



City of Cordova, Alaska

Basic Financial Statements, Required
Supplementary Information, Supplementary
Information and Single Audit Reports
Year Ended December 31, 2017

City of Cordova, Alaska

Basic Financial Statements, Required Supplementary
Information, Supplementary Information
and Single Audit Reports
Year Ended December 31, 2017

City of Cordova, Alaska

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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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cordova Community Medical Center Enterprise Fund, which is a major fund and represents 15 percent, 0 percent, and 73 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cordova Community Medical Center Enterprise Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 52-54, and the Schedules of Net Pension Liability and Pension Contributions on pages 55 and 57, 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, schedules listed in the table of contents, 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 April 30, 2019 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
April 30, 2019

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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 Volunteer Fire Department
<i>December 31, 2017</i>					
Assets and Deferred Outflows of Resources					
Assets					
Cash and investments	\$ 11,177,131	\$ 3,416,668	\$ 14,593,799	\$1,840,208	\$ 47,110
Receivables:					
Taxes	535,258	-	535,258	-	-
Accounts	-	1,465,394	1,465,394	32,562	-
Grants and shared revenues	9,000	150,743	159,743	216,173	-
Due from third-party payors	-	1,074,917	1,074,917	-	-
Other	73,015	287,784	360,799	-	53
Allowance for doubtful accounts	-	(569,206)	(569,206)	-	-
Prepaid items	139,656	166,058	305,714	108,252	-
Deposits	-	6,500	6,500	-	-
Inventory	-	260,501	260,501	34,506	-
Restricted cash and investments	-	839,411	839,411	-	529
Internal balances	275,979	(275,979)	-	-	-
Capital assets:					
Land and construction in progress	1,717,503	5,740,557	7,458,060	-	-
Other capital assets, net of depreciation	52,963,146	34,069,753	87,032,899	108,933	-
Total Assets	66,890,688	46,633,101	113,523,789	2,340,634	47,692
Deferred Outflows of Resources					
Related to pensions	320,976	311,556	632,532	985,247	-
Related to goodwill	-	150,000	150,000	-	-
Deferred loss on bonds	1,289,963	-	1,289,963	-	-
Total Assets and Deferred Outflows of Resources	\$ 68,501,627	\$ 47,094,657	\$ 115,596,284	\$3,325,881	\$ 47,692

City of Cordova, Alaska
Statement of Net Position, continued

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	Cordova City School District	Cordova Volunteer Fire Department
<i>December 31, 2017</i>					
Liabilities, Deferred Inflows of Resources and Net Position					
Liabilities					
Accounts payable	\$ 238,860	\$ 815,328	\$ 1,054,188	\$ 3,869	\$ -
Accrued payroll and related liabilities	214,982	1,214,628	1,429,610	54,115	-
Health claims payable	349,000	28,632	377,632	-	-
Payable to third-party payors	-	129,942	129,942	-	-
Customer deposits	-	50,199	50,199	-	-
Accrued interest payable	224,666	178,937	403,603	-	-
Unearned revenue	72,741	428,296	501,037	-	-
Noncurrent liabilities:					
Due within one year:					
Accrued vacation and sick leave	303,946	97,556	401,502	-	-
Bonds and loans	1,192,000	107,044	1,299,044	-	-
Capital lease	-	35,580	35,580	-	-
Due in more than one year:					
Loans	-	3,255,743	3,255,743	-	-
General obligation bonds	15,074,000	36,000	15,110,000	-	-
Capital lease	-	6,270	6,270	-	-
Net pension liability	4,677,841	5,502,398	10,180,239	4,535,956	-
Unamortized bond premium	2,060,697	-	2,060,697	-	-
Landfill closure costs	-	852,210	852,210	-	-
Total Liabilities	24,408,733	12,738,763	37,147,496	4,593,940	-
Deferred Inflows of Resources					
Related to pensions	345,489	1,258,257	1,603,746	117,539	-
Total Liabilities and Deferred Inflows of Resources	24,754,222	13,997,020	38,751,242	4,711,479	-
Net Position					
Net investment in capital assets	36,353,952	36,369,673	72,723,625	108,933	-
Restricted:					
Gaming	-	-	-	-	3,639
E-911	64,396	-	64,396	-	-
Refuse	-	839,411	839,411	-	-
Medical Center	-	13,035	13,035	-	-
School District	-	-	-	197,562	-
Unrestricted (deficit)	7,329,057	(4,124,482)	3,204,575	(1,692,093)	44,053
Total Net Position (Deficit)	43,747,405	33,097,637	76,845,042	(1,385,598)	47,692
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 68,501,627	\$ 47,094,657	\$ 115,596,284	\$3,325,881	\$ 47,692

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Statement of Activities
Year Ended December 31, 2017

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	\$ 2,093,915	\$ 573,789	\$ 27,421	\$ -
Public safety	1,618,403	213,737	144,339	39,644
Information and recreation	1,605,321	119,592	-	-
Public works	1,936,469	1,288	-	153,812
Education	2,232,121	-	28,127	-
Health	41,751	-	-	-
Community service	118,017	-	-	-
Interest	720,313	-	850,593	-
Capital outlay	204,880	-	-	-
Total governmental activities	10,571,190	908,406	1,050,480	193,456
Business-type:				
Port	1,865,609	1,208,728	15,631	-
Water	1,141,938	727,749	6,798	1,340,074
Sewer	1,179,754	780,783	6,798	-
Refuse	1,093,704	1,095,238	14,420	-
Medical Center	10,374,550	10,411,646	100,803	-
Camper Park	51,045	73,808	-	-
Total business-type activities	15,706,600	14,297,952	144,450	1,340,074
Total Primary Government	\$ 26,277,790	\$ 15,206,358	\$ 1,194,930	\$ 1,533,530
Component Units				
School District	\$ 7,890,919	\$ 53,360	\$ 639,859	\$ 75,000
Volunteer Fire Department	\$ 33,134	\$ 6,772	\$ 25,325	\$ -

City of Cordova, Alaska

Statement of Activities, continued
Year Ended December 31, 2017

Activities	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Govern- mental Activities	Business- type Activities	Total	Cordova City School District	Cordova Volunteer Fire Department
Primary Government					
Governmental:					
General government	\$ (1,492,705)	\$ -	\$ (1,492,705)		
Public safety	(1,220,683)	-	(1,220,683)		
Information and recreation	(1,485,729)	-	(1,485,729)		
Public works	(1,781,369)	-	(1,781,369)		
Education	(2,203,994)	-	(2,203,994)		
Health	(41,751)	-	(41,751)		
Community service	(118,017)	-	(118,017)		
Interest	130,280	-	130,280		
Capital outlay	(204,880)	-	(204,880)		
Total governmental activities	(8,418,848)	-	(8,418,848)		
Business-type:					
Port	-	(641,250)	(641,250)		
Water	-	932,683	932,683		
Sewer	-	(392,173)	(392,173)		
Refuse	-	15,954	15,954		
Medical Center	-	137,899	137,899		
Camper Park	-	22,763	22,763		
Total business-type activities	-	75,876	75,876		
Total Primary Government	(8,418,848)	75,876	(8,342,972)		
Component Units					
School District				\$ (7,122,700)	
Volunteer Fire Department					\$ (1,037)
General Revenues					
Sales taxes	3,064,087	-	3,064,087	-	-
Property taxes	2,559,809	-	2,559,809	-	-
Payments in lieu of taxes	440,819	-	440,819	-	-
Other taxes	214,677	-	214,677	-	-
Contributions from primary government	-	-	-	1,879,270	-
Grants and entitlements not restricted to a specific purpose	1,735,798	-	1,735,798	4,379,836	-
Investment income	914,777	1,575	916,352	-	-
Other	-	-	-	216,862	-
Transfers	(1,750,675)	1,750,675	-	-	-
Total General Revenues and Transfers	7,179,292	1,752,250	8,931,542	6,475,968	-
Change in net position	(1,239,556)	1,828,126	588,570	(646,732)	(1,037)
Net Position, beginning	44,986,961	31,269,511	76,256,472	(738,866)	48,729
Net Position, ending	\$ 43,747,405	\$ 33,097,637	\$ 76,845,042	\$ (1,385,598)	\$ 47,692

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Governmental Funds
Balance Sheet

	Major Funds				Total Govern- mental Funds
	General	General Reserve Special Revenue	Cordova Center Capital Project	Nonmajor Funds	
<i>December 31, 2017</i>					
Assets					
Cash and investments	\$ 2,349,997	\$ 8,180,262	\$ -	\$ 646,872	\$ 11,177,131
Receivables:					
Taxes	535,258	-	-	-	535,258
Grants and shared revenues	-	-	-	9,000	9,000
Other	59,007	-	-	14,008	73,015
Prepaid insurance	139,656	-	-	-	139,656
Due from other funds	200,000	1,474,088	-	-	1,674,088
Total Assets	\$ 3,283,918	\$ 9,654,350	\$ -	\$ 669,880	\$ 13,608,148
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 238,564	\$ -	\$ -	\$ 296	\$ 238,860
Accrued payroll and related liabilities	214,982	-	-	-	214,982
Health claims payable	349,000	-	-	-	349,000
Due to other funds	23,055	-	1,225,455	149,599	1,398,109
Unearned revenue	69,194	-	-	3,547	72,741
Total Liabilities	894,795	-	1,225,455	153,442	2,273,692
Deferred Inflows of Resources					
Deferred property taxes	51,168	-	-	-	51,168
Deferred ambulance revenue	-	-	-	7,432	7,432
Total Deferred Inflows of Resources	51,168	-	-	7,432	58,600
Fund Balances					
Nonspendable - prepaid insurance	139,656	-	-	-	139,656
Restricted - enhanced 911 services	-	-	-	64,396	64,396
Committed for education	1,604,136	-	-	-	1,604,136
Assigned:					
School construction	-	-	-	121,432	121,432
Capital projects and land	-	9,654,350	-	18,707	9,673,057
Public safety	-	-	-	304,471	304,471
Unassigned (deficit)	594,163	-	(1,225,455)	-	(631,292)
Total Fund Balances (Deficit)	2,337,955	9,654,350	(1,225,455)	509,006	11,275,856
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,283,918	\$ 9,654,350	\$ -	\$ 669,880	\$ 13,608,148

See accompanying notes to basic financial statements.

City of Cordova, Alaska
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
December 31, 2017

Total fund balances for governmental funds		\$ 11,275,856
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets and related accumulated depreciation are as follows:		
Land and land improvements	\$ 1,410,419	
Artwork	112,924	
Construction in progress	194,160	
Buildings	63,019,770	
Infrastructure	3,709,621	
Machinery and equipment	7,667,747	
Accumulated depreciation	<u>(21,433,992)</u>	
Total capital assets		54,680,649
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. These assets consist of:		
Delinquent property taxes receivable	51,168	
Deferred ambulance revenue	<u>7,432</u>	
Total other long-term assets		58,600
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.		1,289,963
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	(16,266,000)	
Unamortized bond premium	(2,060,697)	
Accrued interest on bonds	(224,666)	
Accrued leave	(303,946)	
Net pension liability	<u>(4,677,841)</u>	
Total long-term liabilities		(23,533,150)
Certain changes in net pension liabilities are deferred rather than recognized immediately. These are amortized over time.		
Deferred outflows of resources related to pensions	320,976	
Deferred inflows of resources related to pensions	<u>(345,489)</u>	
Total deferred pension items		<u>(24,513)</u>
Total Net Position of Governmental Activities		<u>\$ 43,747,405</u>

See accompanying notes to basic financial statements.

City of Cordova, Alaska

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

	Major Funds				Total Govern- mental Funds
	General	General Reserve Special Revenue	Cordova Center Capital Project	Nonmajor Funds	
<i>Year Ended December 31, 2017</i>	General	Revenue	Project	Funds	Funds
Revenues					
Taxes	\$ 6,269,757	\$ -	\$ -	\$ -	\$ 6,269,757
Licenses and permits	31,255	-	-	-	31,255
Federal government	29,075	-	-	39,644	68,719
State of Alaska	2,779,262	-	-	13,273	2,792,535
Investment income	-	914,777	-	-	914,777
Land sales	-	75,666	-	-	75,666
Charges for services	976,541	-	-	-	976,541
Other revenues	329,530	2,392	-	72,931	404,853
Total Revenues	10,415,420	992,835	-	125,848	11,534,103
Expenditures					
Current:					
General government	1,893,204	-	-	-	1,893,204
Public safety	1,454,936	-	-	17,269	1,472,205
Information and recreation	1,416,420	-	-	18,000	1,434,420
Public works	1,735,586	-	-	26,895	1,762,481
Education	1,614,661	-	-	24,125	1,638,786
Health	58,333	-	-	-	58,333
Community service	118,017	-	-	-	118,017
Debt service:					
Principal	1,145,000	-	-	-	1,145,000
Interest	812,150	-	-	-	812,150
Capital outlay	-	-	6,948	197,932	204,880
Total Expenditures	10,248,307	-	6,948	284,221	10,539,476
Excess of revenues over (under) expenditures	167,113	992,835	(6,948)	(158,373)	994,627
Other Financing Sources (Uses)					
Transfers in	907,046	19,022	-	49,627	975,695
Transfers out	(990,199)	(876,000)	-	(31,046)	(1,897,245)
Net Other Financing Sources (Uses)	(83,153)	(856,978)	-	18,581	(921,550)
Net change in fund balances	83,960	135,857	(6,948)	(139,792)	73,077
Fund Balances (Deficit), beginning	2,253,995	9,518,493	(1,218,507)	648,798	11,202,779
Fund Balances (Deficit), ending	\$ 2,337,955	\$ 9,654,350	\$ (1,225,455)	\$ 509,006	\$ 11,275,856

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, 2017

Net change in fund balances - total governmental funds	\$	73,077
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 (\$1,733,204) and transfer to hospital (\$829,125) exceeds capital outlays (\$164,057) and gain on disposal of equipment (\$16,582).		
		(2,381,690)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of increase in deferred taxes, assessments, and ambulance revenue.		
		5,636
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		1,145,000
Net decrease in deferred loss on bond refunding		(107,496)
Net decrease in unamortized bond premium		198,914
		<u>1,236,418</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net decrease (increase) in the following:		
Accrued interest payable		419
Accrued leave		(16,469)
Net pension obligation and related accounts		(156,947)
		<u>(172,997)</u>
Change in Net Position of Governmental Activities	\$	<u>(1,239,556)</u>

