entered into a 30-year lease of a building to a developer under a lease on May 10, 2016. Annual lease payments are \$50,500 for the first three years and after that are adjusted annually by the CPI. The lessee has the option of purchasing the property from the City for \$505,000 if the construction of the project is substantially complete by October 1, 2019. If the lessee exercises the option by May 10, 2023 the purchase price will equal the purchase price reduced by all rents paid to the City. The lease qualifies as a direct financing lease. Future minimum lease payments were discounted at a 5 percent rate. The balance of the lease receivable at December 31, 2019 was \$738,213.

City of Cordova, Alaska

Notes to Basic Financial Statements

Future minimum lease receipts for the next 5 years are as follows:

Governmental Activities

	Lease Receipts
Year Ending December 31,	
2020	\$ 50,400
2021	50,400
2022	50,400
2023	50,400
2024	50,400

4. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Governmental Activities				
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,410,419	\$ -	-	\$ 1,410,419
Artwork	112,924	24,000	-	136,924
Total capital assets not being depreciated	1,523,343	24,000	-	1,547,343
<i>Capital assets being depreciated:</i>				
Buildings	61,893,431	170,999	-	62,064,430
Infrastructure	3,862,882	44,027	-	3,906,909
Machinery and equipment	7,744,817	231,686	-	7,976,503
Total assets being depreciated	73,501,130	446,712	-	73,947,842
Less accumulated depreciation for:				
Buildings	16,162,440	1,167,456	-	17,329,896
Infrastructure	678,024	171,380	-	849,404
Machinery and equipment	5,274,432	379,293	-	5,653,725
Total accumulated depreciation	22,114,896	1,718,129	-	23,833,025
Total capital assets being depreciated, net	51,386,234	(1,271,417)	-	50,114,817
Governmental Activity Capital Assets, net	\$ 52,909,577	\$(1,247,417)	\$	\$ 51,662,160

City of Cordova, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2019	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2019
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 5,566,333	\$ -	\$ -	\$ 5,566,333
Construction in progress	30,010	1,120	-	31,130
Total capital assets not being depreciated	5,596,343	1,120	-	5,597,463
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,025,288	-	-	8,025,288
Improvements other than buildings	52,369,301	219,780	-	52,589,081
Machinery and equipment	6,970,578	481,560	-	7,452,138
Landfill	462,756	-	-	462,756
Total assets being depreciated	67,827,923	701,340	-	68,529,263
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	870,786	199,274	-	1,070,060
Improvements other than buildings	33,681,466	1,441,277	-	35,122,743
Machinery and equipment	4,593,739	308,217	-	4,901,956
Landfill	416,565	23,138	-	439,703
Total accumulated depreciation	39,562,556	1,971,906	-	41,534,462
Total capital assets being depreciated, net	28,265,367	(1,270,566)	-	26,994,801
Business-type Activity Capital Assets, net	\$ 33,861,710	\$(1,269,446)	\$ -	\$ 32,592,264

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City of Cordova, Alaska

Notes to Basic Financial Statements

Depreciation expense was charged to the functions as follows for the year ended December 31, 2019:

Governmental Activities

General government	\$	634,845
Public safety		97,926
Information and recreation		127,822
Public works		262,041
Education		595,495

Total Depreciation Expense - Governmental Activities	\$	1,718,129
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Business-type Activities

Port	\$	761,713
Water		626,869
Sewer		416,786
Refuse		164,500
Camper Park		2,038

Total Depreciation Expense - Business-type Activities	\$	1,971,906
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5. Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
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General Obligation Bonds:

\$16,615,000 2009 school bonds, partially refunded in 2015, due in one final installment of \$765,000 on February 1, 2019; plus interest at 4.50%

	\$ 765,000	\$ -	\$ 765,000	\$ -	-
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\$210,000 2010 Series B bonds, due in annual installments of \$45,000 through August 1, 2020; plus interest at 4.66% to 4.76% payable semiannually

	90,000	-	45,000	45,000	45,000
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City of Cordova, Alaska

Notes to Basic Financial Statements

Governmental Activities, continued	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
\$445,000 2011 Series Three school bonds, due in annual installments of \$50,000 to \$55,000 through 2021; plus interest at 4.00% to 5.00% payable semiannually	\$ 155,000	\$ -	\$ 50,000	\$ 105,000	\$ 50,000
\$1,805,000 2015 Series One A Road bonds, due in annual installments of \$70,000 to \$130,000 through 2034; plus interest at 3.25% to 5.0% payable semiannually	1,565,000	-	65,000	1,500,000	70,000
\$700,000 2015 Series One road refunding bonds, due in one final installment of \$152,000 in 2019; plus interest at 4.0% payable semiannually	152,000	-	152,000	-	-
\$10,065,000 2015 Series One C school refunding bonds, due in annual installments of \$890,000 to \$1,295,000 through 2028; plus interest at 4.0% to 5.0% payable semiannually	9,830,000	-	105,000	9,725,000	890,000
\$2,790,000 2015 Series One D bonds (Cordova Center), due in annual installments of \$105,000 to \$205,000 through 2035; plus interest at 4.0% to 5.0% payable semiannually	2,515,000	-	100,000	2,415,000	105,000
Accrued vacation and sick leave	292,599	101,882	117,576	276,905	276,905
Total Governmental Activities	\$ 15,364,599	\$ 101,882	\$ 1,399,576	\$ 14,066,905	\$ 1,436,905

City of Cordova, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
General Obligation Bonds:					
\$175,000 2015 Series One B landfill refunding bonds, due in one final installment of \$38,000 in 2019; plus interest at 5.0%	\$ 38,000	\$ -	\$ 38,000	\$ -	-
Alaska Department of Environmental Conservation Loans:					
\$1,380,884 Drinking Water loan, due in annual installments of \$69,045 through February 1, 2020; plus interest at 1.50%	138,090	-	69,045	69,045	69,045
\$4,081,500 (maximum) Drinking Water loan, terms not yet established; interest at 1.5%	2,048,380	1,821	-	2,050,201	-
\$1,100,000 (maximum) Clean Water loan, due in annual installments of \$55,000 through September 1, 2037; plus interest at 1.50%	1,045,000	-	55,000	990,000	55,000
Accrued vacation and sick leave	111,397	24,558	20,043	115,912	115,912
Landfill closure costs payable	761,381	83,029	-	844,410	-
Total Business-type Activities	\$ 4,142,248	\$ 109,408	\$ 182,088	\$ 4,069,568	\$ 239,957

Revenues of the Water Enterprise Fund and the Sewer Enterprise Fund are pledged as security for the loans from the Alaska Department of Environmental Conservation.

On March 5, 2019, the City of Cordova authorized revenue bonds in the principal amount not to exceed \$5,000,000 to finance the planning, design, construction and acquisition of harbor and related capital improvements in the city.

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, 2019 that are in repayment status follow:

Governmental Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2020	\$ 1,160,000	\$ 666,491	\$ 1,826,491
2021	1,165,000	608,475	1,773,475
2022	1,165,000	550,100	1,715,100
2023	1,225,000	493,525	1,718,525
2024	1,285,000	433,950	1,718,950
2025-2029	6,050,000	1,140,375	7,190,375
2030-2034	1,535,000	207,475	1,742,475
2035	205,000	4,100	209,100
	\$ 13,790,000	\$ 4,104,491	\$ 17,894,491

Business-type Activities

ADEC Loans	Principal	Interest	Total Requirements
Year Ending December 31,			
2020	\$ 124,045	\$ 15,886	\$ 139,931
2021	55,000	14,025	69,025
2022	55,000	13,200	68,200
2023	55,000	12,375	67,375
2024	55,000	11,550	66,550
2025-2029	275,000	45,375	320,375
2030-2034	275,000	24,750	299,750
2035-2037	165,000	4,950	169,950
	\$ 1,059,045	\$ 142,111	\$ 1,201,156

The above schedule does not include the payment terms for the Drinking Water loan with a balance of \$2,050,201 at December 31, 2019. The payment terms have not yet been established for this loan.

City of Cordova, Alaska

Notes to Basic Financial Statements

6. 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 two cells available for use at the City's landfill at Mile 17, and an additional cell for construction waste. The total estimated future closure cost of these two cells and the construction pit is \$1,713,083. The \$844,410 reported as landfill closure costs payable at December 31, 2019 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 \$868,673 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Cell 1 is expected to be closed in 2020. Cell 2 and the construction pit are estimated to have a life of approximately 16 and 25 years, respectively.

7. 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		
Nonspendable:				
Prepaid insurance	\$ 220,426	\$ -	\$ -	\$ 220,426
Restricted -				
Enhanced 911 services	-	-	64,396	64,396
Assigned:				
Capital projects and land	-	9,401,111	312,871	9,713,982
Public safety	-	-	361,641	361,641
Unassigned	1,090,773	-	-	1,090,773
Total Fund Balances	\$1,311,199	\$ 9,401,111	\$ 739,833	\$ 11,451,218

City of Cordova, Alaska

Notes to Basic Financial Statements

8. 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/dr/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 postemployment healthcare 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 postemployment benefits (OPEB). A complete benefit comparison chart is available at the website noted above.

The PERS DB Plan was closed to new entrants effective July 1, 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. The Alaska Legislature has the power and authority to change the aforementioned statute through the legislative process.

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 (ARM 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/outflows of resources, and disclosures on this basis.

The City recorded the related on-behalf contributions as revenue and expense or expenditures as prescribed by GAAP, pursuant to the relevant basis of accounting based on fund type.

City of Cordova, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

Regular employees are required to contribute 6.75% of their annual covered salary. Police and firefighters are required to contribute 7.50% of their annual covered salary.

Employer and Other Contribution Rates

There are several contribution rates associated with the pension 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, the amount calculated for the statutory employer effective contribution rate is 22% on eligible wages. 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 change results in lower ARM Board Rates than previously adopted.

State 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 the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the enterprise fund and government-wide financial statements, the on-behalf amounts reflect revenue and expense only during the measurement period in which the Plan recognizes the payments, resulting in a significant timing difference between the cash transfers and revenue and expense recognition.