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Enterprise Funds
Statement of Net Position

	Major Funds					Nonmajor Fund	Total Enterprise Funds
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	
<i>December 31, 2017</i>							
Assets and Deferred Outflows of Resources							
Current Assets							
Cash and investments	\$ 1,657,738	\$ -	\$ 773,804	\$ 245,968	\$ 600,774	\$ 138,384	\$ 3,416,668
Receivables:							
Accounts	290,610	30,279	72,969	81,663	989,873	-	1,465,394
Grants	-	150,743	-	-	-	-	150,743
Due from third-party payors	-	-	-	-	1,074,917	-	1,074,917
Other	-	-	-	-	287,784	-	287,784
Allowance for doubtful accounts	(139,829)	(987)	(428)	(1,350)	(426,612)	-	(569,206)
Inventory	-	-	-	-	260,501	-	260,501
Prepaid expenses	26,725	13,475	13,475	14,972	97,411	-	166,058
Deposits	-	-	6,500	-	-	-	6,500
Total Current Assets	1,835,244	193,510	866,320	341,253	2,884,648	138,384	6,259,359
Restricted Assets - landfill closure cash	-	-	-	839,411	-	-	839,411
Property, Plant and Equipment	26,468,682	23,178,746	18,552,637	5,207,823	14,843,219	90,080	88,341,187
Less accumulated depreciation	(14,439,185)	(9,499,419)	(10,738,892)	(3,033,496)	(10,760,549)	(59,336)	(48,530,877)
Net Property, Plant and Equipment	12,029,497	13,679,327	7,813,745	2,174,327	4,082,670	30,744	39,810,310
Total Assets	13,864,741	13,872,837	8,680,065	3,354,991	6,967,318	169,128	46,909,080
Deferred Outflows of Resources - related to goodwill	-	-	-	-	150,000	-	150,000
Deferred Outflows of Resources - related to pensions	48,481	12,900	12,900	32,269	205,006	-	311,556
Total Assets and Deferred Outflows of Resources	\$ 13,913,222	\$ 13,885,737	\$ 8,692,965	\$ 3,387,260	\$ 7,322,324	\$ 169,128	\$ 47,370,636

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

	Major Funds				Medical Center	Nonmajor Fund Odiak Park	Total Enterprise Funds
<i>December 31, 2017</i>	Port	Water	Sewer	Refuse			
Liabilities, Deferred Inflows of Resources and Net Position							
Current Liabilities							
Accounts payable	\$ 48,858	\$ 34,999	\$ 18,979	\$ 5,840	\$ 697,930	\$ 242	\$ 806,848
Accrued payroll and related liabilities	11,690	5,825	6,419	11,836	1,178,320	538	1,214,628
Health claims payable	-	-	-	-	28,632	-	28,632
Accrued vacation and sick leave	43,590	15,335	15,335	23,296	-	-	97,556
Payable to third-party payors	-	-	-	-	129,942	-	129,942
Customer deposits	-	50,199	-	-	-	-	50,199
Accrued interest payable	-	15,982	161,980	975	-	-	178,937
Due to other funds	11,652	49,953	3,908	9,311	200,000	1,155	275,979
Unearned revenue	428,296	-	-	-	-	-	428,296
Current portion of bonds and loans payable	-	69,044	-	38,000	-	-	107,044
Current portion of capital lease payable	-	-	-	-	35,580	-	35,580
Other liabilities	-	-	-	-	-	8,480	8,480
Total Current Liabilities	544,086	241,337	206,621	89,258	2,270,404	10,415	3,362,121
Noncurrent Liabilities, net of current portion							
General obligation bonds	-	-	-	36,000	-	-	36,000
Loans payable to ADEC	-	2,155,743	1,100,000	-	-	-	3,255,743
Capital lease payable	-	-	-	-	6,270	-	6,270
Net pension liability	585,711	213,142	213,142	481,020	4,009,383	-	5,502,398
Landfill closure costs	-	-	-	852,210	-	-	852,210
Total Noncurrent Liabilities	585,711	2,368,885	1,313,142	1,369,230	4,015,653	-	9,652,621
Total Liabilities	1,129,797	2,610,222	1,519,763	1,458,488	6,286,057	10,415	13,014,742
Deferred Inflow of Resources - related to pensions	39,669	16,897	16,897	35,797	1,148,997	-	1,258,257
Net Position							
Net investment in capital assets	12,029,497	11,454,540	6,713,745	2,100,327	4,040,820	30,744	36,369,673
Restricted	-	-	-	839,411	13,035	-	852,446
Unrestricted (deficit)	714,259	(195,922)	442,560	(1,046,763)	(4,166,585)	127,969	(4,124,482)
Total Net Position	12,743,756	11,258,618	7,156,305	1,892,975	(112,730)	158,713	33,097,637
Total Liabilities, Deferred Inflow of Resources, and Net Position	\$ 13,913,222	\$ 13,885,737	\$ 8,692,965	\$ 3,387,260	\$ 7,322,324	\$ 169,128	\$ 47,370,636

See accompanying notes to basic financial statements.

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

<i>Year Ended December 31, 2017</i>	Major Funds					Nonmajor Fund	Total
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	Enterprise Funds
Operating Revenues							
Charges for services	\$ 1,208,728	\$ 727,749	\$ 780,783	\$1,095,238	\$10,411,646	\$ 73,808	\$14,297,952
Operating Expenses							
Salaries and benefits	544,185	264,364	264,370	524,088	5,259,051	26,096	6,882,154
Other operating expenses	547,197	380,508	401,863	411,366	4,499,853	22,911	6,263,698
Depreciation	774,227	481,274	414,046	128,935	609,130	2,038	2,409,650
Total Operating Expenses	1,865,609	1,126,146	1,080,279	1,064,389	10,368,034	51,045	15,555,502
Income (loss) from operations	(656,881)	(398,397)	(299,496)	30,849	43,612	22,763	(1,257,550)
Nonoperating Revenues (Expenses)							
Investment income	807	-	-	580	188	-	1,575
Interest expense	-	(4,143)	(71,617)	(1,730)	(6,516)	-	(84,006)
In-kind contributions	-	(11,649)	(27,858)	(27,585)	-	-	(67,092)
State of Alaska PERS relief	15,631	6,798	6,798	14,420	100,803	-	144,450
Net Nonoperating Revenues (Expenses)	16,438	(8,994)	(92,677)	(14,315)	94,475	-	(5,073)
Income (loss) before contributions and transfers	(640,443)	(407,391)	(392,173)	16,534	138,087	22,763	(1,262,623)
Capital contributions	-	1,340,074	-	-	829,125	-	2,169,199
Transfers in	1,240	-	14,716	95,126	842,189	-	953,271
Transfers out	-	(27,473)	-	-	-	(4,248)	(31,721)
Change in net position	(639,203)	905,210	(377,457)	111,660	1,809,401	18,515	1,828,126
Net Position, beginning of year (restated)	13,382,959	10,353,408	7,533,762	1,781,315	(1,922,131)	140,198	31,269,511
Net Position, ending	\$12,743,756	\$11,258,618	\$7,156,305	\$1,892,975	\$ (112,730)	\$158,713	\$33,097,637

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Enterprise Funds
Statement of Cash Flows

Year Ended December 31, 2017	Major Funds					Nonmajor Fund	Total
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	Enterprise Funds
Cash Flows from (for) Operating Activities							
Receipts from customers and users	\$1,318,572	\$ 715,865	\$748,519	\$1,063,438	\$8,352,445	\$ 73,808	\$12,272,647
Receipts from grants and other sources	-	-	-	-	537,509	-	537,509
Payments for interfund services used	(141,528)	(110,291)	(109,775)	(130,585)	-	-	(492,179)
Payments to suppliers	(365,700)	(246,270)	(288,653)	(246,695)	(3,590,764)	(19,799)	(4,757,881)
Payments to employees	(501,307)	(246,826)	(246,238)	(489,595)	(5,539,951)	(26,072)	(7,049,989)
Net cash flows from (for) operating activities	310,037	112,478	103,853	196,563	(240,761)	27,937	510,107
Cash Flows from (for) Noncapital Financing Activities							
Transfers in	1,240	-	-	95,126	842,189	-	938,555
Transfers out	-	(27,473)	14,716	-	-	(4,248)	(17,005)
Proceeds from interfund advance	-	-	-	-	200,000	-	200,000
Net cash flows from (for) noncapital financing activities	1,240	(27,473)	14,716	95,126	1,042,189	(4,248)	1,121,550
Cash Flows from (for) Capital and Related Financing Activities							
Additions to property, plant and equipment	(58,886)	(3,078,079)	(19,458)	-	(258,278)	-	(3,414,701)
Capital contributions received	-	1,453,715	-	-	-	-	1,453,715
Increase (decrease) in due to other funds	11,652	(3,337)	3,908	9,311	-	1,155	22,689
Principal and interest paid on long-term debt	-	1,542,696	-	(37,180)	(38,803)	-	1,466,713
Proceeds from ADEC loan	-	-	769	-	-	-	769
Net cash flows from (for) capital and related financing activities	(47,234)	(85,005)	(14,781)	(27,869)	(297,081)	1,155	(470,815)
Cash Flows from Investing Activities							
Investment income received	807	-	-	580	188	-	1,575
Net increase (decrease) in cash and investments	264,850	-	103,788	264,400	504,535	24,844	1,162,417
Cash and Investments, beginning	1,392,888	-	670,016	820,979	96,239	113,540	3,093,662
Cash and Investments, ending	\$1,657,738	\$ -	\$773,804	\$1,085,379	\$ 600,774	\$138,384	\$ 4,256,079
Reconciliation of Cash and Investments to Statement of Net Position							
Cash and investments	\$1,657,738	\$ -	\$773,804	\$ 245,968	\$ 600,774	\$138,384	\$ 3,416,668
Restricted assets	-	-	-	839,411	-	-	839,411
Total Cash and Investments	\$1,657,738	\$ -	\$773,804	\$1,085,379	\$ 600,774	\$138,384	\$ 4,256,079

See accompanying notes to basic financial statements.

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

	Major Funds					Nonmajor Fund	Total
	Port	Water	Sewer	Refuse	Medical Center	Odiak Park	Enterprise Funds
Year Ended December 31, 2017							
Reconciliation of Income (Loss) from Operations to Net							
Cash Flows from (for) Operating Activities							
Income (loss) from operations	\$(656,881)	\$(398,397)	\$(299,496)	\$ 30,849	\$ 43,612	\$ 22,763	\$(1,257,550)
Adjustments to reconcile income (loss) from operations to net cash flows from (for) operating activities:							
Depreciation	774,227	481,274	414,046	128,935	609,130	2,038	2,409,650
Noncash expense - PERS relief	15,631	6,798	6,798	14,420	100,803	-	144,450
Increase (decrease) in allowance for doubtful accounts	(4,449)	(108)	(3)	(210)	347,918	-	343,148
In-kind contributions	-	(11,649)	(27,858)	(27,585)	-	-	(67,092)
(Increase) decrease in assets and deferred outflows of resources							
Accounts receivable	102,614	(937)	(4,403)	(4,005)	(1,193,396)	-	(1,100,127)
Third-party payor settlements	-	-	-	-	16,081	-	16,081
Inventory	-	-	-	-	(121,715)	-	(121,715)
Prepaid expenses	2,277	2,049	2,049	2,277	(88,528)	-	(79,876)
Deferred outflows -related to pensions	92,925	40,414	40,414	85,724	1,013,782	-	1,273,259
Increase (decrease) in liabilities and deferred inflows of resources							
Accounts payable	37,692	21,898	1,386	(2,041)	70,688	(5,368)	124,255
Third-party payor settlements	-	-	-	-	129,942	-	129,942
Accrued payroll and related liabilities	(1,020)	697	1,291	2,255	657,406	24	660,653
Accrued vacation and sick leave	10,597	2,358	2,358	1,518	-	-	16,831
Unearned revenue	11,679	-	-	-	-	-	11,679
Customer deposits	-	810	-	-	-	-	810
Landfill closure costs payable	-	-	-	33,850	-	-	33,850
Other liabilities	-	-	-	-	-	8,480	8,480
Net pension liability	(107,121)	(46,588)	(46,588)	(98,821)	(2,898,481)	-	(3,197,599)
Deferred inflows related to pensions	31,866	13,859	13,859	29,397	1,071,997	-	1,160,978
Net Cash Flows from (for) Operating							
Activities	\$ 310,037	\$ 112,478	\$ 103,853	\$196,563	\$ (240,761)	\$ 27,937	\$ 510,107
Noncash Capital and Related Financing Activities							
Contribution of capital assets	\$ -	\$ -	\$ -	\$ -	\$ 849,125	\$ -	\$ 849,125

See accompanying notes to basic financial statements.

City of Cordova, Alaska

Notes to Basic Financial Statements Year Ended December 31, 2017

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

Blended component unit - Cordova Community Medical Center

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

Discretely presented component unit - Cordova City School District

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

Discretely presented component unit - Cordova Volunteer Fire Department

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

In accordance with Alaska statutes, the Cordova City School District maintains a June 30 fiscal year end. Cordova Community Medical Center previously operated on a June 30 fiscal year end and changed its fiscal year end to December 31, beginning with December 31, 2013. The City has established a December 31 year end. For this report, the June 30, 2017 year-end financial statements of the School District have been included with the City of Cordova.

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

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

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

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

City of Cordova, Alaska

Notes to Basic Financial Statements

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.

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

Major proprietary funds:

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

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

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

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

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

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

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

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

City of Cordova, Alaska

Notes to Basic Financial Statements

Budgets

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

Central Treasury

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

Cash and Cash Equivalents

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

Prepaid Items

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

Inventory

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

Receivables and Payables

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

City of Cordova, Alaska

Notes to Basic Financial Statements

Property taxes

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

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

Grants and Other Intergovernmental Revenues

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

Interfund Transactions

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

Compensated Absences

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

Capital Assets

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

City of Cordova, Alaska

Notes to Basic Financial Statements

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 Plan

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

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City of Cordova, Alaska

Notes to Basic Financial Statements

2. Cash and Investments

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

Reconciliation of Deposit and Investment Balances

The following is a reconciliation of the City's deposit and investment balances to the financial statements as of December 31, 2017.

	Pooled Cash and Investments	Cordova Community Medical Center	Totals
Bank deposits	\$ 5,224,302	\$ 600,774	\$ 5,825,076
Investments	9,608,134	-	9,608,134
Total Cash and Investments	\$ 14,832,436	\$ 600,774	\$ 15,433,210

	Pooled Cash and Investments	Cordova Community Medical Center	Government- wide Statement of Net Position
Cash and investments	\$ 13,993,025	\$ 600,774	\$ 14,593,799
Restricted cash and investments	839,411	-	839,411
Total Cash and Investments	\$ 14,832,436	\$ 600,774	\$ 15,433,210

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, 2017 totaling \$484,403, with the remaining restricted funds in the amount of \$355,008 being held in the central treasury. Total restricted cash is \$839,411 at December 31, 2017.

Investment Policy

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

City of Cordova, Alaska

Notes to Basic Financial Statements

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, 2017, 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	\$ 766,278	\$ 484,403	\$ 281,875	\$ -
Investments not subject to interest rate risk:				
Cash and money market funds	152,777			
Mutual funds	8,689,079			
Total Investments	\$ 9,608,134			

Credit Risk

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

City of Cordova, Alaska

Notes to Basic Financial Statements

The City's exposure to credit risk as of December 31, 2017, is as follows:

Investment Rating	Fair Value
AA	\$ 278,159
A	1,546
BB	1,135,050
B	640,123
Not Rated:	
Cash and money market funds	152,777
Mutual funds	6,634,201
Certificates of deposit	766,278
Total Investments	\$ 9,608,134

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, 2017, none of the City's investments were subject to custodial credit risk. At December 31, 2017, the Cordova Community Medical Center had uninsured and uncollateralized deposit balances of \$335,841.

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City of Cordova, Alaska

Notes to Basic Financial Statements

3. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 1,410,419	\$ -	\$ -	\$ 1,410,419
Artwork	112,924	-	-	112,924
Construction in progress	914,504	137,611	857,955	194,160
Total capital assets not being depreciated	2,437,847	137,611	857,955	1,717,503
<i>Capital assets being depreciated:</i>				
Buildings	62,983,993	35,777	-	63,019,770
Infrastructure	3,709,621	-	-	3,709,621
Machinery and equipment	7,648,247	19,500	-	7,667,747
Total assets being depreciated	74,341,861	55,277	-	74,397,138
<i>Less accumulated depreciation for:</i>				
Buildings	14,850,498	1,180,512	16,582	16,014,428
Infrastructure	357,102	160,349	-	517,451
Machinery and equipment	4,509,770	392,343	-	4,902,113
Total accumulated depreciation	19,717,370	1,733,204	16,582	21,433,992
Total capital assets being depreciated, net	54,624,491	(1,677,927)	(16,582)	52,963,146
Governmental Activity Capital Assets, net	\$ 57,062,338	\$ (1,540,316)	\$ 841,373	\$ 54,680,649

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City of Cordova, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2017	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2017
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 5,688,343	\$ -	\$ -	\$ 5,688,343
Construction in progress	4,420,161	2,746,295	7,114,242	52,214
Total capital assets not being depreciated	10,108,504	2,746,295	7,114,242	5,740,557
<i>Capital assets being depreciated:</i>				
Buildings and improvements	11,548,259	7,926,079	-	19,474,338
Improvements other than buildings	52,322,580	46,721	-	52,369,301
Machinery and equipment	10,173,920	120,315	-	10,294,235
Landfill	462,756	-	-	462,756
Total assets being depreciated	74,507,515	8,093,115	-	82,600,630
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	9,010,759	305,708	118,115	9,198,352
Improvements other than buildings	30,783,872	1,454,557	-	32,238,429
Machinery and equipment	5,956,306	744,362	-	6,700,668
Landfill	370,290	23,138	-	393,428
Total accumulated depreciation	46,121,227	2,527,765	118,115	48,530,877
Total capital assets being depreciated, net	28,386,288	5,565,350	(118,115)	34,069,753
Business-type Activity Capital Assets, net	\$ 38,494,792	\$ 8,547,875	\$ 7,232,357	\$ 39,810,310

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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, 2017:

Governmental Activities

General government	\$ 640,700
Public safety	112,082
Information and recreation	151,419
Public works	235,668
Education	593,335

Total Depreciation Expense - Governmental Activities	\$ 1,733,204
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Business-type Activities

Port	\$ 774,227
Water	481,274
Sewer	414,046
Refuse	128,935
Medical Center	609,130
Camper Park	2,038

Total Depreciation Expense - Business-type Activities	\$ 2,409,650
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4. Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2017:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental Activities					

General Obligation Bonds:

\$16,615,000 2009 school bonds, partially refunded in 2015, due in annual installments of \$730,000 to \$765,000 through February 1, 2019; plus interest at 4.00% to 6.00% payable semiannually

\$ 2,195,000	\$ -	\$ 700,000	\$ 1,495,000	\$ 730,000
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\$210,000 2010 Series B bonds, due in annual installments of \$40,000 to \$45,000 through August 1, 2020; plus interest at 3.75% to 4.76% payable semiannually

170,000	-	40,000	130,000	40,000
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City of Cordova, Alaska

Notes to Basic Financial Statements

Governmental Activities, continued	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
\$445,000 2011 Series Three school bonds, due in annual installments of \$45,000 to \$55,000 through 2021; plus interest at 4.00% to 5.00% payable semiannually	\$ 245,000	\$ -	\$ 45,000	\$ 200,000	\$ 45,000
\$1,805,000 2015 Series One A Road bonds, due in annual installments of \$65,000 to \$130,000 through 2034; plus interest at 2.0% to 5.0% payable semiannually	1,690,000	-	60,000	1,630,000	65,000
\$700,000 2015 Series One road refunding bonds, due in annual installments of \$142,000 to \$155,000 through 2019; plus interest at 2.0% to 5.0% payable semiannually	436,000	-	140,000	296,000	142,000
\$10,065,000 2015 Series One C school refunding bonds, due in annual installments of \$75,000 to \$1,295,000 through 2028; plus interest at 2.0% to 5.0% payable semiannually	9,975,000	-	70,000	9,905,000	75,000
\$2,790,000 2015 Series One D bonds (Cordova Center), due in annual installments of \$95,000 to \$205,000 through 2035; plus interest at 2.0% to 5.0% payable semiannually	2,700,000	-	90,000	2,610,000	95,000
Accrued vacation and sick leave	287,477	239,639	223,170	303,946	303,946
Net pension liability	5,629,313	-	951,472	4,677,841	-
Total Governmental Activities	\$ 23,327,790	\$ 239,639	\$ 2,319,642	\$ 21,247,787	\$ 1,495,946

City of Cordova, Alaska

Notes to Basic Financial Statements

Business-type Activities	Balance January 1, 2017	Additions	Retired	Balance December 31, 2017	Due Within One Year
General Obligation Bonds:					
\$175,000 2015 Series One B landfill refunding bonds, due in annual installments of \$35,000 to \$38,000 through 2019; plus interest at 2.0% to 5.0% payable semiannually	\$ 109,000	\$ -	\$ 35,000	\$ 74,000	\$ 38,000
Alaska Department of Environmental Conservation Loans:					
\$1,380,884 Drinking Water loan, due in annual installments of \$69,044 through February 1, 2020; plus interest at 1.50%	276,180	-	69,044	207,136	69,044
\$4,081,500 (maximum) Drinking Water loan, terms not yet established; interest at 1.5%	401,768	1,615,883	-	2,017,651	-
\$1,100,000 (maximum) Clean Water loan, terms not yet established; interest at 1.50%	1,099,231	769	-	1,100,000	-
Capital lease obligation due in monthly installments of \$3,174 through 2019; including interest at 9.75%	74,137	-	32,287	41,850	35,580
Accrued vacation and sick leave	80,725	83,679	66,848	97,556	97,556
Landfill closure costs payable	818,360	33,850	-	852,210	-
Net pension liability	8,699,997	-	3,197,599	5,502,398	-
Total Business-type Activities	\$ 11,559,398	\$ 1,734,181	\$ 3,400,778	\$ 9,892,801	\$ 240,180

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, 2017 that are in repayment status follow:

Governmental Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2018	\$ 1,192,000	\$ 754,540	\$ 1,946,540
2019	1,285,000	704,009	1,989,009
2020	1,160,000	649,283	1,809,283
2021	1,165,000	593,352	1,758,352
2022	1,165,000	537,149	1,702,149
2023-2027	6,740,000	1,802,320	8,542,320
2028-2032	2,705,000	421,907	3,126,907
2033-2035	854,000	55,953	909,953
	\$ 16,266,000	\$ 5,518,513	\$ 21,784,513

Business-type Activities

General Obligation Bonds	Principal	Interest	Total Requirements
Year Ending December 31,			
2018	\$ 38,000	\$ 3,900	\$ 41,900
2019	36,000	2,000	38,000
	\$ 74,000	\$ 5,900	\$ 79,900

ADEC Loan	Principal	Interest	Total Requirements
Year Ending December 31,			
2018	\$ 69,044	\$ 3,107	\$ 72,151
2019	69,045	2,071	71,116
2020	69,047	1,036	70,083
	\$ 207,136	\$ 6,214	\$ 213,350

City of Cordova, Alaska

Notes to Basic Financial Statements

5. Capital Lease Obligation

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

Capital Lease Obligation	Principal	Interest	Total Requirements
Year Ending December 31,			
2018	\$ 35,580	\$ 2,512	\$ 38,092
2019	6,270	76	6,346
	\$ 41,850	\$ 2,588	\$ 44,438

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 \$1,733,810. The \$852,210 reported as landfill closure costs payable at December 31, 2017 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 \$881,600 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Cell 1 is expected to be closed in 2018. Cell 2 and the construction pit are estimated to have a life of approximately 18 and 8 years, respectively, once it starts accepting waste which is anticipated to be in 2018 after Cell 1 has been capped and closed.

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City of Cordova, Alaska

Notes to Basic Financial Statements

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				
	General	General Reserve Special Revenue	Cordova Center Capital Project	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Prepaid insurance	\$ 139,656	\$ -	\$ -	\$ -	139,656
Restricted -					
Enhanced 911 services	-	-	-	64,396	64,396
Committed for education	1,604,136	-	-	-	1,604,136
Assigned:					
School construction	-	-	-	121,432	121,432
Capital projects and land	-	9,654,350	-	18,707	9,673,057
Public safety	-	-	-	304,471	304,471
Unassigned (deficit)	594,163	-	(1,225,455)	-	(631,292)
Total Fund Balances (Deficit)	\$2,337,955	\$ 9,654,350	\$(1,225,455)	\$ 509,006	\$ 11,275,856

Deficits in nonmajor funds

The General Capital Projects Capital Projects Fund had a fund deficit at December 31, 2017 of \$140,718.

8. Expenditures Exceeding Appropriations

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

General Government	\$ 238,252
Information and recreation	140,507
Public works	14,990
Debt Service	2,184

City of Cordova, Alaska

Notes to Basic Financial Statements

9. Defined Benefit (DB) Pension Plan

General Information About the Plan

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

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

The Plan provides for retirement, death and disability, and 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 OPEB benefits. A complete benefit comparison chart is available at the website noted above.

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

Historical Context and Special Funding Situation

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

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

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

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

City of Cordova, Alaska

Notes to Basic Financial Statements

Employee Contribution Rates

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

Employer and Other Contribution Rates

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

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

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

On-behalf Contribution Rate: This is the rate paid in by the State as an on-behalf payment under the current statute. The statute requires the State to contribute, based on funding availability, an on-behalf amount equal to the difference between the ARM Board Rate and the Employer Effective Rate. In the governmental fund financial statements, on-behalf contribution amounts have been recognized as additional revenues and expenditures. In the proprietary 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.

GASB Rate: This is the rate used to determine the long-term pension and healthcare liability for plan accounting purposes in accordance with generally accepted accounting principles as established by GASB. Certain actuarial methods and assumptions for this rate calculation are mandated by GASB. Additionally, the GASB Rate disregards all future Medicare Part D payments. For FY17, the rate uses an 8% pension discount rate and a 4.3% healthcare discount rate.

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

City of Cordova, Alaska

Notes to Basic Financial Statements

Contribution rates for the years ended June 30, 2017 and June 30, 2018 were determined in the June 30, 2014 and June 30, 2015 actuarial valuations, respectively. City contribution rates for the 2017 calendar year were as follows:

<i>January 1, 2017 to June 30, 2017</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	14.96%	20.34%	4.14%	24.49%
Postemployment healthcare (see Note 11)	7.04%	5.80%	0.00%	56.64%
Total Contribution Rates	22.00%	26.14%	4.14%	81.13%

<i>July 1, 2017 to December 31, 2017</i>	Employer Effective Rate	ARM Board Adopted Rate	State Contribution Rate	GASB Rate
Pension	17.12%	21.90%	3.01%	24.49%
Postemployment healthcare (see Note 11)	4.88%	3.11%	0.00%	56.64%
Total Contribution Rates	22.00%	25.01%	3.01%	81.13%

Medical Center PERS Participation

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

Plan Contributions

In 2017, the City (excluding the Medical Center) was credited with the following contributions into the pension plan.

	Measurement Period July 1, 2016 to June 30, 2017	City Fiscal Year January 1, 2017 to December 31, 2017
Employer contributions (including DBUL)	\$ 387,474	\$ 400,397
Nonemployer contributions (on-behalf)	162,715	136,990
Total Contributions	\$ 550,189	\$ 537,387

In addition, employee contributions to the Plan totaled \$88,211 during the City's fiscal year.

City of Cordova, Alaska

Notes to Basic Financial Statements

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

At December 31, 2017, the City reported a liability for its proportionate share of the net pension liability (NPL) that reflected a reduction for State pension support provided to the City. The amount recognized by the City for its proportional share, the related State proportion, and the total were as follows:

	City	Medical Center	Total 2017
City/ Medical Center proportionate share of NPL	\$ 6,170,856	\$ 4,009,383	\$ 10,180,239
State's proportionate share of NPL associated with the City/ Medical Center	2,299,134	1,495,154	3,794,288
Total Net Pension Liability	\$ 8,469,990	\$ 5,504,537	\$ 13,974,527

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2017 measurement date, the City's proportion was 0.11937 percent, which was a decrease of 0.01340 from its proportion measured as of June 30, 2016. The Medical Center's proportion was 0.07756 percent at the June 30, 2017 measurement date, which is a decrease of .04602 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$606,684. Of this amount, \$162,715 was recorded as on-behalf revenue and expense for additional contributions paid by the State. The Medical Center recognized pension expense of \$913,505, which includes on-behalf revenue of \$100,803.