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City of Cordova, Alaska

Notes to Basic Financial Statements

Contribution rates for the year ended June 30, 2018 and June 30, 2019 were determined in the June 30, 2015 and June 30, 2016 actuarial valuations, respectively. The City's contribution rates for the 2019 calendar year were as follows:

<i>January 1, 2019 to June 30, 2019</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	16.17%	23.21%	5.58%
Postemployment healthcare (ARHCT)	5.83%	4.37%	0.00%
Total Contribution Rates	22.00%	27.58%	5.58%

<i>July 1, 2019 to December 31, 2019</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate
Pension	15.72%	23.73%	6.62%
Postemployment healthcare (ARHCT)	6.28%	4.89%	0.00%
Total Contribution Rates	22.00%	28.62%	6.62%

Plan Contributions

In 2019, the City was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2018 to June 30, 2019	City Fiscal Year January 1, 2019 to December 31, 2019
Employer contributions (including DBUL)	\$ 401,911	\$ 402,416
Nonemployer contributions (on-behalf)	200,354	220,515
Total Contributions	\$ 602,265	\$ 622,931

In addition, employee contributions to the Plan totaled \$89,826 during the City's fiscal year.

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

At December 31, 2019, 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 of Cordova, Alaska

Notes to Basic Financial Statements

	City
City's proportionate share of NPL	\$ 6,177,960
State's proportionate share of NPL associated with the City	2,452,089
Total Net Pension Liability	\$ 8,630,049

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2019 measurement date, the City's proportion was 0.11286 percent, which was a decrease of 0.01646 from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$435,300. Of this amount, \$200,354 was recorded as on-behalf revenue and expense for additional contributions paid by the State for 2019. At December 31, 2019, the City 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>Measurement Period June 30, 2019</i>		
Difference between expected and actual experience	\$ -	\$ (91,455)
Changes in assumptions	189,142	-
Changes in benefits	-	-
Net difference between projected and actual earnings on pension plan investments	88,578	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(298,317)
City contributions subsequent to the measurement date	199,398	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 477,118	\$ (389,772)

The \$199,398 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, 2020. 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>	
2020	\$ (102,347)
2021	(65,399)
2022	25,132
2023	30,562
Total Amortization	\$ (112,052)

City of Cordova, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the actuarial assumptions listed below, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of pay, closed
Inflation	2.50%
Salary increases	For peace officer/firefighter, increases range from 7.75% to 2.75% based on service. For all others, increases range from 6.75% to 2.75% based on service.
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for fiscal years 2021 to 2039 to the Plan, as determined by projections based on the June 30, 2018 valuation. The liability is expected to go to zero at 2039.
Investment rate of return	7.38%, net of pension plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Pre-termination mortality rates were based on 100% of the RP-2014 table with MP-2017 generational improvement. Post-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement. Deaths are assumed to be occupational 75% of the time for peace officer/firefighters, 40% of the time for all others.

The actuarial assumptions used in the June 30, 2018 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

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City of Cordova, Alaska

Notes to Basic Financial Statements

Long-Term Expected Rate of Return

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. Best estimates of arithmetic rates of return, excluding the inflation component of 2.50%, for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Proportional Share	1% Decrease (6.38%)	Current Discount Rate (7.38%)	1% Increase (8.38%)
City's proportionate share of the net pension liability	0.11286%	\$ 8,153,825	\$ 6,177,960	\$ 4,523,240

City of Cordova, Alaska

Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

9. 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: <http://doa.alaska.gov/drb/pers>. Actuarial valuation reports, audited financial statements, and other detailed plan information are also available on this website. They may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska, 99811-0203 or by phoning (907) 465-4460.

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 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, 2019, the City was 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, 2019 were \$106,509 and \$170,414, respectively. The City employer contribution amounts were recognized as pension expense/expenditures.

City of Cordova, Alaska

Notes to Basic Financial Statements

10. Other Postemployment Benefit (OPEB) Plans

(a) Defined Benefit OPEB Plans

As part of its participation in PERS, the City participates in the following cost sharing multiple employer defined benefit OPEB plans: Alaska Retiree Healthcare Trust (ARHCT), Retiree Medical Plan (RMP) and Occupational Death and Disability Plan (ODD).

The ARHCT, a healthcare trust fund, provides major medical coverage to retirees of the DB plan. The ARHCT is self-funded and self-insured. The ARHCT was closed to all new members on July 1, 2006. Benefits vary by Tier level. The RMP provides major medical coverage to retirees of the PERS DC Plan (Tier IV). The RMP is self-insured. Members are not eligible to use the Plan until they have at least 10 years of service and are Medicare age eligible. The ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS. The Plans are administered by the State of Alaska, Department of Administration. The OPEB Plans are included in the 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/dr/pers>.

Employer Contribution Rates

Employer contribution rates are actuarially determined and adopted by the Board. Employees do not contribute.

Employer contribution rates for the year ended December 31, 2019 were as follows:

<i>January 1, 2019 to June 30, 2019</i>	Other	Police/Fire
Alaska Retiree Healthcare Trust	5.83%	5.83%
Retiree Medical Plan	0.94%	0.94%
Occupational Death and Disability Benefits	0.26%	0.76%
Total Contribution Rates	7.03%	7.53%

<i>July 1, 2019 to December 31, 2019</i>	Other	Police/Fire
Alaska Retiree Healthcare Trust	6.28%	6.28%
Retiree Medical Plan	1.32%	1.32%
Occupational Death and Disability Benefits	0.26%	0.72%
Total Contribution Rates	7.86%	8.32%

City of Cordova, Alaska

Notes to Basic Financial Statements

In 2019, the City was credited with the following contributions to the OPEB plans:

	Measurement Period	City Fiscal Year
	July 1, 2018	January 1, 2019
	to	to
	June 30, 2019	December 31, 2019
Employer contributions - ARHCT	\$ 145,507	\$ 153,247
Employer contributions - RMP	19,389	24,117
Employer contributions - ODD	6,663	3,826
Total Contributions	\$ 171,559	\$ 181,190

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

At December 31, 2019, the City reported a liability for its proportionate share of the net OPEB liabilities (NOL) that reflected a reduction for State OPEB 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:

	2019
City's proportionate share of NOL - ARHCT	\$ 167,356
City's proportionate share of NOL - RMP	39,526
Total City's Proportionate Share of NOL	206,882
State's proportionate share of the ARHCT NOL associated with the City	66,554
Total Net OPEB Liabilities	273,436
City's proportionate share of NOA - ODD	39,569
Total Net OPEB Assets	\$ 39,569

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City of Cordova, Alaska

Notes to Basic Financial Statements

The total OPEB liabilities for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 to calculate the net OPEB liabilities as of that date. The City's proportion of the net OPEB liabilities were based on a projection of the City's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating entities, actuarially determined.

	June 30, 2018 Measurement Date Employer Proportion	June 30, 2019 Measurement Date Employer Proportion	Change
City's proportionate share of the net OPEB liabilities (assets):			
ARHCT	0.12928%	0.11279%	(0.01649)%
ODD	0.19144%	0.16321%	(0.02823)%
RMP	0.19144%	0.16522%	(0.02622)%

Collective Totals (All Plans)

For the year ended December 31, 2019, the City recognized OPEB expense of \$1,119,653 and revenue of \$430,137 for support provided by the Plan.

At December 31, 2019, the City reported collective deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
All Plans		
Difference between expected and actual experience	\$ -	\$ (127,725)
Changes in assumptions	242,150	(757)
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(73,981)
Changes in proportion and difference between City contributions and proportionate share of contributions	31,544	(80,325)
City contributions subsequent to the measurement date	97,119	-
Total Deferred Outflows and Deferred Inflows of Resources Related to OPEB Plans	\$ 370,813	\$ (282,788)

The \$97,119 reported as deferred outflows of resources related to OPEB plans resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liabilities (asset) in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Cordova, Alaska

Notes to Basic Financial Statements

Year Ending December 31,

2020	\$	1,748
2021		(57,149)
2022		18,853
2023		25,158
2024		689
Thereafter		1,607

Total Amortization	\$	(9,094)
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ARHCT Plan

At December 31, 2019, the City reported collective deferred outflows of resources and deferred inflows of resources related to the ARHCT plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
ARHCT Plan		
Difference between expected and actual experience	\$ -	\$ (112,460)
Changes in assumptions	223,018	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(73,284)
Changes in proportion and difference between City contributions and proportionate share of contributions	25,716	(76,438)
City contributions subsequent to the measurement date	79,435	-
Total Deferred Outflows and Deferred Inflows of Resources Related to ARHCT Plan	\$ 328,169	\$ (262,182)

The \$79,435 reported as deferred outflows of resources related to the ARHCT plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2020	\$	1,935
2021		(56,962)
2022		17,631
2023		23,948

Total Amortization	\$	(13,448)
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City of Cordova, Alaska

Notes to Basic Financial Statements

ODD Plan

At December 31, 2019, the City reported collective deferred outflows of resources and deferred inflows of resources related to the ODD plan from the following sources:

ODD Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (12,337)
Changes in assumptions	-	(757)
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(261)
Changes in proportion and difference between City contributions and proportionate share of contributions	5,563	(308)
City contributions subsequent to the measurement date	14,304	-
Total Deferred Outflows and Deferred Inflows of Resources Related to ODD Plan	\$ 19,867	\$ (13,663)

The \$14,304 reported as deferred outflows of resources related to the ODD plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB asset in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2020	\$ (1,367)
2021	(1,367)
2022	(1,005)
2023	(998)
2024	(1,119)
Thereafter	(2,244)
Total Amortization	\$ (8,100)

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City of Cordova, Alaska

Notes to Basic Financial Statements

RMP Plan

At December 31, 2019, the City reported collective deferred outflows of resources and deferred inflows of resources related to the RMP plan from the following sources:

RMP Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,928)
Changes in assumptions	19,132	-
Changes in benefits	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	(436)
Changes in proportion and difference between City contributions and proportionate share of contributions	265	(3,579)
City contributions subsequent to the measurement date	3,380	-
Total Deferred Outflows and Deferred Inflows of Resources Related to RMP Plan	\$ 22,777	\$ (6,943)

The \$3,380 reported as deferred outflows of resources related to the RMP plan resulting from City contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,

2020	\$ 1,180
2021	1,180
2022	2,227
2023	2,208
2024	1,808
Thereafter	3,851
Total Amortization	\$ 12,454

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City of Cordova, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total OPEB liability for each plan for the measurement period ended June 30, 2019 was determined by actuarial valuations as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2019:

Actuarial cost method	Entry age normal; level percentage of payroll
Amortization method	Level percentage of payroll, closed
Inflation	2.50%
Salary increases	Graded by service, from 7.75% to 2.75% for Peace Officer/ Firefighter. Graded by service from 6.75% to 2.75% for all others
Allocation methodology	Amounts for the June 30, 2019 measurement date were allocated to employers based on the present value of contributions for FY 2021-2039, as determined by projections based on the June 30, 2018 valuation.
Investment return of return	7.38%, net of postemployment healthcare plan investment expenses. This is based on an average inflation rate of 2.50% and a real rate of return of 4.88%.
Healthcare cost trend rates (ARHCT Plan and RMP)	Pre-65 medical: 7.5% grading down to 4.5% Post-65 medical: 5.5% grading down to 4.5% Prescription drug: 8.5% grading down to 4.5% EGWP: 8.5% grading down to 4.5%
Mortality	Pre-termination and post-termination mortality rates were based upon the 2013-2017 actual mortality experience. Post-termination mortality rates were based on 91% of the male rates and 96% of the female rates of the RP-2014 healthy annuitant table project with MP-2017 generational improvement. The rates for pre-termination mortality were 100% of the RP-2014 employee table with MP-2017 generational improvement.
Participation (ARHCT)	100% of system paid members and their spouses are assumed to elect the healthcare benefits paid as soon as they are eligible. 10% of non-system paid members and their spouses are assumed to elect the healthcare benefits as soon as they are eligible.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience.