At December 31, 2017, the City and Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (110,946)
Net difference between projected and actual earnings on pension plan investments	165,524	-
Changes in proportion and differences between City contributions and proportionate share of contributions	44,226	(343,803)
City contributions subsequent to the measurement date	217,776	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 427,526	\$ (454,749)

City of Cordova, Alaska

Notes to Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Medical Center</i>		
Difference between expected and actual experience	\$ -	\$ (72,085)
Net difference between projected and actual earnings on pension plan investments	107,546	-
Changes in proportion and differences between Medical Center contributions and proportionate share of contributions	36,411	(1,076,912)
Medical Center contributions subsequent to the measurement date	61,049	-
Total Deferred Outflows and Deferred Inflows Related to Pensions	\$ 205,006	\$ (1,148,997)

The \$217,776 (City Amount) and \$61,049 (Medical Center Amount) reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	City	Medical Center	Total 2017
2018	\$ (398,975)	\$ (1,105,084)	\$ (1,504,059)
2019	172,361	111,988	284,349
2020	77,375	50,273	127,648
2021	(95,760)	(62,217)	(157,977)

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City of Cordova, Alaska

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability for the measurement period ended June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2017. The actuarial assumptions used in the June 30, 2016 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013, resulting in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

Actuarial cost method	Entry age normal; level dollar normal cost basis
Amortization method	Level dollar, closed
Inflation	3.12%
Salary increases	Graded by service, from 9.66%to 4.92%for peace officer/ firefighter Graded by age and service, from 8.55%to 4.34%for all others
Allocation Methodology	Amounts for FY17 were allocated to employers based on the projected present value of contributions for FY2019-FY2039. The liability is expected to go to \$0 at 2039.
Investment Return / Discount Rate	8.00% net of pension plan investment expenses. This is based on an average inflation rate of 3.12%and a real rate of return of 4.88%
Mortality	Pre-termination – Based on the 2010-2013 actual mortality experience, 60% of male and 65% of female post-termination rates. Deaths are assumed to be occupational 70%of the time for peace officers/ firefighters, 50%of the time for others. Post-termination –96%of all rates of the RP-2000 table, 2000 base year projected to 2018 with projection scale BB.

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City of Cordova, Alaska

Notes to Basic Financial Statements

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

<i>Asset Class</i>	<i>Long-term Expected Real Rate of Return</i>
Domestic equity	8.83%
Global ex-U.S. equity	7.79%
Intermediate Treasuries	1.29%
Opportunistic	4.76%
Real assets	4.94%
Absolute return	4.76%
Private equity	12.02%
Cash equivalents	0.63%

Discount Rate

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

Discount Rate Sensitivity

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, 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 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	<i>Proportional Share</i>	<i>1% Decrease (7.00%)</i>	<i>Current Discount Rate (8.00%)</i>	<i>1% Increase (9.00%)</i>
City's proportionate share of the net pension liability	0.11937%	\$ 8,105,988	\$ 6,170,856	\$ 4,536,711
Medical Center's proportionate share of the net pension liability	0.07756%	\$ 5,266,695	\$ 4,009,383	\$ 2,947,632

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.

10. Defined Contribution (DC) Pension Plan

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

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

Benefit Terms

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

Employee Contribution Rate

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

Employer Contribution Rate

For the year ended December 31, 2017, the City and Medical Center were required to contribute 5% of covered salary into the Plan.

The City and employee contributions to PERS for pensions for the year ended December 31, 2017 were \$107,985 and \$172,775, respectively. Medical Center employer and employee contributions were \$637,370 and \$232,965, respectively. The City and Medical Center employer contribution amounts were recognized as pension expense/ expenditures.

City of Cordova, Alaska

Notes to Basic Financial Statements

11. Other Postemployment Benefit (OPEB) Plans

Defined Benefit OPEB

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

Employer Contribution Rate

For the year ended December 31, 2017, the City and Medical Center were required to contribute 8.75% of covered payroll into the OPEB plan. Employees do not contribute.

Annual Postemployment Healthcare Cost

Actual contributions into the Plan for the last three years were as follows. The amounts reported here include only the employer required contributions and do not include any amounts attributed to the on-behalf contributions by the State. On-behalf contributions to the OPEB Plan in 2017, 2016, and 2015 were \$0, \$32,966 and \$26,027, respectively.

<i>City Year Ended December 31,</i>	<i>Annual OPEB Costs</i>	<i>City Contributions</i>	<i>% of Costs Contributed</i>
2017	\$ 148,039	\$ 148,039	100 %
2016	205,514	205,514	100 %
2015	216,720	216,720	100 %

<i>Medical Center Year Ended December 31,</i>	<i>Annual OPEB Costs</i>	<i>Medical Center Contributions</i>	<i>% of Costs Contributed</i>
2017	\$ 139,666	\$ 139,666	100 %
2016	161,036	161,036	100 %
2015	185,604	185,604	100 %

Defined Contribution OPEB

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

City of Cordova, Alaska

Notes to Basic Financial Statements

Employer Contribution Rates

Employees do not contribute to the DC OPEB plans. Employer contribution rates for the year ended December 31, 2017 were as follows:

	Other Tier IV	Police/ Fire Tier IV
Retiree medical plan	1.03%	1.03%
Occupational death and disability benefits	0.16%	0.43%
Total Contribution Rates	1.19%	1.46%

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, 2017, for actual remittance, this amount is calculated as a flat rate for each full-time or part-time employee per pay period and approximates \$2,084 per year for each full-time employee, and \$1.34 per hour for part-time employees.

Annual Postemployment Healthcare Cost

In 2017, the City and Medical Center contributed \$102,203 and \$122,010, respectively, in DC OPEB costs. These amounts have been recognized as expense/ expenditures.

12. 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.

13. 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 \$1,066,608 in aggregate for all medical claims during the year. The City contracts with a third-party administrator for health claims servicing. Claims and premium costs are allocated to each department based on budgeted amounts. Claims payable is reported in the General Fund. The City accrues a liability for claims incurred but not reported at year end.

City of Cordova, Alaska

Notes to Basic Financial Statements

A schedule of the changes in the claims liability for the year ended December 31, 2017 follows. Note the amounts reported here reflect both the City and Medical Center information which are tracked separately by the plan administrator.

	Balance at Beginning of Year	Claims Expense	Claims Paid	Balance at End of Year
December 31, 2017	\$ 343,000	\$ 2,706,624	\$ (2,327,624)	\$ 722,000

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

APEI is a public entity risk pool organized to share risks among its members. The bylaws provide for the assessment of supplemental contributions from members in the event that losses and expenses for any coverage year exceed the annual contributions and income earned on such contributions for the year. Such supplemental contributions shall be based upon each member's deposit contribution in comparison to the aggregate deposit contributions of all members. There were no supplemental assessments during the year ended December 31, 2017. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

14. Interfund Receivables, Payables, and Transfers

A schedule of interfund balances and transfers for the year ended December 31, 2017, follows:

Due From Other Funds:

Due to the General Fund from:	
Cordova Community Medical Center Enterprise Fund	\$ 200,000
Due to the General Reserve Special Revenue Fund from:	
General Fund for operations	23,055
Cordova Center Capital Project Fund for capital projects	1,225,455
Nonmajor Governmental Funds for operations	149,599
Port Enterprise Fund for operations	11,652
Water Enterprise Fund for operations	49,953
Sewer Enterprise Fund for operations	3,908
Refuse Enterprise Fund	9,311
Nonmajor Enterprise Funds for operations	1,155
Total Due to the General Reserve Special Revenue Fund	1,474,088
Total Due from Other Funds	\$ 1,674,088

City of Cordova, Alaska

Notes to Basic Financial Statements

Transfers

To General Fund from:	
General Reserve Special Revenue Fund	\$ 876,000
Nonmajor Governmental Funds	31,046
Total transfers to the General Fund	907,046
To General Reserve Special Revenue Fund from General Fund	19,022
To Nonmajor Governmental Funds from:	
General Fund	17,906
Water Enterprise Fund	27,473
Nonmajor Enterprise Fund	4,248
Total transfers to Nonmajor Governmental Funds	49,627
From the General Fund to:	
Cordova Community Medical Center Enterprise Fund	842,189
Port Enterprise Fund	1,240
Sewer Enterprise Fund	14,716
Refuse Enterprise Fund	95,126
Total Transfers to Other Funds	\$ 1,928,966

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

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 and recorded the entire note receivable balance as an interfund transfer from the General Fund to CCMC. Future repayments, if any, on the note receivable will be recorded and interfund transfers as the payments are made.

15. Contingencies

Grants

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

Litigation

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

City of Cordova, Alaska

Notes to Basic Financial Statements

16. New Accounting Pronouncements

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

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

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

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

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

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

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

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements - Effective for year-end December 31, 2019, 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.

City of Cordova, Alaska

Notes to Basic Financial Statements

17. Subsequent Events

The City has evaluated subsequent events through April 30, 2019, the date on which the financial statements were available to be issued.

As of January 2018 the Cordova Community Medical Center entered into an agreement to upgrade the Center's electronic health records system. Total cost of the upgrade will be \$698,051. A one-time payment of \$104,708 was required, followed by 60 monthly payments of \$9,890.

In March 2019, the City voters approved the issuance of \$5,000,000 Harbor revenue bonds to finance the planning, design, construction and acquisition of Harbor and related capital improvement in the City. The bonds have not yet been issued.

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, 2017</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,346,500	\$ 6,346,500	\$ 6,269,757	\$ (76,743)
Licenses and permits	28,600	28,600	31,255	2,655
Federal government	-	-	29,075	29,075
State of Alaska	1,825,675	1,825,675	2,779,262	953,587
Investment income	60,000	60,000	-	(60,000)
Charges for services	1,002,844	1,002,844	976,541	(26,303)
Other revenues	283,687	283,687	329,530	45,843
Total Revenues	9,547,306	9,547,306	10,415,420	868,114
Expenditures				
Current:				
General government:				
City council	5,000	5,000	8,492	(3,492)
City clerk	255,457	255,457	280,855	(25,398)
Management	305,528	305,528	336,602	(31,074)
Finance	398,291	398,291	421,253	(22,962)
Planning and zoning	218,484	218,484	225,724	(7,240)
Nondepartmental services	440,300	440,300	620,278	(179,978)
Total general government	1,623,060	1,623,060	1,893,204	(270,144)
Public safety:				
Police department	859,639	859,639	860,501	(862)
Jail operations	225,098	225,098	213,791	11,307
Fire department	306,356	306,356	320,793	(14,437)
Disaster management	4,500	4,500	4,219	281
Department of motor vehicles	57,048	57,048	55,632	1,416
Total public safety	1,452,641	1,452,641	1,454,936	(2,295)
Information and recreation				
Library	674,874	674,874	767,935	(93,061)
Ski hill	77,012	77,012	105,190	(28,178)
Bidarki Center	283,977	283,977	292,251	(8,274)
Pool	218,772	218,772	251,044	(32,272)
Total information and recreation	1,254,635	1,254,635	1,416,420	(161,785)

City of Cordova, Alaska

General Fund

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

<i>Year Ended December 31, 2017</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures, continued				
Current, continued:				
Public works:				
Public works administration	\$ 168,040	\$ 168,040	\$ 162,946	\$ 5,094
Facility utilities	130,400	130,400	147,959	(17,559)
Facility maintenance	275,697	275,697	318,216	(42,519)
Street maintenance	683,008	683,008	661,621	21,387
Snow removal	37,408	37,408	31,572	5,836
Equipment maintenance	311,524	311,524	318,678	(7,154)
Parks maintenance	80,682	80,682	87,948	(7,266)
Cemetery maintenance	7,713	7,713	6,646	1,067
Total public works	1,694,472	1,694,472	1,735,586	(41,114)
Contributions:				
Cordova City School District	1,621,136	1,621,136	1,614,661	6,475
Providence management contract	66,664	66,664	58,333	8,331
Family Resource Center	20,000	20,000	20,000	-
Cordova Chamber of Commerce	98,017	98,017	98,017	-
Total contributions	1,805,817	1,805,817	1,791,011	14,806
Debt service:				
Principal	1,145,000	1,145,000	1,145,000	-
Interest	809,966	809,966	812,150	(2,184)
Total debt service	1,954,966	1,954,966	1,957,150	(2,184)
Total Expenditures	9,785,591	9,785,591	10,248,307	(462,716)
Excess of revenues over (under) expenditures	(238,285)	(238,285)	167,113	405,398
Other Financing Sources (Uses)				
Transfers in	907,046	907,046	907,046	-
Transfers out	-	(643,761)	(990,199)	(346,438)
Net change in fund balance	\$ 668,761	\$ 25,000	83,960	\$ 58,960
Fund Balance, beginning			2,253,995	
Fund Balance, ending			\$ 2,337,955	

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, 2017</i>	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ 225,000	\$ 225,000	\$ 914,777	\$ 689,777
Land sales	200,000	200,000	75,666	(124,334)
Special assessments	1,200	1,200	2,143	943
Other	-	-	248	248
Total Revenues	426,200	426,200	992,834	566,634
Other Financing Sources (Uses)				
Transfers in	38,984	38,984	19,022	(19,962)
Transfers out	(876,000)	(876,000)	(876,000)	-
Net change in fund balance	<u>\$ (410,816)</u>	<u>\$ (410,816)</u>	135,856	<u>\$ 546,672</u>
Fund Balance, beginning			<u>9,518,493</u>	
Fund Balance, ending			<u>\$ 9,654,349</u>	

See accompanying notes to Required Supplementary Information.

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

City, Excluding Medical Center							
Plan Year Ended December 31,	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.11937%	\$ 6,170,856	\$ 2,299,134	\$ 8,469,990	\$ 3,473,278	177.67%	63.37%
2016	0.13277%	\$ 7,421,446	\$ 935,836	\$ 8,357,282	\$ 3,399,956	218.28%	59.55%
2015	0.11051%	\$ 5,359,777	\$ 1,436,622	\$ 6,796,399	\$ 3,176,623	168.73%	63.96%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*
Medical Center							
Plan Year Ended December 31,	Medical Center's Proportion of the Net Pension Liability	Medical Center's Proportionate Share of the Net Pension Liability	State of Alaska Proportionate Share of the Net Pension Liability	Total Net Pension Liability	Medical Center's Covered Payroll	Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	7.75600%	\$ 4,009,383	\$ 1,495,154	\$ 5,504,537	\$ 915,530	437.93%	63.37%
2016	0.12358%	\$ 6,907,864	\$ 871,786	\$ 7,779,650	\$ 787,599	877.08%	59.55%
2015	0.10340%	\$ 5,015,100	\$ 1,343,213	\$ 6,358,313	\$ 2,606,949	192.37%	63.96%
2014	*	*	*	*	*	*	*
2013	*	*	*	*	*	*	*
2012	*	*	*	*	*	*	*
2011	*	*	*	*	*	*	*
2010	*	*	*	*	*	*	*
2009	*	*	*	*	*	*	*
2008	*	*	*	*	*	*	*

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

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Public Employees' Retirement System Schedule of City Contributions

City, Excluding Medical Center							
Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll		
2017	\$ 400,397	\$ 400,397	\$ -	\$ 3,473,278	11.53%		
2016	\$ 370,083	\$ 370,083	\$ -	\$ 3,501,744	10.57%		
2015	\$ 307,165	\$ 307,165	\$ -	\$ 3,298,167	9.31%		
2014	*	*	*	*	*		
2013	*	*	*	*	*		
2012	*	*	*	*	*		
2011	*	*	*	*	*		
2010	*	*	*	*	*		
2009	*	*	*	*	*		
2008	*	*	*	*	*		

Medical Center							
Year Ended December 31,	Contractually Required Contribution	Contributions Relative to the Contractually Required Contribution	Contribution Deficiency (Excess)	Medical Center's Covered Payroll	Contributions as a Percentage of Covered Payroll		
2017	\$ 344,186	\$ 344,186	\$ -	\$ 915,530	37.59%		
2016	\$ 227,258	\$ 227,258	\$ -	\$ 682,883	33.28%		
2015	\$ 262,622	\$ 262,622	\$ -	\$ 3,019,377	8.70%		
2014	*	*	*	*	*		
2013	*	*	*	*	*		
2012	*	*	*	*	*		
2011	*	*	*	*	*		
2010	*	*	*	*	*		
2009	*	*	*	*	*		
2008	*	*	*	*	*		

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

See accompanying notes to Required Supplementary Information.

City of Cordova, Alaska

Notes to Required Supplementary Information Year Ended December 31, 2017

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

2. Pension Disclosures

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

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

Schedule of City's Information on the Net Pension Liability

- This table is presented based on the Plan measurement date. For December 31, 2017, the Plan measurement date is June 30, 2017.
- There were no changes in benefit terms from the prior measurement period.
- There were no changes in assumptions from the prior measurement period.

Schedule of City Contributions

- This table is based on the City's contributions for each year presented. A portion of these contributions are included in the plan measurement results, while a portion of the contributions are reported as a deferred outflow on the December 31, 2017 basic financial statements.

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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

December 31, 2017

Assets

Cash and investments	\$ 2,349,997
Receivables:	
Sales tax	476,816
Delinquent property taxes	58,442
Due from other funds	200,000
Other	59,007
Total Receivables	794,265
Prepaid insurance	139,656
Total Assets	\$ 3,283,918

Liabilities, Deferred Inflows of Resources, and Fund Balance

Liabilities

Accounts payable	\$ 238,564
Accrued payroll and related liabilities	214,982
Health claims payable	349,000
Due to other funds	23,055
Unearned revenue	69,194
Total Liabilities	894,795

Deferred Inflows of Resources

Deferred property taxes	51,168
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Fund Balance

Nonspendable - prepaid insurance	139,656
Committed for education	1,604,136
Unassigned	594,163
Total Fund Balance	2,337,955

Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,283,918
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City of Cordova, Alaska

General Fund

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

Year Ended December 31,		2017	
	Final Budget	Actual	Variance with Budget
Revenues			
Taxes:			
Property taxes	\$ 2,476,000	\$ 2,550,174	\$ 74,174
Sales taxes	3,300,000	3,064,087	(235,913)
Public accommodations surtax	117,500	187,661	70,161
Vehicle rental surtax	18,000	1,244	(16,756)
Penalties and interest	15,000	25,772	10,772
Federal payment in lieu of property taxes	420,000	440,819	20,819
Total taxes	6,346,500	6,269,757	(76,743)
Licenses and permits:			
Business licenses	20,000	21,195	1,195
Other licenses and permits	8,600	10,060	1,460
Total licenses and permits	28,600	31,255	2,655
Federal government:			
National forest receipts	-	15,076	15,076
Bulletproof Vest receipts	-	948	948
E-rate revenue	-	13,051	13,051
Total federal government	-	29,075	29,075
State of Alaska:			
Raw fish tax	400,000	1,160,157	760,157
Liquor licenses	12,000	12,900	900
Cooperative tax refunds	215,000	250,231	35,231
Shared fisheries tax	20,000	39,559	19,559
Revenue sharing	130,853	134,113	3,260
PERS relief	113,342	104,224	(9,118)
Dispatch services	11,450	4,725	(6,725)
Motor vehicle registration	59,600	62,637	3,037
Driver license fees	10,000	9,759	(241)
Public safety contract - jail	135,303	139,614	4,311
Other	2,000	10,750	8,750
State debt reimbursement - school bonds	716,127	850,593	134,466
Total State of Alaska	1,825,675	2,779,262	953,587

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Revenues, continued			
Investment income	\$ 60,000	\$ -	\$ (60,000)
Charges for services:			
Administrative overhead charges	492,044	492,044	-
Leases	294,200	273,057	(21,143)
Bidarki Center	82,500	88,102	5,602
Pool	34,000	31,490	(2,510)
Fines and forfeitures	15,500	9,324	(6,176)
Dog impounds and licenses	1,600	720	(880)
Airline security services	80,000	78,285	(1,715)
Finger printing and case file fees	3,000	3,519	519
Total charges for services	1,002,844	976,541	(26,303)
Other revenues:			
In-kind from School and Medical Center	160,287	153,812	(6,475)
Material and equipment sales	10,500	4,769	(5,731)
Cemetery lot sales	1,500	3,150	1,650
Miscellaneous	110,400	165,349	54,949
Fisherman's Memorial Park	1,000	2,450	1,450
Total other revenues	283,687	329,530	45,843
Total Revenues	9,547,306	10,415,420	868,114
Expenditures			
General government:			
City council:			
Salaries and benefits	-	84	(84)
Materials and supplies	500	990	(490)
Purchased services	4,500	7,418	(2,918)
Total city council	5,000	8,492	(3,492)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
City clerk:			
Salaries and benefits	\$ 232,532	\$ 246,376	\$ (13,844)
Materials and supplies	500	1,048	(548)
Purchased services	22,425	33,431	(11,006)
Total city clerk	255,457	280,855	(25,398)
Management:			
Salaries and benefits	301,528	326,652	(25,124)
Materials and supplies	2,000	1,014	986
Purchased services	2,000	8,936	(6,936)
Total management	305,528	336,602	(31,074)
Finance:			
Salaries and benefits	394,791	407,159	(12,368)
Materials and supplies	2,000	12,539	(10,539)
Purchased services	1,500	1,555	(55)
Total finance	398,291	421,253	(22,962)
Planning department:			
Salaries and benefits	210,084	221,377	(11,293)
Materials and supplies	250	399	(149)
Purchased services	8,150	3,948	4,202
Total planning department	218,484	225,724	(7,240)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
General government, continued:			
Nondepartmental services:			
Materials and supplies	\$ 15,500	\$ 12,985	\$ 2,515
Purchased services	424,800	607,293	(182,493)
Total nondepartmental services	440,300	620,278	(179,978)
Total general government	1,623,060	1,893,204	(270,144)
Public safety:			
Police department:			
Salaries and benefits	763,029	776,853	(13,824)
Materials and supplies	10,800	10,192	608
Purchased services	47,410	34,914	12,496
Repairs and vehicle costs	30,000	20,865	9,135
Capital outlay	8,400	17,677	(9,277)
Total police department	859,639	860,501	(862)
Jail operations:			
Salaries and benefits	206,998	205,389	1,609
Materials and supplies	9,500	2,701	6,799
Purchased services	6,800	4,642	2,158
Repairs and vehicle costs	1,800	1,059	741
Total jail operations	225,098	213,791	11,307

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public safety, continued:			
Fire department:			
Salaries and benefits	\$ 211,337	\$ 215,616	\$ (4,279)
Materials and supplies	26,100	25,178	922
Purchased services	48,719	59,049	(10,330)
Repairs and vehicle costs	20,200	20,950	(750)
Total fire department	306,356	320,793	(14,437)
Disaster management:			
Materials and supplies	2,000	1,831	169
Purchased services	2,500	2,388	112
Total disaster management	4,500	4,219	281
Department of motor vehicles:			
Salaries and benefits	50,568	49,601	967
Materials and supplies	580	674	(94)
Purchased services	5,400	4,857	543
Capital outlay	500	500	-
Total department of motor vehicles	57,048	55,632	1,416
Total public safety	1,452,641	1,454,936	(2,295)
Information and recreation:			
Library:			
Salaries and benefits	532,844	615,245	(82,401)
Materials and supplies	24,000	23,191	809
Purchased services	117,030	129,409	(12,379)
Repairs and vehicle costs	1,000	90	910
Total library	674,874	767,935	(93,061)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	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	90,190	(13,178)
Total Ski hill	92,012	105,190	(13,178)
 Bidarki Center:			
Salaries and benefits	238,977	241,033	(2,056)
Materials and supplies	4,000	4,369	(369)
Purchased services	36,000	38,271	(2,271)
Repairs and vehicle costs	2,000	3,894	(1,894)
Capital outlay	3,000	4,684	(1,684)
Total Bidarki Center	283,977	292,251	(8,274)
 Pool:			
Salaries and benefits	125,822	139,691	(13,869)
Materials and supplies	9,000	8,738	262
Purchased services	70,950	96,830	(25,880)
Repairs and vehicle costs	5,000	3,988	1,012
Capital outlay	8,000	1,797	6,203
Total pool	218,772	251,044	(32,272)
Total information and recreation	1,269,635	1,416,420	(146,785)
 Public works:			
Administration:			
Salaries and benefits	163,240	160,259	2,981
Materials and supplies	600	68	532
Purchased services	3,100	2,184	916
Repairs and vehicle costs	1,100	435	665
Total public works administration	168,040	162,946	5,094
Facility utilities - purchased services	130,400	147,959	(17,559)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Facility maintenance:			
Salaries and benefits	\$ 223,297	\$ 242,880	\$ (19,583)
Materials and supplies	9,750	34,192	(24,442)
Purchased services	12,900	10,413	2,487
Repairs and vehicle costs	19,250	21,495	(2,245)
Capital outlay	10,500	9,236	1,264
Total facility maintenance	275,697	318,216	(42,519)
Street maintenance:			
Salaries and benefits	512,751	482,506	30,245
Materials and supplies	49,957	46,500	3,457
Purchased services	85,500	95,813	(10,313)
Repairs and vehicle costs	34,800	36,802	(2,002)
Total street maintenance	683,008	661,621	21,387
Snow removal:			
Salaries and benefits	23,408	19,770	3,638
Materials and supplies	14,000	11,694	2,306
Purchased services	-	108	(108)
Total snow removal	37,408	31,572	5,836
Equipment maintenance:			
Salaries and benefits	202,624	187,875	14,749
Materials and supplies	24,200	24,508	(308)
Purchased services	4,700	5,087	(387)
Repairs and vehicle costs	80,000	101,208	(21,208)
Total equipment maintenance	311,524	318,678	(7,154)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,	2017		
	Final Budget	Actual	Variance with Budget
Expenditures, continued			
Public works, continued:			
Parks maintenance:			
Salaries and benefits	\$ 54,182	\$ 65,530	\$ (11,348)
Purchased services	15,500	12,706	2,794
Repairs and vehicle costs	7,000	5,491	1,509
Capital outlay	4,000	4,221	(221)
Total parks maintenance	80,682	87,948	(7,266)
Cemetery maintenance:			
Salaries and benefits	6,213	5,548	665
Materials and supplies	1,500	1,098	402
Total cemetery maintenance	7,713	6,646	1,067
Total public works	1,694,472	1,735,586	(41,114)
Debt service:			
General obligation bond principal	1,145,000	1,145,000	-
General obligation bond interest	809,966	812,150	(2,184)
Total debt service	1,954,966	1,957,150	(2,184)
Contributions:			
Cordova City School District	1,621,136	1,614,661	6,475
Providence management contract	66,664	58,333	8,331
Cordova Community College	10,000	-	10,000
Family Resource Center	20,000	20,000	-
Cordova Chamber of Commerce	98,017	98,017	-
Total contributions	1,815,817	1,791,011	24,806
Total Expenditures	9,810,591	10,248,307	(437,716)

City of Cordova, Alaska

General Fund

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

Year Ended December 31,		2017	
	Final Budget	Actual	Variance with Budget
Excess of revenues over (under) expenditures	\$ (263,285)	\$ 167,113	\$ 430,398
Other Financing Sources (Uses)			
Transfers in from General Reserve Special Revenue Fund	907,046	907,046	-
Transfers out:			
Cordova Community Medical Center Enterprise Fund	(594,134)	(934,463)	(340,329)
General Capital Projects Capital Project Fund	(49,627)	(55,736)	(6,109)
Net Other Financing Sources (Uses)	263,285	(83,153)	(346,438)
Net change in fund balance	\$ -	83,960	\$ 83,960
Fund Balance, beginning		<u>2,253,995</u>	
Fund Balance, ending		<u>\$ 2,337,955</u>	

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Nonmajor Governmental Funds

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

E-911

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

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

Ambulance

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

Equipment Replacement

This fund accounts for various equipment purchases.

General Capital Projects

This fund accounts for various community-wide capital projects.

School Building

This fund accounts for the ILP School Building project.

School Capital Project

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

Street Improvement Project Capital Project Fund

This fund accounts for costs associated with the design and construction of streets.