City of Cordova, Alaska

Notes to Basic Financial Statements

In addition to the changes in assumptions resulting from the experience study, the following assumption changes have been made since the prior valuation:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated.
3. Per capita claims costs were updated to reflect recent experience.
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of postretirement healthcare 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 rates of return, excluding the inflation component of 2.50% for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Broad domestic equity	24%	8.16%
Global equity (non-U.S.)	22%	7.51%
Intermediate treasuries	10%	1.58%
Opportunistic	10%	3.96%
Real assets	17%	4.76%
Absolute return	7%	4.76%
Private equity	9%	11.39%
Cash equivalents	1%	0.83%

Discount Rate

The discount rate used to measure the total OPEB liability for each plan as of June 30, 2019 was 7.38%. 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 fiduciary net position for each plan 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability for each plan.

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City of Cordova, Alaska

Notes to Basic Financial Statements

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.38%, as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Proportional Share	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11279%	\$ 1,346,175	\$ 167,356	\$ (802,350)
ODD	0.16321%	\$ (37,534)	\$ (39,569)	\$ (41,214)
RMP	0.16522%	\$ 99,277	\$ 39,526	\$ (5,457)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the City's proportionate share of the net OPEB liability (asset) calculated using the healthcare cost trend rates as summarized in the 2018 actuarial valuation reports as well as what the City's proportionate share of the respective plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Proportional Share	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
City's proportionate share of the net OPEB liability (asset):				
ARHCT	0.11279%	\$ (915,764)	\$ 167,356	\$ 1,489,172
ODD	0.16321%	\$ n/a	\$ n/a	\$ n/a
RMP	0.16522%	\$ (12,157)	\$ 39,526	\$ 110,275

OPEB Plan Fiduciary Net Position

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

(b) Defined Contribution OPEB Plans

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 postemployment healthcare benefits.

City of Cordova, Alaska

Notes to Basic Financial Statements

Contribution Rate

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, 2019, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,121 per year for each full-time employee, and \$1.36 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2019, the City contributed \$64,002 in DC OPEB costs. These amounts have been recognized as expense/expenditures.

11. 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.

12. 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 \$55,000 each occurrence and \$1,070,148 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.

The schedules of the changes in the claims liability follows.

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2019	\$ 95,000	\$ 1,334,242	\$ (984,242)	\$ 445,000
	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2018	\$ 349,000	\$ 123,883	\$ (377,883)	\$ 95,000

City of Cordova, Alaska

Notes to Basic Financial Statements

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, 2019. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

13. Interfund Receivable, Payable, and Transfers

A schedule of interfund transfers for the year ended December 31, 2019, follows:

Due from Other Funds

To General Fund for short-term operating advances from the Water Enterprise Fund	\$ 1,045
Total Due from Other Funds	\$ 1,045

Transfers to Other funds

To General Reserve Special Revenue Fund for "permanent fund replacement" from:	
Port Enterprise Fund	\$ 20,328
Sewer Enterprise Fund	11,164
Water Enterprise Fund	1,164
Refuse Enterprise Fund	2,328
Odiak Park Enterprise Fund	4,000
Total transfers to the General Reserve Special Revenue Fund	38,984
To General Capital Projects Fund from the General Fund for operating subsidies	225,449
From the General Reserve Special Revenue Fund for operating subsidies to:	
General Fund	1,023,331
Refuse Enterprise Fund	269,000
Total transfers from the General Reserve Special Revenue Fund	1,292,331
Total Transfers to Other Funds	\$ 1,556,764

City of Cordova, Alaska

Notes to Basic Financial Statements

General Fund Note Receivable from the Cordova Community Medical Center (CCMC) Component Unit

In 2017, the General Fund had a note receivable from CCMC totaling \$3,093,127. In 2017 the City determined that repayment was not to be expected in a reasonable amount of time. Accordingly, the City reduced the note receivable to \$0. The City has since made more payments to support CCMC to add to the note receivable. The City has recorded payments as contribution to the CCMC. The amount owed to the city as of December 31, 2019 was \$5,216,458, which is not reported as receivable in the Statement of Net Position. Future repayments, if any, on the note receivable will be recorded as contribution revenue as the payments are made.

14. 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.

15. 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.

GASB 83 - Certain Asset Retirement Obligations - Effective for year-end December 31, 2020, 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, 2020, with earlier application encouraged - This statement addresses criteria for identifying and reporting fiduciary activities.

GASB 87 - Leases - Effective for year-end December 31, 2021, 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.

City of Cordova, Alaska

Notes to Basic Financial Statements

GASB 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* - Effective for year-end December 31, 2020, with earlier application encouraged - This statement addresses note disclosures related to debt, clarifies which liabilities to include when disclosing information related to debt, and defines debt for the purpose of disclosure. It requires additional essential information related to debt be disclosed in the notes, as well as information for direct borrowings and direct placements.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - Effective for year-end December 31, 2021, with earlier application encouraged - This statement addresses accounting requirements related to interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

GASB 90 - *Majority Equity Interests, an Amendment of GASB Statements No. 14 and No. 16* - Effective for year-end December 31, 2020, with earlier application encouraged - This statement addresses the consistency and comparability of reporting a government's majority equity interest in a legally separate organization.

GASB 91 - *Conduit Debt Obligations* - Effective for year-end December 31, 2022, with earlier application encouraged - This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit obligations, and related note disclosures. This statement clarifies the definition of a conduit debt obligation and establishes standards for related accounting and financial reporting.

GASB 92 - *Omnibus 2020* - Provisions of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The effective date for all other provisions of the Statement are to be implemented for year-end December 31, 2021. This Statement addresses a variety of topics such as leases, the applicability of Statement No. 73 and Statement No. 74 for reporting assets accumulated for postemployment benefits, the applicability of Statement No. 84 to postemployment benefit arrangements, the measurements of liabilities and assets related to asset retirement obligations in a government acquisition, reporting of public entity risk pools, referencing to nonrecurring fair value measurements, and terminology used to refer to derivative instruments.

GASB 93 - *Replacement of Interbank Offered Rates* - The provisions of this Statement, except for paragraph 11b, are required to be implemented for year-end December 31, 2022. The requirements in paragraph 11b are required to be implemented for year-end December 31, 2023. This Statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* - Effective for year-end December 31, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APA).

City of Cordova, Alaska

Notes to Basic Financial Statements

In light of the COVID-19 Pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in the above noted pronouncements for one year, except for Statement No. 87 and provisions related to leases in Statement No. 92 which are postponed for eighteen months, Certain other provisions of Statement No. 92 are excluded from Statement No. 95. Additionally, Statement No. 95 excludes provisions in Statement No. 93 related to lease modifications and excludes Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

GASB 96 - Subscription-Based Information Technology Arrangements - Effective for year-end December 31, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement, among other things, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset, provides capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA.

GASB 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - Effective for year-end December 31, 2022, except the portion of the pronouncement related to component unit criteria, which is effective for year-end December 31, 2020. This statement modifies certain guidance contained in Statement No. 84 and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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City of Cordova, Alaska

Notes to Basic Financial Statements

16. Subsequent Events

COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020. The City is dependent upon its workforce to deliver its services. Developments such as social distancing and shelter-in-place directives will impact the City’s ability to deploy its workforce effectively. While expected to be temporary, prolonged workforce disruptions may negatively impact the City’s services, taxes collected in fiscal year 2020, and the City’s overall liquidity. Adverse economic effects of the COVID-19 outbreak may decrease demand for the City’s services based on restrictions in place by governments trying to curb the outbreak or changes in consumer behavior. Furthermore, it is possible that the pandemic will cause significant volatility in market value of the City’s marketable securities.

Although the City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the City’s results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020 President Trump signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus relief Fund to be used to make payments for specified uses to States and certain local governments. It also appropriated certain relief funds, for which the City may be eligible. At the time of this report, \$3,414,908 has been awarded with \$1,729,917 having been expended. The City will continue to examine the impact that the CARES Act may have. Currently, the City is unable to determine the full impact that the CARES Act will have on the City’s financial condition, results of operations or liquidity.