Chip Seal CIP

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

Hospital Repair

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

City of Cordova, Alaska
Nonmajor Governmental Funds
Combining Balance Sheet

	Special Revenue Fund		Capital Project Funds						
	E-911	Ambulance	Equipment Replacement	General Capital Projects	School Building	School Capital Project	Chip Seal CIP	Hospital Repair	Totals
<i>December 31, 2017</i>									
Assets									
Cash and investments	\$ 64,396	\$ 298,194	\$ 21,261	\$ -	\$ 9,669	\$ 111,763	\$ 138,164	\$ 3,425	\$ 646,872
Grants receivable	-	-	-	9,000	-	-	-	-	9,000
Other receivable	-	14,008	-	-	-	-	-	-	14,008
Total Assets	\$ 64,396	\$ 312,202	\$ 21,261	\$ 9,000	\$ 9,669	\$ 111,763	\$ 138,164	\$ 3,425	\$ 669,880
Liabilities, Deferred Inflows of Resources and Fund Balances									
Liabilities									
Accounts payable	\$ -	\$ 299	\$ -	\$ (3)	\$ -	\$ -	\$ -	\$ -	\$ 296
Unearned revenue	-	-	-	122	-	-	-	3,425	3,547
Due to other funds	-	-	-	149,599	-	-	-	-	149,599
Total Liabilities	-	299	-	149,718	-	-	-	3,425	153,442
Deferred Inflows of Resources									
Deferred ambulance revenue	-	7,432	-	-	-	-	-	-	7,432
Fund Balances									
Restricted:									
Enhanced 911 services	64,396	-	-	-	-	-	-	-	64,396
Assigned:									
School construction	-	-	-	-	9,669	111,763	-	-	121,432
Capital projects	-	-	21,261	(140,718)	-	-	138,164	-	18,707
Public safety	-	304,471	-	-	-	-	-	-	304,471
Total Fund Balances	64,396	304,471	21,261	(140,718)	9,669	111,763	138,164	-	509,006
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 64,396	\$ 312,202	\$ 21,261	\$ 9,000	\$ 9,669	\$ 111,763	\$ 138,164	\$ 3,425	\$ 669,880

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

	Special Revenue Fund		Capital Project Funds						Totals
	E-911	Ambulance	Equipment Replacement	General Capital Projects	School Building	School Capital Project	Street Improvement Project	Chip Seal CIP	
<i>Year Ended December 31, 2017</i>									
Revenues									
Federal government	\$ -	\$ -	\$ -	\$ 39,644	\$ -	\$ -	\$ -	\$ -	\$ 39,644
State of Alaska	-	-	-	13,273	-	-	-	-	13,273
Other revenues	-	52,388	-	20,543	-	-	-	-	72,931
Total Revenues	-	52,388	-	73,460	-	-	-	-	125,848
Expenditures									
Public safety	-	3,769	-	13,500	-	-	-	-	17,269
Information and recreation	-	-	-	18,000	-	-	-	-	18,000
Public works	-	-	8,707	18,188	-	-	-	-	26,895
Cordova City School District	-	-	-	24,125	-	-	-	-	24,125
Capital outlay	-	-	-	197,932	-	-	-	-	197,932
Total Expenditures	-	3,769	8,707	271,745	-	-	-	-	284,221
Excess of revenues over (under) expenditures	-	48,619	(8,707)	(198,285)	-	-	-	-	(158,373)
Other Financing Sources									
Transfers in	-	-	-	49,627	-	-	-	-	49,627
Transfers out	-	-	-	-	-	-	(31,046)	-	(31,046)
Net change in fund balances	-	48,619	(8,707)	(148,658)	-	-	(31,046)	-	(139,792)
Fund Balances, beginning	64,396	255,852	29,968	7,940	9,669	111,763	31,046	138,164	648,798
Fund Balances (Deficit), ending	\$ 64,396	\$ 304,471	\$ 21,261	\$ (140,718)	\$ 9,669	\$ 111,763	\$ -	\$ 138,164	\$ 509,006

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

Year Ended December 31, 2017

Hippy Cove culvert replacement	\$ 194
Crater Lake restroom vault	2,144
Whiteshed road bike and path	40,627
ATAP Adams Ave	135,467
Portable generator	19,500
Noncapital information and recreation projects	18,000
Noncapital Cordova City School District	24,125
Noncapital public works projects	18,188
Noncapital public safety projects	13,500
<hr/>	
Total Expenditures	\$ 271,745

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.

Cordova Community Medical Center

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

NONMAJOR ENTERPRISE FUND

Odiak Park

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

City of Cordova, Alaska

Port Enterprise Fund
Statement of Net Position

December 31,

2017

Assets and Deferred Outflows of Resources**Current Assets**

Cash and investments	\$ 1,657,738
Accounts receivable	290,610
Allowance for doubtful accounts	(139,829)
Prepaid insurance	26,725

Total Current Assets	1,835,244
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Property, Plant and Equipment

Land	4,395,992
Buildings	274,983
Machinery and equipment	2,904,790
Improvements	18,892,917

Total property, plant and equipment	26,468,682
Accumulated depreciation	(14,439,185)

Net Property, Plant and Equipment	12,029,497
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Total Assets	13,864,741
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Deferred Outflows of Resources - related to pensions	48,481
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Total Assets and Deferred Outflows of Resources	\$ 13,913,222
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Liabilities, Deferred Inflows of Resources and Net Position**Current Liabilities**

Accounts payable	\$ 48,858
Accrued payroll and related liabilities	11,690
Accrued vacation and sick leave	43,590
Due to other funds	11,652
Unearned revenue	428,296

Total Current Liabilities	544,086
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Noncurrent Liabilities - net pension liability	585,711
---	----------------

Total Liabilities	1,129,797
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Deferred Inflows of Resources - related to pensions	39,669
--	---------------

Net Position

Net investment in capital assets	12,029,497
Unrestricted	714,259

Total Net Position	12,743,756
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Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,913,222
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City of Cordova, Alaska

Port Enterprise Fund

Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	<i>2017</i>
Operating Revenues	
User charges:	
Sip fees	\$ 845,034
Wharfage and dockage	104,657
Total user charges	949,691
Rents, leases and storage fees	64,609
Travel lift fees	128,230
Penalties and interest	21,169
Other revenues	45,029
Total Operating Revenues	1,208,728
Operating Expenses	
Salaries and benefits	544,185
Materials and supplies	16,666
Purchased services	244,928
Vehicle expense	59,244
Insurance	57,401
Repairs and maintenance	27,430
Depreciation	774,227
Allocated administrative and billing expenses	141,528
Total Operating Expenses	1,865,609
Loss from operations	(656,881)
Nonoperating Revenues	
Investment income	807
State of Alaska PERS relief	15,631
Total Nonoperating Revenues	16,438
Loss before transfers	(640,443)
Transfers in	1,240
Change in net position	(639,203)
Net Position, beginning	13,382,959
Net Position, ending	\$ 12,743,756

City of Cordova, Alaska

Port Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2017
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,318,572
Payments for interfund services used	(141,528)
Payments to suppliers	(365,700)
Payments to employees	(501,307)
Net cash flows from operating activities	310,037
Cash Flows from Noncapital Financing Activities	
Transfers in	1,240
Net cash flows from noncapital financing activities	1,240
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(58,886)
Increase in due to other funds	11,652
Net cash flows for capital and related financing activities	(47,234)
Cash Flows from Investing Activities	
Investment income received	807
Net increase in cash and investments	264,850
Cash and Investments, beginning	1,392,888
Cash and Investments, ending	\$ 1,657,738
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities	
Loss from operations	\$ (656,881)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	774,227
Noncash expense - PERS relief	15,631
Decrease in allowance for doubtful accounts	(4,449)
Decrease in assets and deferred outflows of resources:	
Accounts receivable	102,614
Prepaid insurance	2,277
Deferred outflows of resources related to pensions	92,925
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	37,692
Accrued payroll and related liabilities	(1,020)
Accrued vacation and sick leave	10,597
Net pension liability	(107,121)
Deferred inflows of resources related to pensions	31,866
Unearned revenue	11,679
Net Cash Flows from Operating Activities	\$ 310,037

City of Cordova, Alaska

Port Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2017</i>	Port Operating	Port Capital Projects	Port Depreciation Reserves	Total
Operating Revenues	\$ 1,208,728	\$ -	\$ -	\$ 1,208,728
Operating Expenses				
Salaries and benefits	544,185	-	-	544,185
Materials and supplies	16,666	-	-	16,666
Purchased services	244,928	-	-	244,928
Vehicle expense	59,244	-	-	59,244
Insurance	57,401	-	-	57,401
Repairs and maintenance	27,430	-	-	27,430
Depreciation	774,227	-	-	774,227
Allocated administrative and billing expenses	141,528	-	-	141,528
Total Operating Expenses	1,865,609	-	-	1,865,609
Loss from operations	(656,881)	-	-	(656,881)
Nonoperating Revenues				
State of Alaska PERS relief	15,631	-	-	15,631
Investment income	807	-	-	807
Total Nonoperating Revenues	16,438	-	-	16,438
Loss before transfers	(640,443)	-	-	(640,443)
Transfers in	1,240	-	-	1,240
Eliminating transfers	(150,000)	-	150,000	-
Net transfers	(148,760)	-	150,000	1,240
Change in net position	(789,203)	-	150,000	(639,203)
Net Position, beginning	12,569,845	1,816	811,298	13,382,959
Net Position, ending	\$ 11,780,642	\$ 1,816	\$ 961,298	\$ 12,743,756

City of Cordova, Alaska

Water Enterprise Fund
Statement of Net Position

December 31,	2017
Assets and Deferred Outflows of Resources	
Current Assets	
Accounts receivable	\$ 30,279
Grants and loans receivable	150,743
Allowance for doubtful accounts	(987)
Prepaid insurance	13,475
Total Current Assets	193,510
Property, Plant and Equipment	
Land	881,531
Buildings	7,130,545
Machinery and equipment	362,911
Improvements	14,803,759
Total property, plant and equipment	23,178,746
Accumulated depreciation	(9,499,419)
Net Property, Plant and Equipment	13,679,327
Total Assets	13,872,837
Deferred Outflows of Resources - related to pensions	12,900
Total Assets and Deferred Outflows of Resources	\$ 13,885,737
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 34,999
Accrued payroll and related liabilities	5,825
Accrued vacation and sick leave	15,335
Customer deposits	50,199
Accrued interest payable	15,982
Due to other funds	49,953
Current portion of loan payable to ADEC	69,044
Total Current Liabilities	241,337
Noncurrent Liabilities	
Loans payable to ADEC, net of current portion	2,155,743
Net pension liability	213,142
Total Noncurrent Liabilities	2,368,885
Total Liabilities	2,610,222
Deferred Inflows of Resources - related to pensions	16,897
Net Position	
Net investment in capital assets	11,454,540
Unrestricted (deficit)	(195,922)
Total Net Position	11,258,618
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 13,885,737

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

<i>Year Ended December 31,</i>	<i>2017</i>
Operating Revenues - user charges	\$ 727,749
Operating Expenses	
Salaries and benefits	264,364
Materials and supplies	52,002
Purchased services	128,500
Vehicle expense	3,881
Insurance	31,000
Repairs and maintenance	54,834
Depreciation	481,274
Allocated administrative and billing expenses	110,291
Total Operating Expenses	1,126,146
Loss from operations	(398,397)
Nonoperating Revenues (Expenses)	
Interest expense	(4,143)
In-kind contributions to School and Medical Center	(11,649)
State of Alaska PERS relief	6,798
Net Nonoperating Revenues (Expenses)	(8,994)
Loss before contributions and transfers	(407,391)
Capital contributions	1,340,074
Transfers out	(27,473)
Change in net position	905,210
Net Position, beginning	10,353,408
Net Position, ending	\$ 11,258,618

City of Cordova, Alaska

Water Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2017
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 715,865
Payments for interfund services used	(110,291)
Payments to suppliers	(246,270)
Payments to employees	(246,826)
Net cash flows from operating activities	112,478
Cash Flows for Noncapital Financing Activities	
Transfers out	(27,473)
Net cash flows for noncapital financing activities	(27,473)
Cash Flows for Capital and Related Financing Activities	
Additions to property, plant and equipment	(3,078,079)
Capital contributions received	1,453,715
Decrease in due to other funds	(3,337)
Principal and interest paid on ADEC loans	1,542,696
Net cash flows for capital and related financing activities	(85,005)
Net increase in cash and investments	-
Cash and Investments, beginning	-
Cash and Investments, ending	\$ -
Reconciliation of Loss from Operations to Net Cash	
Flows from Operating Activities	
Loss from operations	\$ (398,397)
Adjustments to reconcile loss from operations	
to net cash flows from operating activities:	
Depreciation	481,274
Noncash expense - PERS relief	6,798
Decrease in allowance for doubtful accounts	(108)
In-kind contributions	(11,649)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(937)
Prepaid insurance	2,049
Deferred outflows of resources related to pensions	40,414
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	21,898
Accrued payroll and related liabilities	697
Accrued vacation and sick leave	2,358
Customer deposits	810
Net pension liability	(46,588)
Deferred inflows of resources related to pensions	13,859
Net Cash Flows from Operating Activities	\$ 112,478

City of Cordova, Alaska

Water Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2017</i>	Water Operating	Water Compliance	Water Depreciation Reserves	Eliminations	Total
Operating Revenues - user charges	\$ 727,749	\$ -	\$ -	\$ -	\$ 727,749
Operating Expenses					
Salaries and benefits	264,364	-	-	-	264,364
Materials and supplies	52,002	-	-	-	52,002
Purchased services	128,500	-	-	-	128,500
Vehicle expense	3,881	-	-	-	3,881
Insurance	31,000	-	-	-	31,000
Repairs and maintenance	54,834	-	-	-	54,834
Depreciation	481,274	-	-	-	481,274
Allocated administrative and billing expenses	110,291	-	-	-	110,291
Total Operating Expenses	1,126,146	-	-	-	1,126,146
Loss from operations	(398,397)	-	-	-	(398,397)
Nonoperating Revenues (Expenses)					
State of Alaska PERS relief	6,798	-	-	-	6,798
In-kind contributions to School and Medical Center	(11,649)	-	-	-	(11,649)
Interest expense	(4,143)	-	-	-	(4,143)
Net Nonoperating Revenues (Expenses)	(8,994)	-	-	-	(8,994)
Loss before contributions and transfers	(407,391)	-	-	-	(407,391)
Capital contributions	-	1,340,074	-	-	1,340,074
Transfers out	(14,634)	(12,839)	-	-	(27,473)
Eliminating transfers	(50,000)	-	50,000	-	-
Net transfers	(64,634)	(12,839)	50,000	-	(27,473)
Change in net position	(472,025)	1,327,235	50,000	-	905,210
Net Position, beginning	6,041,553	(447,914)	372,236	4,387,533	10,353,408
Net Position, ending	\$ 5,569,528	\$ 879,321	\$ 422,236	\$ 4,387,533	\$ 11,258,618