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Required Supplementary Information

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

<i>Year Ended December 31, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,507,455	\$ 6,507,455	\$ 6,704,443	\$ 196,988
Licenses and permits	20,600	20,600	20,422	(178)
Federal government	595,000	595,000	653,453	58,453
State of Alaska	2,485,396	2,485,396	2,785,330	299,934
Investment income	60,000	60,000	59,304	(696)
Charges for services	766,486	776,486	811,543	35,057
Sale of property	12,000	12,000	3,150	(8,850)
Other revenues	155,000	969,647	836,140	(133,507)
Total Revenues	10,601,937	11,426,584	11,873,785	447,201
Expenditures				
Current:				
General government:				
City council	8,250	8,250	18,013	(9,763)
City clerk	277,198	277,198	307,253	(30,055)
Management	320,673	320,673	386,871	(66,198)
Finance	405,505	405,505	387,982	17,523
Planning and zoning	251,549	121,199	136,090	(14,891)
Nondepartmental services	264,013	424,300	652,389	(228,089)
Total general government	1,527,188	1,557,125	1,888,598	(331,473)
Public safety:				
Police department	956,018	908,968	941,855	(32,887)
Jail operations	266,229	251,967	228,982	22,985
Fire department	357,599	357,599	375,661	(18,062)
Department of motor vehicles	71,750	71,750	98,570	(26,820)
Total public safety	1,651,596	1,590,284	1,645,068	(54,784)
Information and recreation				
Library	816,355	816,355	922,949	(106,594)
Ski hill	92,012	92,012	105,237	(13,225)
Bidarki Center	282,961	282,961	281,064	1,897
Pool	216,682	216,682	236,284	(19,602)
Total information and recreation	1,408,010	1,408,010	1,545,534	(137,524)

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

<i>Year Ended December 31, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures, continued				
Current, continued:				
Public works:				
Public works administration	\$ 47,000	\$ 205,662	\$ 225,240	\$ (19,578)
Facility utilities	149,850	149,850	172,976	(23,126)
Facility maintenance	303,221	303,221	347,463	(44,242)
Street maintenance	873,624	873,624	984,271	(110,647)
Snow removal	63,284	63,284	53,987	9,297
Equipment maintenance	310,047	310,047	345,278	(35,231)
Parks maintenance	95,643	95,643	105,897	(10,254)
Cemetery maintenance	20,154	20,154	19,136	1,018
Total public works	1,862,823	2,021,485	2,254,248	(232,763)
Contributions:				
Cordova City School District	1,854,136	1,854,136	1,854,136	-
Cordova Community Medical Center	628,134	1,928,134	1,651,465	276,669
Cordova Community College	10,000	10,000	10,000	-
Family Resource Center	20,000	20,000	20,000	-
Cordova Chamber of Commerce	118,017	118,017	118,017	-
Total contributions	2,630,287	3,930,287	3,653,618	276,669
Debt service:				
Principal	1,239,000	1,282,000	1,282,000	-
Interest	706,758	706,758	706,760	(2)
Total debt service	1,945,758	1,988,758	1,988,760	(2)
Total Expenditures	11,025,662	12,495,949	12,975,826	(479,877)
Excess of revenues over (under) expenditures	(423,725)	(1,069,365)	(1,102,041)	(32,676)
Other Financing Sources (Uses)				
Transfers in	461,491	1,300,000	1,023,331	(276,669)
Transfers out	(37,766)	(217,566)	(225,449)	(7,883)
Net Other Financing Sources (Uses)	423,725	1,082,434	797,882	(284,552)
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,069</u>	(304,159)	<u>\$ (317,228)</u>
Fund Balance, beginning			<u>1,615,358</u>	
Fund Balance, ending			<u>\$ 1,311,199</u>	

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, 2019</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ 210,000	\$ 210,000	\$ 1,070,739	\$ 860,739
Land sales	-	-	57,640	57,640
Special assessments	-	-	736	736
Total Revenues	210,000	210,000	1,129,115	919,115
Other Financing Sources (Uses)				
Transfers in	38,984	38,984	38,984	-
Transfers out	(1,569,000)	(1,569,000)	(1,292,331)	276,669
Net Other Financing Sources (Uses)	(1,530,016)	(1,530,016)	(1,253,347)	276,669
Net change in fund balance	<u>\$ (1,320,016)</u>	<u>\$ (1,320,016)</u>	\$ (124,232)	<u>\$ 1,195,784</u>
Fund Balance, beginning			<u>9,525,343</u>	
Fund Balance, ending			<u>\$ 9,401,111</u>	

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska
Public Employees' Retirement System - Pension Plan
Schedule of the City's Proportionate Share of the Net Pension Liability

<i>Years Ended December 31,</i>	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.11286%	0.12932%	0.11937%	0.13277%	0.11051%
City's Proportionate Share of the Net Pension Liability	\$ 6,177,960	\$ 6,425,806	\$ 6,170,856	\$ 7,421,446	\$ 5,359,777
State of Alaska Proportionate Share of the Net Pension Liability	2,452,089	1,862,446	2,299,134	935,836	1,436,622
Total Net Pension Liability	\$ 8,630,049	\$ 8,288,252	\$ 8,469,990	\$ 8,357,282	\$ 6,796,399
City's Covered Payroll	3,430,117	3,446,735	3,385,723	3,399,956	3,176,623
City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	180.11%	186.43%	182.26%	218.28%	168.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.42%	65.19%	63.37%	59.55%	63.96%

Schedule of City Contributions

<i>Years Ended December 31,</i>	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 402,416	\$ 416,908	\$ 400,397	\$ 370,083	\$ 307,165
Contributions Relative to the Contractually Required Contribution	402,416	416,908	400,397	370,083	307,165
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	3,440,043	3,420,191	3,473,278	3,501,744	3,298,167
Contributions as a Percentage of Covered Payroll	11.70%	12.19%	11.53%	10.57%	9.31%

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska
Public Employees' Retirement System - OPEB Plans
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

<i>Years Ended December 31,</i>	ARHCT		ODD		RMP	
	2019	2018	2019	2018	2019	2018
City's Proportion of the Net OPEB Liability (Asset)	0.11279%	0.12928%	0.16321%	0.19144%	0.16522%	0.19144%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 167,356	\$ 1,326,818	\$ (39,569)	\$ (37,182)	\$ 39,526	\$ 24,361
State of Alaska Proportionate Share of the Net OPEB Liability	66,554	384,626	-	-	-	-
Total Net OPEB Liability (Asset)	\$ 233,910	\$ 1,711,444	\$ (39,569)	\$ (37,182)	\$ 39,526	\$ 24,361
City's Covered Payroll	3,430,117	3,420,191	3,430,117	3,420,191	3,430,117	3,420,191
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Payroll	4.88%	38.79%	-1.15%	-1.09%	1.15%	0.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	98.13%	88.12%	83.17%	88.71%	297.43%	270.62%

Schedule of City Contributions

<i>Years Ended December 31,</i>	ARHCT		ODD		RMP	
	2019	2018	2019	2018	2019	2018
Contractually Required Contribution	\$ 153,247	\$ 133,854	\$ 24,117	\$ 20,702	\$ 3,826	\$ 5,292
Contributions Relative to the Contractually Required Contribution	153,247	133,854	24,117	20,702	3,826	5,292
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	3,440,043	3,420,191	3,440,043	3,420,191	3,440,043	3,420,191
Contributions as a Percentage of Covered Payroll	4.45%	3.91%	0.70%	0.61%	0.11%	0.15%

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Notes to Required Supplementary Information Year Ended December 31, 2019

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

Expenditures Exceeding Appropriations

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

General Government	\$	331,473
Public safety		54,784
Information and recreation		137,524
Public works		232,763

2. Public Employees' Retirement System Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability

This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

In 2019, the discount rate was lowered from 8% to 7.38%.

Amounts reported reflect a change in assumptions between 2016 and 2017 in the method of allocating the net pension liability from actual contributions to present value of projected future contributions.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

City of Cordova, Alaska

Notes to Required Supplementary Information Year Ended December 31, 2019

Schedule of City Contributions

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

3. Public Employees' Retirement System OPEB Plans - Schedule of the City Contributions

Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

This table is presented based on the Plan measurement date. For December 31, 2019, the Plan measurement date is June 30, 2019.

Changes in Assumptions:

1. An Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in larger projected subsidies to offset the cost of prescription drug coverage.
2. Based on recent experience, the healthcare cost trend assumptions were updated
3. Per capita claims costs were updated to reflect recent experience
4. Healthcare cost trends were updated to reflect a Cadillac Tax load.
5. The discount rate was lowered from 8% to 7.38%.

GASB requires ten years of information be presented. However, until a full 10 years of information is available, the City will present only those years for which information is available.

Schedule of City Contributions

This table is based on the City's contributions for each fiscal year presented. These contributions have been reported as a deferred outflow of resources on the Statement of Net Position.

GASB requires ten years of information be presented. However, until a full ten years of information is available, the City will present only those years for which information is available.

Supplementary Information

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General Fund

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

<i>December 31,</i>	2019
Assets	
Cash and investments	\$ 716,343
Receivables:	
Sales tax	508,814
Delinquent property taxes	70,626
Other	216,346
Total Receivables	795,786
Due from other funds	1,045
Prepaid insurance	220,426
Lease receivable	738,213
Total Assets	\$ 2,471,813
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities	
Accounts payable	\$ 99,220
Accrued payroll and related liabilities	202,782
Unearned revenue	66,227
Total Liabilities	368,229
Deferred Inflows of Resources	
Deferred property taxes	54,172
Deferred lease revenue	738,213
Total Deferred Inflows of Resources	792,385
Fund Balance	
Nonspendable - prepaid insurance	220,426
Unassigned	1,090,773
Total Fund Balance	1,311,199
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,471,813

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

<i>Year Ended December 31,</i>	2019		
	Final Budget	Actual	Variance with Budget
Revenues			
Taxes:			
Property taxes	\$ 2,552,433	\$ 2,680,287	\$ 127,854
Sales taxes	3,300,000	3,253,551	(46,449)
Public accommodations surtax	175,000	235,111	60,111
Vehicle rental surtax	17,000	5,664	(11,336)
Penalties and interest	22,000	58,950	36,950
Federal payment in lieu of property taxes	441,022	470,880	29,858
Total taxes	6,507,455	6,704,443	196,988
Licenses and permits:			
Business licenses	20,000	19,287	(713)
Other licenses and permits	600	1,135	535
Total licenses and permits	20,600	20,422	(178)
Federal government:			
National forest receipts	595,000	653,453	58,453
State of Alaska:			
Raw fish tax	1,050,000	1,233,099	183,099
Liquor licenses	12,000	8,900	(3,100)
Marijuana licenses	-	500	500
E-rate revenue	-	745	745
Cooperative tax refunds	230,000	298,018	68,018
Shared fisheries tax	23,000	30,297	7,297
Community assistance	130,853	227,247	96,394
PERS relief	113,400	158,681	45,281
State debt reimbursement - school bonds	926,143	827,843	(98,300)
Total State of Alaska	2,485,396	2,785,330	299,934
Investment income	60,000	59,304	(696)
Charges for services:			
Leases	294,200	288,834	(5,366)
Law enforcement	280,286	313,124	32,838
DMV	69,600	72,072	2,472
Planning department	13,500	5,674	(7,826)
Recreation department	84,900	106,233	21,333
Pool	34,000	25,606	(8,394)
Total charges for services	776,486	811,543	35,057