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

<i>Year Ended December 31, 2017</i>	LT2 Water Quality Project
Funding Sources	
State of Alaska and federal grants	\$ 1,340,074
Water Enterprise Fund	896,369
Total Funding Sources	\$ 2,236,443
Expenditures - capital outlay	\$ 2,236,443

City of Cordova, Alaska

Sewer Enterprise Fund
Statement of Net Position

December 31,

2017

Assets and Deferred Outflows of Resources**Current Assets**

Cash and investments	\$ 773,804
Accounts receivable	72,969
Allowance for doubtful accounts	(428)
Prepaid insurance	13,475
Deposits	6,500

Total Current Assets	866,320
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Property, Plant and Equipment

Land	32,560
Construction in progress	15,400
Buildings	93,071
Machinery and equipment	739,398
Improvements	17,672,208

Total property, plant and equipment	18,552,637
Accumulated depreciation	(10,738,892)

Net Property, Plant and Equipment	7,813,745
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Total Assets	8,680,065
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Deferred Outflows of Resources - related to pensions	12,900
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Total Assets and Deferred Outflows of Resources	\$ 8,692,965
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Liabilities, Deferred Inflows of Resources and Net Position**Current Liabilities**

Accounts payable	\$ 18,979
Accrued payroll and related liabilities	6,419
Accrued vacation and sick leave	15,335
Accrued interest payable	161,980
Due to other funds	3,908

Total Current Liabilities	206,621
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Noncurrent Liabilities

Loan payable to ADEC	1,100,000
Net pension liability	213,142

Total Noncurrent Liabilities	1,313,142
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Total Liabilities	1,519,763
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Deferred Inflows of Resources - related to pensions	16,897
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Net Position

Net investment in capital assets	6,713,745
Unrestricted	442,560

Total Net Position	7,156,305
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Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 8,692,965
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City of Cordova, Alaska
Sewer Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31,</i>	2017
Operating Revenues - user charges	\$ 780,783
Operating Expenses	
Salaries and benefits	264,370
Materials and supplies	42,984
Purchased services	178,362
Vehicle expense	7,470
Insurance	31,000
Repairs and maintenance	32,272
Depreciation	414,046
Allocated administrative and billing expenses	109,775
Total Operating Expenses	1,080,279
Loss from operations	(299,496)
Nonoperating Revenues (Expenses)	
Interest expense	(71,617)
In-kind contributions to School and Medical Center	(27,858)
State of Alaska PERS relief	6,798
Net Nonoperating Revenues (Expenses)	(92,677)
Loss before transfers	(392,173)
Transfers in	14,716
Change in net position	(377,457)
Net Position, beginning	7,533,762
Net Position, ending	\$ 7,156,305

City of Cordova, Alaska

Sewer Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2017
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 748,519
Payments for interfund services used	(109,775)
Payments to suppliers	(288,653)
Payments to employees	(246,238)
Net cash flows from operating activities	103,853
Cash Flows for Noncapital Financing Activities - transfers out	14,716
Cash Flows from Capital and Related Financing Activities -	
Additions to property, plant and equipment	(19,458)
Increase in due to other funds	3,908
Proceeds from ADEC loan	769
Net cash flows from capital and related financing activities	(14,781)
Net increase in cash and investments	103,788
Cash and Investments, beginning	670,016
Cash and Investments, ending	\$ 773,804
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities	
Loss from operations	\$ (299,496)
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	414,046
Noncash expense - PERS relief	6,798
Decrease in allowance for doubtful accounts	(3)
In-kind contributions	(27,858)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(4,403)
Prepaid insurance	2,049
Deferred outflows of resources related to pensions	40,414
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	1,386
Accrued payroll and related liabilities	1,291
Accrued vacation and sick leave	2,358
Net pension liability	(46,588)
Deferred inflows of resources related to pensions	13,859
Net Cash Flows from Operating Activities	\$ 103,853

City of Cordova, Alaska

Sewer Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2017</i>	Sewer Operating	Sewer Capital Projects	Sewer Depreciation Reserves	Total
Operating Revenues - user charges	\$ 780,783	\$ -	\$ -	\$ 780,783
Operating Expenses				
Salaries and benefits	264,370	-	-	264,370
Materials and supplies	42,984	-	-	42,984
Purchased services	178,362	-	-	178,362
Vehicle expense	7,470	-	-	7,470
Insurance	31,000	-	-	31,000
Repairs and maintenance	31,492	780	-	32,272
Depreciation	414,046	-	-	414,046
Allocated administrative and billing expenses	109,775	-	-	109,775
Total Operating Expenses	1,079,499	780	-	1,080,279
Loss from operations	(298,716)	(780)	-	(299,496)
Nonoperating Revenues (Expenses)				
State of Alaska PERS relief	6,798	-	-	6,798
In-kind contributions to School and Medical Center	(27,858)	-	-	(27,858)
Interest expense	(71,617)	-	-	(71,617)
Net Nonoperating Revenues (Expenses)	(92,677)	-	-	(92,677)
Loss before transfers	(391,393)	(780)	-	(392,173)
Transfers in	25,880	-	-	25,880
Transfers out	(11,164)	-	-	(11,164)
Eliminating transfers	(100,000)	-	100,000	-
Net transfers	(85,284)	-	100,000	14,716
Change in net position	(476,677)	(780)	100,000	(377,457)
Net Position, beginning	7,166,220	(20,101)	387,643	7,533,762
Net Position, ending	\$ 6,689,543	\$ (20,881)	\$ 487,643	\$ 7,156,305

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Net Position

December 31,	2017
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 245,968
Accounts receivable	81,663
Allowance for doubtful accounts	(1,350)
Prepaid insurance	14,972
Total Current Assets	341,253
Restricted Assets - landfill closure cash	839,411
Property, Plant and Equipment	
Land and land improvements	256,250
Buildings	1,437,027
Machinery and equipment	3,051,790
Landfill	462,756
Total property, plant and equipment	5,207,823
Accumulated depreciation	(3,033,496)
Net Property, Plant and Equipment	2,174,327
Total Assets	3,354,991
Deferred Outflows of Resources - related to pensions	32,269
Total Assets and Deferred Outflows of Resources	\$ 3,387,260
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 5,840
Accrued payroll and related liabilities	11,836
Accrued vacation and sick leave	23,296
Accrued interest payable	975
Due to other funds	9,311
Current portion of bonds payable	38,000
Total Current Liabilities	89,258
Noncurrent Liabilities	
Bonds payable, net of current portion	36,000
Net pension liability	481,020
Landfill closure costs	852,210
Total Noncurrent Liabilities	1,369,230
Total Liabilities	1,458,488
Deferred Inflows of Resources - related to pensions	35,797
Net Position	
Net investment in capital assets	2,100,327
Restricted	839,411
Unrestricted (deficit)	(1,046,763)
Total Net Position	1,892,975
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,387,260

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

<i>Year Ended December 31,</i>	2017
Operating Revenues - user charges	\$ 1,095,238
Operating Expenses	
Salaries and benefits	524,088
Materials and supplies	25,250
Purchased services	74,546
Vehicle expense	74,942
Insurance	31,000
Repairs and maintenance	41,193
Depreciation	128,935
Allocated administrative and billing expenses	130,585
Landfill closure and monitoring expense	33,850
Total Operating Expenses	1,064,389
Loss from operations	30,849
Nonoperating Revenues (Expenses)	
Investment income	580
Interest expense	(1,730)
In-kind contributions to School and Medical Center	(27,585)
State of Alaska PERS relief	14,420
Net Nonoperating Revenues (Expenses)	(14,315)
Income before transfers	16,534
Transfers in	95,126
Change in net position	111,660
Net Position, beginning	1,781,315
Net Position, ending	\$ 1,892,975

City of Cordova, Alaska

Refuse Enterprise Fund
Statement of Cash Flows

Year Ended December 31,	2017
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,063,438
Payment for interfund services used	(130,585)
Payments to suppliers	(246,695)
Payments to employees	(489,595)
Net cash flows from operating activities	196,563
Cash Flows from Noncapital Financing Activities	
Transfers in	95,126
Net cash flows from noncapital financing activities	95,126
Cash Flows for Capital and Related Financing Activities	
Increase (decrease) in due to other funds	9,311
Principal and interest paid on general obligation bonds	(37,180)
Net cash flows for capital and related financing activities	(27,869)
Cash Flows from Investing Activities	
Investment income received	580
Net increase in cash and investments	264,400
Cash and Investments, beginning	820,979
Cash and Investments, ending	\$ 1,085,379
Reconciliation of Cash and Investments to Statement of Net Position	
Cash and investments	\$ 245,968
Restricted assets	839,411
Total Cash and Investments	\$ 1,085,379
Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities	
Loss from operations	\$ 30,849
Adjustments to reconcile loss from operations to net cash flows from operating activities:	
Depreciation	128,935
Noncash expense - PERS relief	14,420
Decrease in allowance for doubtful accounts	(210)
In-kind contributions to School and Medical Center	(27,585)
(Increase) decrease in assets and deferred outflows of resources:	
Accounts receivable	(4,005)
Prepaid insurance	2,277
Deferred outflows of resources related to pensions	85,724
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	(2,041)
Accrued payroll and related liabilities	2,255
Accrued vacation and sick leave	1,518
Landfill closure costs payable	33,850
Net pension liability	(98,821)
Deferred inflows of resources related to pensions	29,397
Net Cash Flows from Operating Activities	\$ 196,563

City of Cordova, Alaska

Refuse Enterprise Fund

Combining Schedule of Revenues, Expenses and Changes in Net Position

<i>Year Ended December 31, 2017</i>	Refuse Operating	Refuse Depreciation Reserves	Refuse Projects	Landfill Closure	Total
Operating Revenues - user charges	\$ 1,095,238	\$ -	\$ -	\$ -	\$ 1,095,238
Operating Expenses					
Salaries and benefits	524,088	-	-	-	524,088
Materials and supplies	25,250	-	-	-	25,250
Purchased services	74,546	-	-	-	74,546
Vehicle expense	74,942	-	-	-	74,942
Insurance	31,000	-	-	-	31,000
Repairs and maintenance	41,193	-	-	-	41,193
Depreciation	128,935	-	-	-	128,935
Allocated administrative and billing expenses	130,585	-	-	-	130,585
Landfill closure and monitoring expense	-	-	-	33,850	33,850
Total Operating Expenses	1,030,539	-	-	33,850	1,064,389
Loss from operations	64,699	-	-	(33,850)	30,849
Nonoperating Revenues (Expenses)					
Investment income	-	-	-	580	580
State of Alaska PERS relief	14,420	-	-	-	14,420
In-kind contributions to School and Medical Center	(27,585)	-	-	-	(27,585)
Interest expense	(1,730)	-	-	-	(1,730)
Net Nonoperating Revenues (Expenses)	(14,895)	-	-	580	(14,315)
Income (loss) before transfers	49,804	-	-	(33,270)	16,534
Transfers in	195,900	-	-	-	195,900
Transfers out	-	-	(100,774)	-	(100,774)
Eliminating transfers	(100,000)	50,000	-	50,000	-
Net transfers	95,900	50,000	(100,774)	50,000	95,126
Change in net position	145,704	50,000	(100,774)	16,730	111,660
Net Position, beginning	1,731,204	63,556	-	(13,445)	1,781,315
Net Position, ending	\$ 1,876,908	\$ 113,556	\$ (100,774)	\$ 3,285	\$ 1,892,975

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

<i>December 31,</i>	2017
Assets and Deferred Outflows of Resources	
Current Assets	
Cash and investments	\$ 600,774
Receivables:	
Patient accounts	989,873
Other	287,784
Due from third-party payors	1,074,917
Allowance for doubtful accounts	(426,612)
Prepaid expenses	97,411
Inventory	260,501
Total Current Assets	2,884,648
Property, Plant and Equipment	
Land	122,010
Construction in progress	36,814
Building and improvements	11,449,049
Equipment	3,235,346
Total property, plant and equipment	14,843,219
Accumulated depreciation	(10,760,549)
Net Property, Plant and Equipment	4,082,670
Total Assets	6,967,318
Deferred Outflows of Resources - related to goodwill	\$ 150,000
Deferred Outflows of Resources - related to pensions	205,006
Total Assets and Deferred Outflows of Resources	\$ 7,322,324
Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	\$ 697,930
Accrued payroll and related liabilities	1,178,320
Payable to the State of Alaska	28,632
Third-party payor settlements	129,942
Due to other funds	200,000
Current portion of capital lease payable	35,580
Total Current Liabilities	2,270,404
Noncurrent Liabilities	
Capital lease payable	6,270
Net pension liability	4,009,383
Total Noncurrent Liabilities	4,015,653
Total Liabilities	6,286,057
Deferred Inflows of Resources - related to pensions	1,148,997
Net Position	
Net investment in capital assets	4,040,820
Restricted	13,035
Unrestricted (deficit)	(4,166,585)
Total Net Position	(112,730)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 7,322,324

City of Cordova, Alaska

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

<i>Year Ended December 31,</i>	2017
Operating Revenues	
Net patient service revenue	\$ 8,847,508
Rural Health Care Program - Universal Service Fund assistance	949,586
Grants	453,972
Other	160,580
Total Operating Revenues	10,411,646
Operating Expenses	
Salaries and benefits	5,259,051
Professional fees and purchases services	1,804,583
Equipment leases and rentals	139,370
Depreciation and amortization	609,130
Supplies	613,487
Insurance	175,680
Utilities	1,287,916
Repairs and maintenance	116,039
Other expenses	362,778
Total Operating Expenses	10,368,034
Income from operations	43,612
Nonoperating Revenues (Expenses)	
State of Alaska PERS relief	100,803
Interest expense	(6,516)
Investment income	188
Net Nonoperating Revenues (Expenses)	94,475
Income before capital contributions and transfers	138,087
Capital contributions	829,125
Transfers in	842,189
Change in net position	1,809,401
Net Position, beginning	(1,922,131)
Net Position, ending	\$ (112,730)