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Revenues, continued			
Sale of property:			
Material and equipment sales	\$ 10,500	\$ -	\$ (10,500)
Cemetery lot sales	1,500	3,150	1,650
Total sale of property	12,000	3,150	(8,850)
Other revenues:			
Reserve fund	179,800	-	(179,800)
In-kind allocation	160,287	160,287	-
Miscellaneous	95,000	138,359	43,359
Insurance reimbursements	13,069	39,442	26,373
Allocated administrative costs	461,491	461,491	-
Streets-cut	5,000	-	(5,000)
Cordova center	55,000	36,561	(18,439)
Total other revenues	969,647	836,140	(133,507)
Total Revenues	11,426,584	11,873,785	447,201
Expenditures			
General government:			
City council:			
Materials and supplies	500	415	85
Purchased services	7,750	17,598	(9,848)
Total city council	8,250	18,013	(9,763)

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>	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
City clerk:			
Salaries and benefits	\$ 244,398	\$ 272,795	\$ (28,397)
Materials and supplies	1,000	1,719	(719)
Purchased services	31,800	32,739	(939)
Total city clerk	277,198	307,253	(30,055)
Management:			
Salaries and benefits	306,748	367,088	(60,340)
Materials and supplies	1,500	223	1,277
Purchased services	12,425	19,560	(7,135)
Total management	320,673	386,871	(66,198)
Finance:			
Salaries and benefits	402,005	273,369	128,636
Materials and supplies	2,000	2,982	(982)
Purchased services	1,500	111,631	(110,131)
Total finance	405,505	387,982	17,523
Planning department:			
Salaries and benefits	105,299	120,351	(15,052)
Materials and supplies	1,250	1,301	(51)
Purchased services	14,650	14,438	212
Total planning department	121,199	136,090	(14,891)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
Nondepartmental services:			
Materials and supplies	\$ 15,500	\$ 21,525	\$ (6,025)
Purchased services	408,800	630,864	(222,064)
Total nondepartmental services	424,300	652,389	(228,089)
Total general government	1,557,125	1,888,598	(331,473)
Public safety:			
Police department:			
Salaries and benefits	794,318	814,635	(20,317)
Materials and supplies	12,300	4,698	7,602
Purchased services	55,350	57,983	(2,633)
Repairs and vehicle costs	28,000	37,951	(9,951)
Capital outlay	19,000	26,588	(7,588)
Total police department	908,968	941,855	(32,887)
Jail operations:			
Salaries and benefits	235,867	211,702	24,165
Materials and supplies	7,500	3,841	3,659
Purchased services	6,800	13,150	(6,350)
Repairs and vehicle costs	1,800	289	1,511
Total jail operations	251,967	228,982	22,985

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public safety, continued:			
Fire department:			
Salaries and benefits	\$ 209,737	\$ 230,985	\$ (21,248)
Materials and supplies	50,520	46,056	4,464
Purchased services	60,946	75,332	(14,386)
Repairs and vehicle costs	36,396	23,288	13,108
Total fire department	357,599	375,661	(18,062)
Department of motor vehicles:			
Salaries and benefits	64,850	94,956	(30,106)
Materials and supplies	1,000	628	372
Purchased services	5,400	2,721	2,679
Capital outlay	500	265	235
Total department of motor vehicles	71,750	98,570	(26,820)
Total public safety	1,590,284	1,645,068	(54,784)
Information and recreation:			
Library:			
Salaries and benefits	637,964	719,534	(81,570)
Materials and supplies	27,000	28,115	(1,115)
Purchased services	139,391	163,914	(24,523)
Repairs and vehicle costs	12,000	11,386	614
Total library	816,355	922,949	(106,594)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Information and recreation, continued:			
Ski hill:			
Material and supplies	\$ 15,000	\$ 15,000	\$ -
Purchased services	77,012	90,237	(13,225)
Total Ski hill	92,012	105,237	(13,225)
Bidarki Center:			
Salaries and benefits	239,461	228,055	11,406
Materials and supplies	4,000	7,842	(3,842)
Purchased services	32,000	36,324	(4,324)
Repairs and vehicle costs	3,000	4,573	(1,573)
Capital outlay	4,500	4,270	230
Total Bidarki Center	282,961	281,064	1,897
Pool:			
Salaries and benefits	120,832	111,941	8,891
Materials and supplies	9,000	11,410	(2,410)
Purchased services	76,850	104,907	(28,057)
Repairs and vehicle costs	5,000	3,785	1,215
Capital outlay	5,000	4,241	759
Total pool	216,682	236,284	(19,602)
Total information and recreation	1,408,010	1,545,534	(137,524)
Public works:			
Administration:			
Salaries and benefits	158,662	175,693	(17,031)
Materials and supplies	-	122	(122)
Purchased services	47,000	48,456	(1,456)
Repairs and vehicle costs	-	969	(969)
Total public works administration	205,662	225,240	(19,578)
Facility utilities - purchased services	149,850	172,976	(23,126)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Facility maintenance:			
Salaries and benefits	\$ 215,871	\$ 265,415	\$ (49,544)
Materials and supplies	8,700	11,796	(3,096)
Purchased services	46,150	52,677	(6,527)
Repairs and vehicle costs	22,000	11,135	10,865
Capital outlay	10,500	6,440	4,060
Total facility maintenance	303,221	347,463	(44,242)
Street maintenance:			
Salaries and benefits	469,124	487,092	(17,968)
Materials and supplies	125,500	171,008	(45,508)
Purchased services	141,000	203,779	(62,779)
Repairs and vehicle costs	138,000	122,392	15,608
Total street maintenance	873,624	984,271	(110,647)
Snow removal:			
Salaries and benefits	21,907	17,193	4,714
Materials and supplies	14,000	9,352	4,648
Purchased services	27,377	27,442	(65)
Total snow removal	63,284	53,987	9,297
Equipment maintenance:			
Salaries and benefits	201,147	224,566	(23,419)
Materials and supplies	22,700	22,730	(30)
Purchased services	4,700	5,996	(1,296)
Repairs and vehicle costs	80,000	84,286	(4,286)
Capital outlay	1,500	7,700	(6,200)
Total equipment maintenance	310,047	345,278	(35,231)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2019		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Parks maintenance:			
Salaries and benefits	\$ 67,143	\$ 72,053	\$ (4,910)
Purchased services	15,000	16,091	(1,091)
Repairs and vehicle costs	7,000	8,130	(1,130)
Capital outlay	6,500	9,623	(3,123)
Total parks maintenance	95,643	105,897	(10,254)
Cemetery maintenance:			
Salaries and benefits	8,654	8,029	625
Materials and supplies	1,500	2,509	(1,009)
Capital outlay	10,000	8,598	1,402
Total cemetery maintenance	20,154	19,136	1,018
Total public works	2,021,485	2,254,248	(232,763)
Debt service:			
General obligation bond principal	1,282,000	1,282,000	-
General obligation bond interest	706,758	706,760	(2)
Total debt service	1,988,758	1,988,760	(2)
Contributions:			
Cordova City School District	1,854,136	1,854,136	-
Cordova Community Medical Center	1,928,134	1,651,465	276,669
Cordova Community College	10,000	10,000	-
Family Resource Center	20,000	20,000	-
Cordova Chamber of Commerce	118,017	118,017	-
Total contributions	3,930,287	3,653,618	276,669
Total Expenditures	12,495,949	12,975,826	(479,877)

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>	2019		
	Final Budget	Actual	Variance with Budget
Excess of revenues over (under) expenditures	\$ (1,069,365)	\$ (1,102,041)	\$ (32,676)
Other Financing Sources (Uses)			
Transfers in:			
General Reserve Special Revenue Fund	1,300,000	1,023,331	(276,669)
Transfers out:			
Equipment Replacement Capital Project Fund	-	(8,808)	(8,808)
General Capital Projects Capital Project Fund	(217,566)	(216,641)	925
Net Other Financing Sources (Uses)	1,082,434	797,882	(284,552)
Net change in fund balance	<u>\$ 13,069</u>	(304,159)	<u>\$ (317,228)</u>
Fund Balance, beginning		<u>1,615,358</u>	
Fund Balance, ending		<u>\$ 1,311,199</u>	

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Nonmajor Governmental Funds

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

E-911

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

Ambulance

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

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.

Equipment Replacement

This fund accounts for various equipment purchases.

General Capital Projects

This fund accounts for various community-wide capital projects.

Cordova Center

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

Chip Seal CIP

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

City of Cordova, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

<i>December 31, 2019</i>	Special Revenue Funds				Totals
	E-911	Ambulance	General Capital Projects	Chip Seal CIP	
Assets					
Cash and investments	\$ 64,396	\$ 360,094	\$ 77,611	\$ 138,164	\$ 640,265
Other receivable	-	12,993	110,955	-	123,948
Total Assets	\$ 64,396	\$ 373,087	\$ 188,566	\$ 138,164	\$ 764,213
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 141	\$ 13,859	\$ -	\$ 14,000
Deferred Inflows of Resources					
Deferred ambulance revenue	-	11,305	-	-	11,305
Fund Balances					
Restricted:					
Enhanced 911 services	64,396	-	-	-	64,396
Assigned:					
Capital projects	-	-	174,707	138,164	312,871
Public safety	-	361,641	-	-	361,641
Total Fund Balances	64,396	361,641	174,707	138,164	738,908
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 64,396	\$ 373,087	\$ 188,566	\$ 138,164	\$ 764,213

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

<i>Year Ended December 31, 2019</i>	Special Revenue Funds		Capital Project Funds			Chip Seal CIP	Totals
	E-911	Ambulance	Equipment Replacement	General Capital Projects	Cordova Center		
Revenues							
Federal government	\$ -	\$ -	\$ -	\$ 174,444	\$ -	\$ -	\$ 174,444
State of Alaska	-	-	-	38,680	-	-	38,680
Other revenues	-	26,561	-	184,043	33,500	-	244,104
Total Revenues	-	26,561	-	397,167	33,500	-	457,228
Expenditures							
Public safety	-	3,316	-	67,680	-	-	70,996
Public works	-	-	11,775	35,206	33,500	-	80,481
Cordova City School District	-	-	-	95,063	-	-	95,063
Capital outlay	-	-	-	348,033	-	-	348,033
Total Expenditures	-	3,316	11,775	545,982	33,500	-	594,573
Excess of revenues over (under) expenditures	-	23,245	(11,775)	(148,815)	-	-	(137,345)
Other Financing Sources							
Transfers in	-	-	8,808	216,641	-	-	225,449
Net change in fund balances	-	23,245	(2,967)	67,826	-	-	88,104
Fund Balances, beginning	64,396	338,396	2,967	106,881	-	138,164	650,804
Fund Balances (Deficit), ending	\$ 64,396	\$ 361,641	\$ -	\$ 174,707	\$ -	\$ 138,164	\$ 738,908

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

Year Ended December 31, 2019

PWS economic analysis	\$ 15
Culvert relocation	28,191
Bidarki roof repair	171,000
Pool repairs	19,654
Portable generator	2,467
Noncapital Cordova City School District	95,063
Noncapital public works projects	161,912
Noncapital public safety projects	67,680
<hr/>	
Total Expenditures	\$ 545,982

Enterprise Funds

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.

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

<i>December 31,</i>	2019
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 1,791,190
Accounts receivable	401,263
Allowance for doubtful accounts	(213,757)
Prepaid insurance	9,163
Total Current Assets	1,987,859
Property, Plant and Equipment	
Land	4,395,992
Buildings	274,983
Machinery and equipment	2,904,790
Improvements	19,091,775
Total property, plant and equipment	26,667,540
Accumulated depreciation	(15,963,607)
Net Property, Plant and Equipment	10,703,933
Total Assets	12,691,792
Deferred outflows of resources	
Related to other postemployment benefits	52,138
Related to pensions	33,068
Total Deferred Outflows of Resources	85,206
Total Assets and Deferred Outflows of Resources	\$ 12,776,998
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 19,439
Accrued payroll and related liabilities	16,226
Accrued vacation and sick leave	49,074
Due to other funds	-
Unearned revenue	506,696
Total Current Liabilities	591,435
Noncurrent Liabilities	
Net pension liability	582,924
Net other postemployment benefit liability	(870)
Total Noncurrent Liabilities	582,054
Total Liabilities	1,173,489
Deferred inflows of resources	
Related to other postemployment benefits	37,013
Related to pensions	22,617
Total Deferred Inflows of Resources	59,630
Net Position	
Net investment in capital assets	10,703,933
Unrestricted	839,946
Total Net Position	11,543,879
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,776,998

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

<i>Year Ended December 31,</i>	2019
Operating Revenues	
User charges:	
Slip fees	\$ 1,093,007
Wharfage and dockage	252,680
Total user charges	1,345,687
Rents, leases and storage fees	73,017
Travel lift fees	147,271
Penalties and interest	17,158
Other revenues	80,122
Total Operating Revenues	1,663,255
Operating Expenses	
Salaries and benefits	523,100
Materials and supplies	24,411
Purchased services	344,303
Vehicle expense	49,430
Insurance	90,019
Repairs and maintenance	135,134
Depreciation	761,713
Allocated administrative and billing expenses	161,886
Total Operating Expenses	2,089,996
Loss from operations	(426,741)
Nonoperating Revenues	
Investment income	162
State of Alaska PERS relief	34,235
Total Nonoperating Revenues	34,397
Loss before transfers	(392,344)
Transfers out	(20,328)
Change in net position	(412,672)
Net Position, beginning	11,956,551
Net Position, ending	\$ 11,543,879

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

<i>Year Ended December 31,</i>	2019
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,659,075
Payments for interfund services used	(161,886)
Payments to suppliers	(629,104)
Payments to employees	(611,646)
Net cash flows from operating activities	256,439
Cash Flows for Noncapital Financing Activities	
Transfers out	(20,328)
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(198,858)
Cash Flows from Investing Activities	
Investment income received	162
Net increase in cash and investments	37,415
Cash and Investments, beginning	1,753,775
Cash and Investments, ending	\$ 1,791,190
Reconciliation of Loss from Operations to Net	
Cash Flows from Operating Activities	
Loss from operations	\$ (426,741)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	761,713
Noncash expense - PERS relief	34,235
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(49,815)
Prepaid insurance	32,912
Deferred outflows of resources related to pensions	5,820
Deferred outflows of resources related to other postemployment benefits	691
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(18,719)
Accrued payroll and related liabilities	3,485
Accrued vacation and sick leave	7,576
Net pension liability	(25,586)
Net other postemployment benefits liability	(118,377)
Deferred inflows of resources related to pensions	23,589
Deferred inflows of resources related to other postemployment benefits	(19,979)
Unearned revenue	45,635
Net Cash Flows from Operating Activities	\$ 256,439

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

<i>Year Ended December 31, 2019</i>	Port Operating	Port Capital Projects	Port Depreciation Reserves	Total
Operating Revenues	\$ 1,663,255	\$ -	\$ -	\$ 1,663,255
Operating Expenses				
Salaries and benefits	523,100	-	-	523,100
Materials and supplies	24,411	-	-	24,411
Purchased services	344,303	-	-	344,303
Vehicle expense	49,430	-	-	49,430
Insurance	90,019	-	-	90,019
Repairs and maintenance	135,134	-	-	135,134
Depreciation	761,713	-	-	761,713
Allocated administrative and billing expenses	161,886	-	-	161,886
Total Operating Expenses	2,089,996	-	-	2,089,996
Loss from operations	(426,741)	-	-	(426,741)
Nonoperating Revenues				
State of Alaska PERS relief	34,235	-	-	34,235
Investment income	162	-	-	162
Total Nonoperating Revenues	34,397	-	-	34,397
Loss before transfers	(392,344)	-	-	(392,344)
Transfers out	(20,328)	-	-	(20,328)
Eliminating transfers	(150,000)	200,000	(50,000)	-
Change in net position	(562,672)	200,000	(50,000)	(412,672)
Net Position, beginning	10,845,253	-	1,111,298	11,956,551
Net Position, ending	\$ 10,282,581	\$ 200,000	\$ 1,061,298	\$ 11,543,879

City of Cordova, Alaska

Water Enterprise Fund
Statement of Net Position

<i>December 31,</i>	2019
Assets and Deferred Outflows of Resources	
Current Assets	
Cash	\$ -
Accounts receivable	41,709
Grants receivable	1,820
Prepaid insurance	13,707
Total Current Assets	57,236
Property, Plant and Equipment	
Land	881,531
Construction in progress	31,130
Buildings	7,130,545
Machinery and equipment	445,377
Improvements	14,803,759
Total property, plant and equipment	23,292,342
Accumulated depreciation	(10,734,172)
Net Property, Plant and Equipment	12,558,170
Total Assets	12,615,406
Deferred outflows of resources	
Related to other postemployment benefits	15,205
Related to pensions	16,480
Total Deferred Outflows of Resources	31,685
Total Assets and Deferred Outflows of Resources	\$ 12,647,091
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 14,122
Accrued payroll and related liabilities	8,604
Accrued vacation and sick leave	22,500
Customer deposits	33,065
Accrued interest payable	78,901
Due to other funds	1,045
Current portion of loan payable to ADEC	69,045
Total Current Liabilities	227,282
Noncurrent Liabilities	
Loans payable to ADEC, net of current portion	2,050,201
Net pension liability	213,909
Net other postemployment benefit liability	9,519
Total Noncurrent Liabilities	2,273,629
Total Liabilities	2,500,911
Deferred inflows of resources	
Related to other postemployment benefits	13,595
Related to pensions	12,911
Total Deferred Inflows of Resources	26,506
Net Position	
Net investment in capital assets	10,438,924
Unrestricted (deficit)	(319,250)
Total Net Position	10,119,674
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 12,647,091

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

<i>Year Ended December 31,</i>	2019
Operating Revenues - user charges	\$ 796,070
Operating Expenses	
Salaries and benefits	228,597
Materials and supplies	39,893
Purchased services	139,894
Vehicle expense	4,847
Insurance	32,469
Repairs and maintenance	70,056
Depreciation	626,869
Allocated administrative and billing expenses	80,479
Total Operating Expenses	1,223,104
Loss from operations	(427,034)
Nonoperating Revenues (Expenses)	
Interest expense	(31,295)
In-kind contributions to School and Medical Center	(16,229)
State of Alaska PERS relief	14,123
Net Nonoperating Revenues (Expenses)	(33,401)
Loss before transfers	(460,435)
Transfers out	(1,164)
Change in net position	(461,599)
Net Position, beginning	10,581,273
Net Position, ending	\$ 10,119,674

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

<i>Year Ended December 31,</i>	2019
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 756,167
Payments for interfund services used	(80,479)
Payments to suppliers	(277,342)
Payments to employees	(267,255)
Net cash flows from operating activities	131,091
Cash Flows for Noncapital Financing Activities	
Transfers out	(1,164)
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(66,604)
Increase in due to other funds	1,045
Principal and interest paid on ADEC loans	(69,296)
Net cash flows for capital and related financing activities	(134,855)
Net increase in cash and investments	(4,928)
Cash and Investments, beginning	4,928
Cash and Investments, ending	\$ -
Reconciliation of Loss from Operations to Net Cash	
Flows from Operating Activities	
Loss from operations	\$ (427,034)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	626,869
Noncash expense - PERS relief	14,123
In-kind contributions	(16,229)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(20,173)
Prepaid insurance	1,469
Deferred outflows of resources related to pensions	2,401
Deferred outflows of resources related to other postemployment benefits	285
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	8,348
Accrued payroll and related liabilities	3,097
Accrued vacation and sick leave	(457)
Customer deposits	(3,501)
Net pension liability	(10,555)
Net other postemployment benefits liability	(48,833)
Deferred inflows of resources related to pensions	9,523
Deferred inflows of resources related to other postemployment benefits	(8,242)
Net Cash Flows from Operating Activities	\$ 131,091

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

<i>Year Ended December 31, 2019</i>	Water Operating	Water Compliance	Water Depreciation Reserves	Eliminations	Total
Operating Revenues - user charges	\$ 796,070	\$ -	\$ -	\$ -	\$ 796,070
Operating Expenses					
Salaries and benefits	228,597	-	-	-	228,597
Materials and supplies	39,893	-	-	-	39,893
Purchased services	139,894	-	-	-	139,894
Vehicle expense	4,847	-	-	-	4,847
Insurance	32,469	-	-	-	32,469
Repairs and maintenance	70,056	-	-	-	70,056
Depreciation	626,869	-	-	-	626,869
Allocated administrative and billing expenses	80,479	-	-	-	80,479
Total Operating Expenses	1,223,104	-	-	-	1,223,104
Loss from operations	(427,034)	-	-	-	(427,034)
Nonoperating Revenues (Expenses)					
Interest expense	(31,295)	-	-	-	(31,295)
In-kind contributions to School and Medical Center	(16,229)	-	-	-	(16,229)
State of Alaska PERS relief	14,123	-	-	-	14,123
Net Nonoperating Revenues (Expenses)	(33,401)	-	-	-	(33,401)
Loss before transfers	(460,435)	-	-	-	(460,435)
Transfers out	(1,164)	-	-	-	(1,164)
Eliminating transfers	15,485	-	(15,485)	-	-
Change in net position	(446,114)	-	(15,485)	-	(461,599)
Net Position, beginning	5,616,646	104,858	472,236	4,387,533	10,581,273
Net Position, ending	\$ 5,170,532	\$ 104,858	\$ 456,751	\$ 4,387,533	\$ 10,119,674

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

<i>December 31,</i>	2019
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 534,400
Accounts receivable	97,231
Prepaid insurance	13,707
Deposits	6,500
Total Current Assets	651,838
Property, Plant and Equipment	
Land	32,560
Buildings	93,071
Machinery and equipment	830,493
Improvements	17,672,208
Total property, plant and equipment	18,628,332
Accumulated depreciation	(11,553,593)
Net Property, Plant and Equipment	7,074,739
Total Assets	7,726,577
Deferred outflows of resources	
Related to other postemployment benefits	16,480
Related to pensions	15,205
Deferred Outflows of Resources	31,685
Total Assets and Deferred Outflows of Resources	\$ 7,758,262
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 10,579
Accrued payroll and related liabilities	8,604
Accrued vacation and sick leave	22,500
Accrued interest payable	4,950
Current portion of loan payable to ADEC	55,000
Total Current Liabilities	101,633
Noncurrent Liabilities	
Loan payable to ADEC, net of current portion	935,000
Net other postemployment benefits liability	9,519
Net pension liability	213,909
Total Noncurrent Liabilities	1,158,428
Total Liabilities	1,260,061
Deferred inflows of resources	
Related to other postemployment benefits	12,911
Related to pensions	13,595
Total Deferred Inflows of Resources	26,506
Net Position	
Net investment in capital assets	6,084,739
Unrestricted	386,956
Total Net Position	6,471,695
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,758,262

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

<i>Year Ended December 31,</i>	2019
Operating Revenues - user charges	\$ 832,999
Operating Expenses	
Salaries and benefits	228,999
Materials and supplies	36,005
Purchased services	141,222
Vehicle expense	14,156
Insurance	32,469
Repairs and maintenance	57,646
Depreciation	416,786
Allocated administrative and billing expenses	90,211
Total Operating Expenses	1,017,494
Loss from operations	(184,495)
Nonoperating Revenues (Expenses)	
Interest expense	(15,400)
In-kind contributions to School and Medical Center	(36,257)
State of Alaska PERS relief	14,123
Net Nonoperating Revenues (Expenses)	(37,534)
Loss before transfers	(222,029)
Transfers out	(11,164)
Change in net position	(233,193)
Net Position, beginning	6,704,888
Net Position, ending	\$ 6,471,695

City of Cordova, Alaska

Sewer Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2019
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 754,617
Payments for interfund services used	(90,211)
Payments to suppliers	(278,260)
Payments to employees	(267,449)
Net cash flows from operating activities	118,697
Cash Flows for Noncapital Financing Activities - transfers out	(11,164)
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(103,563)
Principal and interest paid on ADEC loans	(70,675)
Net cash flows for capital and related financing activities	(174,238)
Net decrease in cash and investments	(66,705)
Cash and Investments, beginning	601,105
Cash and Investments, ending	\$ 534,400
Reconciliation of Loss from Operations to Net	
Cash Flows from Operating Activities	
Loss from operations	\$ (184,495)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	416,786
Noncash expense - PERS relief	14,123
In-kind contributions	(36,257)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(42,125)
Prepaid insurance	1,469
Deferred outflows of resources related to pensions	2,401
Deferred outflows of resources related to other postemployment benefits	285
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	1,769
Accrued payroll and related liabilities	3,097
Accrued vacation and sick leave	(457)
Net pension liability	(10,555)
Net other postemployment benefits liability	(48,833)
Deferred inflows of resources related to pensions	9,731
Deferred inflows of resources related to other postemployment benefits	(8,242)
Net Cash Flows from Operating Activities	\$ 118,697

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

<i>Year Ended December 31, 2019</i>	Sewer Operating	Sewer Capital Projects	Sewer Depreciation Reserves	Total
Operating Revenues - user charges	\$ 832,999	\$ -	\$ -	\$ 832,999
Operating Expenses				
Salaries and benefits	228,999	-	-	228,999
Materials and supplies	36,005	-	-	36,005
Purchased services	141,222	-	-	141,222
Vehicle expense	14,156	-	-	14,156
Insurance	32,469	-	-	32,469
Repairs and maintenance	57,646	-	-	57,646
Depreciation	416,786	-	-	416,786
Allocated administrative and billing expenses	90,211	-	-	90,211
Total Operating Expenses	1,017,494	-	-	1,017,494
Loss from operations	(184,495)	-	-	(184,495)
Nonoperating Revenues (Expenses)				
Interest expense	(15,400)	-	-	(15,400)
In-kind contributions to School and Medical Center	(36,257)	-	-	(36,257)
State of Alaska PERS relief	14,123	-	-	14,123
Net Nonoperating Revenues (Expenses)	(37,534)	-	-	(37,534)
Loss before transfers	(222,029)	-	-	(222,029)
Transfers out	(11,164)	-	-	(11,164)
Eliminating transfers	(34,515)	-	34,515	-
Change in net position	(267,708)	-	34,515	(233,193)
Net Position, beginning	6,117,245	-	587,643	6,704,888
Net Position, ending	\$ 5,849,537	\$ -	\$ 622,158	\$ 6,471,695

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Net Position

December 31,	2019
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 445,553
Accounts receivable	89,123
Allowance for doubtful accounts	(561)
Prepaid insurance	13,707
Total Current Assets	547,822
Restricted Assets - landfill closure cash	940,892
Property, Plant and Equipment	
Land and land improvements	256,250
Buildings	1,457,950
Machinery and equipment	3,271,476
Landfill	462,756
Total property, plant and equipment	5,448,432
Accumulated depreciation	(3,219,678)
Net Property, Plant and Equipment	2,228,754
Total Assets	3,717,468
Deferred outflows of resources	
Related to other postemployment benefits	30,716
Related to pensions	36,283
Total Deferred Outflows of Resources	66,999
Total Assets and Deferred Outflows of Resources	\$ 3,784,467
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 5,778
Accrued payroll and related liabilities	14,527
Accrued vacation and sick leave	21,838
Total Current Liabilities	42,143
Noncurrent Liabilities	
Net other postemployment benefits liability	11,931
Net pension liability	481,191
Landfill closure costs	844,410
Total Noncurrent Liabilities	1,337,532
Total Liabilities	1,379,675
Deferred inflows of resources	
Related to other postemployment benefits	23,107
Related to pensions	30,798
Total Deferred Inflows of Resources	53,905
Net Position	
Net investment in capital assets	2,228,754
Restricted	940,892
Unrestricted (deficit)	(818,759)
Total Net Position	2,350,887
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,784,467

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

<i>Year Ended December 31,</i>	2019
Operating Revenues - user charges	\$ 1,129,837
Operating Expenses	
Salaries and benefits	453,787
Materials and supplies	13,197
Purchased services	78,705
Vehicle expense	51,385
Insurance	32,469
Repairs and maintenance	13,830
Depreciation	164,500
Allocated administrative and billing expenses	120,665
Landfill closure and monitoring expense	83,029
Total Operating Expenses	1,011,567
Income from operations	118,270
Nonoperating Revenues (Expenses)	
Investment income	696
Interest expense	(1,140)
In-kind contributions to School and Medical Center	(39,892)
State of Alaska PERS relief	28,039
Net Nonoperating Revenues (Expenses)	(12,297)
Income before transfers	105,973
Transfers in	269,000
Transfers out	(2,328)
Change in net position	372,645
Net Position, beginning	1,978,242
Net Position, ending	\$ 2,350,887

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2019
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,065,209
Payment for interfund services used	(120,665)
Payments to suppliers	(190,840)
Payments to employees	(534,003)
Net cash flows from operating activities	219,701
Cash Flows from Noncapital Financing Activities	
Transfers in	269,000
Transfers out	(2,328)
Net cash flows from noncapital financing activities	266,672
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(333,435)
Principal and interest paid on general obligation bonds	(39,520)
Net cash flows for capital and related financing activities	(372,955)
Cash Flows from Investing Activities	
Investment income received	696
Net increase in cash and investments	114,114
Cash and Investments, beginning	1,272,331
Cash and Investments, ending	\$ 1,386,445
Reconciliation of Cash and Investments to Statement of Net Position	
Cash and investments	\$ 445,553
Restricted assets	940,892
Total Cash and Investments	\$ 1,386,445
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 118,270
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Depreciation	164,500
Noncash expense - PERS relief	28,039
In-kind contributions to School and Medical Center	(39,892)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(24,736)
Prepaid insurance	1,469
Deferred outflows of resources related to pensions	4,767
Deferred outflows of resources related to other postemployment benefits	566
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(2,723)
Accrued payroll and related liabilities	3,510
Accrued vacation and sick leave	(2,147)
Landfill closure costs payable	83,029
Net pension liability	(20,955)
Net other postemployment benefits liability	(96,953)
Deferred inflows of resources related to pensions	19,320
Deferred inflows of resources related to other postemployment benefits	(16,363)
Net Cash Flows from Operating Activities	\$ 219,701

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

<i>Year Ended December 31, 2019</i>	Refuse Operating	Refuse Depreciation Reserves	Refuse Projects	Landfill Closure	Total
Operating Revenues - user charges	\$ 1,129,837	\$ -	\$ -	\$ -	\$ 1,129,837
Operating Expenses					
Salaries and benefits	453,787	-	-	-	453,787
Materials and supplies	13,197	-	-	-	13,197
Purchased services	78,705	-	-	-	78,705
Vehicle expense	51,385	-	-	-	51,385
Insurance	32,469	-	-	-	32,469
Repairs and maintenance	13,830	-	-	-	13,830
Depreciation	164,500	-	-	-	164,500
Allocated administrative and billing expenses	120,665	-	-	-	120,665
Landfill closure and monitoring expense	-	-	-	83,029	83,029
Total Operating Expenses	928,538	-	-	83,029	1,011,567
Income from operations	201,299	-	-	(83,029)	118,270
Nonoperating Revenues (Expenses)					
Investment income	-	-	-	696	696
State of Alaska PERS relief	28,039	-	-	-	28,039
In-kind contributions to School and Medical Center	(39,892)	-	-	-	(39,892)
Interest expense	(1,140)	-	-	-	(1,140)
Net Nonoperating Revenues (Expenses)	(12,993)	-	-	696	(12,297)
Income (loss) before transfers	188,306	-	-	(82,333)	105,973
Transfers in	269,000	-	-	-	269,000
Transfers out	(2,328)	-	-	-	(2,328)
Eliminating transfers	(100,000)	50,000	-	50,000	-
Change in net position	354,978	50,000	-	(32,333)	372,645
Net Position, beginning	1,742,932	163,556	(73,145)	144,899	1,978,242
Net Position, ending	\$ 2,097,910	\$ 213,556	\$ (73,145)	\$ 112,566	\$ 2,350,887

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

<i>December 31,</i>	2019
Assets	
Current Assets	
Cash and investments	\$ 132,388
Prepaid Insurance	988
Total Current Assets	133,376
Property, Plant and Equipment	
Buildings	79,362
Improvements	10,718
Total property, plant and equipment	90,080
Accumulated depreciation	(63,412)
Net Property, Plant and Equipment	26,668
Total Assets	\$ 160,044
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ (703)
Accrued payroll and related liabilities	756
Other liabilities	8,580
Total Current Liabilities	8,633
Net Position	
Net investment in capital assets	26,668
Unrestricted	124,743
Total Net Position	151,411
Total Liabilities and Net Position	\$ 160,044

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

<i>Year Ended December 31,</i>	2019
Operating Revenues	
Park fees	\$ 53,515
Operating Expenses	
Salaries and benefits	31,759
Materials and supplies	188
Purchased services	14,540
Repairs and maintenance	807
Depreciation	2,038
Insurance	5,656
Allocated administrative and billing expenses	8,250
Total Operating Expenses	63,238
Loss from operations	(9,723)
Nonoperating Revenues -	
State of Alaska PERS relief	567
Loss before transfers	(9,156)
Transfers out	(4,000)
Change in net position	(13,156)
Net Position, beginning	164,567
Net Position, ending	\$ 151,411

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

<i>Year Ended December 31,</i>	2019
Cash Flows for Operating Activities	
Receipts from customers and users	\$ 53,515
Payment for interfund services used	(8,250)
Payments to suppliers	(20,356)
Payments to employees	(33,768)
Net cash flows for operating activities	(8,859)
Cash Flows for Noncapital Financing Activities - transfers out	
	(4,000)
Net decrease in cash and investments	(12,859)
Cash and Investments, beginning	145,247
Cash and Investments, ending	\$ 132,388
Reconciliation of Loss from Operations to Net	
Cash Flows for Operating Activities	
Loss from operations	\$ (9,723)
Adjustments to reconcile loss from operations to net cash flows for operating activities:	
Depreciation	2,038
Noncash expense - PERS relief	567
Increase (decrease) in assets:	
Prepaid insurance	1,656
Increase (decrease) in liabilities:	
Accounts payable	(821)
Accrued payroll and related liabilities	174
Other liabilities	(2,750)
Net Cash Flows form Operating Activities	\$ (8,859)

Health Insurance Internal Service Fund

Health Insurance Internal Service Funds is used to account for self-insured health care cost charged to other departments or agencies of the City, on a cost reimbursement basis.

City of Cordova, Alaska
Health Insurance Internal Service Fund
Statement of Net Position

<i>December 31,</i>	2019
Assets	
Current Assets	
Cash and investments	\$ 372,629
Accounts receivable	322,970
Total Current Assets	695,599
Total Assets	\$ 695,599
Liabilities and Net Position	
Current Liabilities	
Health claims payable	\$ 445,000
Net Position	
Unrestricted	250,599
Total Liabilities and Net Position	\$ 695,599

City of Cordova, Alaska
Health Insurance Internal Service Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2019
Operating Revenues	
Employer contributions	\$ 1,163,970
Employee contributions	89,244
Insurance reimbursements	331,628
Total Revenues	1,584,842
Operating Expenses	
Claims, premiums and administrative expenses	1,334,243
Change in net position	250,599
Net Position, beginning	-
Net Position, ending	\$ 250,599

City of Cordova, Alaska
Health Insurance Internal Service Fund
Statement of Cash Flows

<i>Year Ended December 31,</i>	2019
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,261,872
Payments to suppliers	(889,243)
Net cash flows from operating activities	372,629
Cash and Investments, beginning	-
Cash and Investments, ending	\$ 372,629
Reconciliation of Income from Operations to Net Cash Flows from Operating Activities	
Income from operations	\$ 250,599
Adjustments to reconcile income from operations to net cash flows from operating activities:	
Increase in assets:	
Accounts receivable	(322,970)
Increase in liabilities:	
Health claims payable	445,000
Net Cash Flows from Operating Activities	\$ 372,629

City of Cordova, Alaska
Schedule of Expenditures of Federal Awards
for the Year Ended December 31, 2019

<i>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Provided to Subre- cipients</i>	<i>Total Federal Expend- itures</i>
Department of Agriculture				
Forest Service Schools and Roads Cluster Passed through State of Alaska Department of Commerce, Community and Economic Development - Schools and Roads - Grants to States	10.665	Program Year 2018	\$ -	\$ 653,453
Department of Interior				
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payment in Lieu of Taxes	15.226	Program Year 2019	-	465,556
Environmental Protection Agency				
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	-	1,120
Department of Homeland Security				
Passed through State of Alaska Department of Military and Veteran Affairs:				
2018 Emergency Management Performance Grant	97.042	20EMPG-GY18	-	9,000
2019 Emergency Management Performance Grant	97.042	20EMPG-GY19	-	9,000
Total CFDA 97.042			-	18,000
2016 Homeland Security Grant Program	97.067	20SHSP-GY16	-	2,467
2018 Homeland Security Grant Program	97.067	20SHSP-GY18	-	109,021
Total CFDA 97.067			-	111,488
Total Department of Homeland Security			-	129,488
Department of Commerce				
Passed through State of Alaska Department of Military and Veteran Affairs:				
Metrologic and Hydrologic Modernization Development	11.467	20NOAAA-GY18	-	44,956
Total Federal Awards			\$ -	\$ 1,294,573

The accompanying notes are an integral part of this schedule.

City of Cordova, Alaska
Schedule of State Financial Assistance
Year Ended December 31, 2019

State Agency/Program Title	Award Number	Passed Through to Subrecipients	State Expenditures
Department of Commerce, Community and Economic Development			
Shared Fisheries Business Tax	2019	\$ -	\$ 30,297
*Community Assistance Program	2019	-	227,247
Total Department of Commerce, Community and Economic Development		-	257,544
Department of Administration			
*PERS Relief Funding	N/A	-	220,515
Department of Revenue			
Liquor Licenses	N/A	-	8,900
*Fisheries Business Taxes	N/A	-	1,233,099
*Electric and Telephone Cooperative	N/A	-	298,018
Total Department of Revenue		-	1,540,017
Department of Education and Early Development			
*Debt Retirement Program	2019	-	827,843
Public Library Assistance Grant 2019	PLAG 2019	-	7,000
Alaska Online with Libraries (OWL)	FY2019	-	745
Total Department of Education and Early Development		-	835,588
Department of Public Safety			
Department of Public Safety Grant	2019	-	31,680
Total State Financial Assistance		\$ -	\$ 2,885,344

* Major program

The accompanying notes are an integral part of this schedule.

City of Cordova, Alaska

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance for the Year Ended December 31, 2019

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 award activity of City of Cordova under programs of the federal and state governments for the year ended December 31, 2019. 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 \$220,515 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 2019 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, 2018 through June 30, 2019, 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. The \$4,081,500 (maximum) 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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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, 2019, 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 November 5, 2020. Our report includes a reference to other auditors who audited the financial statements of Cordova City School District and Cordova Community Medical Center as described in our report on City of Cordova's basic 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of 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*.

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
November 5, 2020



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3601 C Street, Suite 600
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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, 2019. 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 expended \$733,016 in federal awards which is not included in City of Cordova's schedule of expenditures of federal awards during the year ended December 31, 2019. 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, 2019.

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
November 5, 2020



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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, 2019. 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 expended \$4,940,653 in state awards which is not included in City of Cordova's schedule of state financial assistance during the year ended December 31, 2019. Our audit, described below, did not include the operations of Cordova City School District because other auditors were engaged to perform 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 state statutes, regulations, and the terms and conditions of its state awards 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.

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, 2019.

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
November 5, 2020

City of Cordova, Alaska

Schedule of Findings and Questioned Costs Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes X no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Agency</i>
10.665	Forest Service School and Roads Cluster - School and Roads - Grants to States	Department of Agriculture

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ___ yes X no

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified?	___ yes	<u>X</u> (none reported)

Type of auditor's report issued on compliance for major state programs: Unmodified

Dollar threshold used to distinguish a state major program? \$ 75,000

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2019

Section II - Financial Statement Findings Required to be Reported in Accordance with *Government Auditing Standards*

There were no findings related to the financial statements which are required to be reported in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

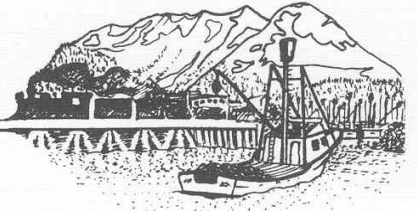
There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.

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.

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City of Cordova Single Audit Responses (Unaudited)



Summary Schedule of Prior Audit Findings

Finding 2018-001	Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting
<i>Condition</i>	The Finance Director prepares all journal entries, but there is no one reviewing them.
<i>Status</i>	This finding has been resolved.