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

<i>Year Ended December 31,</i>	2017
Cash Flows for Operating Activities	
Cash received from patient services	\$ 8,352,445
Cash received from other sources	87,325
Net cash from grant programs	450,184
Payments to suppliers	(3,590,764)
Payments to employees	(5,539,951)
Net cash flows for operating activities	(240,761)
Cash Flows from Noncapital Financing Activities	
Proceeds from interfund transfers	842,189
Increase in due to other funds	200,000
Net cash flows for noncapital financing activities	1,042,189
Cash Flows for Capital and Related Financing Activities	
Principal and interest paid on capital lease obligation	(38,803)
Additions to property, plant and equipment	(258,278)
Net cash flows for capital and related financing activities	(297,081)
Cash Flows from Investing Activities - Investment income received	188
Net increase in cash and investments	504,535
Cash and Investments, beginning	96,239
Cash and Investments, ending	\$ 600,774
Reconciliation of Loss from Operations to Net	
Cash Flows for Operating Activities	
Income from operations	\$ 43,612
Adjustments to reconcile loss from operations	
to net cash flows for operating activities:	
Increase in allowance for doubtful accounts	347,918
Depreciation and amortization	609,130
Noncash expense - PERS relief	100,803
(Increase) decrease in assets and deferred outflows of resources:	
Patient accounts receivable	(989,004)
Other receivables	(204,392)
Third-party payor settlements	16,081
Inventory	(121,715)
Prepaid expenses	(88,528)
Deferred outflows of resources related to pensions	1,013,782
Increase (decrease) in liabilities and deferred inflows of resources:	
Accounts payable	42,056
Payable to the State of Alaska	28,632
Third-party payor settlements	129,942
Accrued payroll and related liabilities	657,406
Net pension liability	(2,898,481)
Deferred inflows of resources related to pensions	1,071,997
Net Cash Flows for Operating Activities	\$ (240,761)
Schedule of non-cash capital and related financing activities	
Contribution of capital assets	\$ 849,125

City of Cordova, Alaska

Odiak Park Enterprise Fund
Statement of Net Position

December 31,	2017
Assets	
Current Assets	
Cash and investments	\$ 138,384
Total Current Assets	138,384
Property, Plant and Equipment	
Buildings	79,362
Improvements	10,718
Total property, plant and equipment	90,080
Accumulated depreciation	(59,336)
Net Property, Plant and Equipment	30,744
Total Assets	\$ 169,128
Liabilities and Net Position	
Current Liabilities	
Accounts payable	\$ 242
Accrued payroll and related liabilities	538
Other Liabilities	8,480
Due to other funds	1,155
Total Current Liabilities	10,415
Net Position	
Net investment in capital assets	30,744
Unrestricted	127,969
Total Net Position	158,713
Total Liabilities and Net Position	\$ 169,128

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

<i>Year Ended December 31,</i>	<i>2017</i>
<hr/>	
Operating Revenues	
Park fees	\$ 73,808
<hr/>	
Operating Expenses	
Salaries and benefits	26,096
Materials and supplies	1,029
Purchased services	19,836
Repairs and maintenance	2,046
Depreciation	2,038
<hr/>	
Total Operating Expenses	51,045
<hr/>	
Income from operations	22,763
Transfers out	(4,248)
<hr/>	
Change in net position	18,515
<hr/>	
Net Position, beginning	140,198
<hr/>	
Net Position, ending	\$ 158,713
<hr/>	

City of Cordova, Alaska

Odiak Park Enterprise Fund Statement of Cash Flows

<i>Year Ended December 31,</i>	<i>2017</i>
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 73,808
Payments to suppliers	(19,799)
Payments to employees	(26,072)
Net cash flows from operating activities	27,937
Cash Flows for Noncapital Financing Activities - transfers out	(4,248)
Cash Flows from Capital and Related Financing Activities -	
increase in due to other funds	1,155
Net increase in cash and investments	24,844
Cash and Investments, beginning	113,540
Cash and Investments, ending	\$ 138,384
Reconciliation of Income from Operations to Net	
Cash Flows from Operating Activities	
Income from operations	\$ 22,763
Adjustments to reconcile income from operations	
to net cash flows from operating activities:	
Depreciation	2,038
Increase (decrease) in liabilities:	
Accounts payable	(5,368)
Accrued payroll and related liabilities	24
Other Liabilities	8,480
Net Cash Flows from Operating Activities	\$ 27,937

City of Cordova, Alaska

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2017

<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 Subrecipients</i>	<i>Total Federal Expend- itures</i>
Bureau of Justice Assistance				
Bulletproof Vest Partnership	16.607		\$ -	\$ 948
Department of Agriculture				
Forest Service Schools and Roads Cluster				
Schools and Roads - Grants to States	10.665		-	2,144
Passed through State of Alaska Department of Commerce, Community and Economic Development - Schools and Roads - Grants to States	10.665	851367	-	15,076
Total Department of Agriculture and Forest Service Schools and Roads Cluster				<u>17,220</u>
Department of Interior				
Passed through State of Alaska Department of Commerce, Community and Economic Development - Payment in Lieu of Taxes	15.226	840304	-	440,819
Passed through State of Alaska Department of Natural Resources - Historic Preservation Fund Grants-In-Aid - Red Dragon Signage	15.904	HPF 16011	-	2,372
Historic Preservation Fund Grants-In-Aid - Copper River Highway Brochure	15.904	HPF 16012	-	3,900
Total CFDA 15.904				<u>6,272</u>
Total Department of Interior				<u>447,091</u>
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	-	1,123,659
- Subsidy Portion	66.468	261141	-	598,181
Total Environmental Protection Agency and Drinking Water State Revolving Fund Cluster				<u>1,721,840</u>
Department of Homeland Security				
Passed through State of Alaska Department of Military and Veteran Affairs:				
2017 Emergency Management Performance Grant	97.042	20EMPG-GY17	-	9,000
2016 Emergency Management Performance Grant	97.042	20EMPG-GY16	-	9,000
Total CFDA 97.042				<u>18,000</u>
Homeland Security Grant Program	97.067	20SHSP-GY16	-	19,500
Total CFDA 97.067				<u>19,500</u>
Total Department of Homeland Security				<u>37,500</u>
Total Federal Awards				<u>\$ 2,224,599</u>

The accompanying notes are an integral part of this schedule.

City of Cordova, Alaska

Schedule of State Financial Assistance Year Ended December 31, 2017

Name of Award	Award Number		Total Grant Award	State Share of Expenditures
Department of Commerce, Community and Economic Development				
*Community Assistance Program	2017	\$	134,113	\$ 134,113
Shared Fisheries Business Tax	2017		39,559	<u>39,559</u>
Total Department of Commerce, Community, and Economic Development				<u>173,672</u>
Department of Environmental Conservation				
*LT2 Compliance UV Treatment Facility	26169		3,775,000	577,963
*LT2 Compliance UV Treatment Facility - Subsidy	261141		555,260	<u>163,930</u>
Total Department of Environmental Conservation				<u>741,892</u>
Department of Administration				
*PERS Relief Funding	N/ A		215,222	<u>215,222</u>
Department of Revenue				
Liquor Licenses	N/ A		12,900	12,900
*Fisheries Business Taxes	N/ A		1,160,157	1,160,157
*Electric and Telephone Cooperative	N/ A		250,231	<u>250,231</u>
Total Department of Revenue				<u>1,423,288</u>
Department of Education and Early Development				
*Debt Retirement Program	2017		850,593	850,593
Public Library Assistance Grant 2018	PLAG 2018		7,000	7,000
Alaska Online with Libraries (OWL)	FY2017		2,400	<u>1,573</u>
Total Department of Education and Early Development				<u>859,166</u>
Total State Financial Assistance				<u>\$ 3,413,240</u>

* 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 Year Ended December 31, 2017

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, 2017. 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 \$215,222 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 2017 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, 2016 through June 30, 2017, 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



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, 2017, 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 April 30, 2019. Our report includes a reference to other auditors who audited the financial statements of Cordova Community Medical Center, as described in our report on City of Cordova's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we and the other auditors did identify certain deficiencies in internal control that we and the other auditors consider to be material weaknesses and significant deficiencies.

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. We and the other auditors consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002 and 2017-005 to be material weaknesses.

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. We and other auditors consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cordova's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2017-005.

City of Cordova's Response to Findings

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

Purpose of this Report

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

BDO USA, LLP

Anchorage, Alaska
April 30, 2019



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3601 C Street, Suite 600
Anchorage, AK 99503

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

Honorable Mayor and City Council
City of Cordova, Alaska

Report on Compliance for Each Major Federal Program

We have audited City of Cordova's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Cordova's major federal programs for the year ended December 31, 2017. City of Cordova's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

City of Cordova's basic financial statements include the operations of the Cordova City School District, which received \$535,281 in federal awards which is not included in City of Cordova's schedule of expenditures of federal awards during the year ended December 31, 2017. 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-006. Our opinion on each major federal program is not modified with respect to this matter.

City of Cordova's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Cordova's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2017-006, that we consider to be a material weakness.

City of Cordova's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Cordova's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
April 30, 2019



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3601 C Street, Suite 600
Anchorage, AK 99503

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, 2017. 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 and the Cordova Community Medical Center (CCMC), which received \$4,440,872 and \$554,775, respectively, in state awards which are not included in City of Cordova's schedule of state financial assistance for the year ended December 31, 2017. Our audit, described below, did not include the operations of Cordova City School District because it was subjected to a separate audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*. Our audit, described below, did not include the operations of CCMC because other auditors were engaged to perform the audit of CCMC; however, they did not meet the threshold for an audit in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits*.

Management's Responsibility

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

Auditor's Responsibility

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

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

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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* and which is described in the accompanying schedule of findings and questioned costs as item 2017-007. Our opinion on each major state program is not modified with respect to this matter.

City of Cordova's response to the noncompliance finding identified in our audit is described in the accompanying corrective action plan. City of Cordova's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2017-007, that we consider to be a material weakness.

City of Cordova's response to the internal control over compliance finding identified in our audit is described in the corrective action plan. City of Cordova's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
April 30, 2019

City of Cordova, Alaska

Schedule of Findings and Questioned Costs Year Ended December 31, 2017

Section I - Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified? X yes no
Significant deficiency(ies) identified? X yes (none reported)

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? X yes no
Significant deficiency(ies) identified? yes X (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)? X yes no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster	Agency
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Environmental Protection Agency

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? X yes no
Significant deficiency(ies) identified? yes X (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, 2017

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

Finding 2017-001 Auditor-Detected Adjusting Journal Entries and Lack of Account Reconciliations – Material Weakness in Internal Control over Financial Reporting (Cordova Community Health Medical Center)

Criteria Financial statements are used by management and the Cordova Community Health Medical Center Board to make decisions. Therefore, the financial statements should reflect correct balances throughout the year.

Condition Material adjustments were necessary to cash, accounts receivable, third-party settlements, electronic health records revenue, other receivables, grant revenue, capital assets, accounts payable, accrued payroll, and notes payable to properly present the financial statements in accordance with generally accepted accounting principles.

Cause The systemic processes for reconciliation of statement of net position and statement of revenues, expenses, and changes in net position accounts were not in place at Cordova Community Health Medical Center.

Effect or potential effect The accounting records were materially misstated at year end for Cordova Community Health Medical Center.

Recommendation We recommend all statement of net position accounts be properly reconciled to supporting documentation and accounts of the statement of revenues, expenses, and changes in net position be monitored and reconciled throughout the year to ensure correct reporting.

Views of responsible officials and planned corrective actions Cordova Community Health Medical Center believes the Journal Entry issue was rectified and all journal entries have documentation and random review by the CEO. The 2016 financial audit was not finalized until mid-September of 2017 which did not leave much time to rectify and reconcile the 2017 books prior to the 2017 audit. Management agrees that all balance sheet accounts should be reconciled however since the 2017 audit was not finalized until December 2018 there may be accounts unreconciled by the time of the 2018 audit. Management recognizes there is too much financial work for just the CFO to be able to handle and has approved, budgeted for and is currently actively seeking a controller to assist the CFO.

Finding 2017-002 Grants Management – Material Weakness in Internal Control over Financial Reporting (Cordova Community Health Medical Center)

Criteria The State of Alaska (the State) requires tracking of expenditures related to the receipt of state funds. Therefore, the Center should have controls in place to identify expenditures related to state funds.

Condition Cordova Community Health Medical Center did not have sufficient internal controls in place to identify and monitor grant expenditures.

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2017

<i>Cause</i>	Internal controls were not adequately designed to identify expenses related to state funds. Internal control procedures were not followed or monitored properly to perform a complete and accurate reconciliation between actual funds expended and budget submitted to the State. Internal control procedures were not followed or monitored properly to perform an accurate reconciliation of grant expenditures to underlying supporting documents at Cordova Community Health Medical Center.
<i>Effect or potential effect</i>	Unreconciled differences between actual funds expended and the budget submitted to the State could result in a payback or loss of future funds. There were expenses unrelated to grant expenditures mixed in with the accounting records for grant expenditures, resulting in a payable to the State in the amount of \$28,632.
<i>Recommendation</i>	Management should design internal controls over the tracking grant expenditures. This should include procedures to identify all expenditures related to state grants as submitted in the budgets prepared for the State. The process should also include procedures to maintain source documents for the expenditures in order to support the recorded expenditures.
<i>Views of responsible officials and planned corrective actions</i>	There was much turnover in staff in the Sound Alternatives department in 2017 with staff that had been monitoring grant issues departing along with the manager. Much work has gone into grant management and accurate reporting of grant expenses in 2018. Management has a much better relationship with the State and an accounting process has been set up to record and maintain grant expenses. Accounting and the Sound Alternatives manager meet regularly to go over grant processes and work closely to assure the quarterly reports are accurate. The State has expressed their appreciation for the efforts that they have seen from Cordova Community Medical Center.
Finding 2017-003	Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting
<i>Criteria</i>	Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP).
<i>Condition</i>	The Finance Director prepares all journal entries, but there is no one reviewing them.
<i>Cause</i>	Limited number of accounting staff does not provide for proper segregation of duties at the City.
<i>Effect or potential effect</i>	Journal entries could be made in error or to inappropriately adjust the accounting records.
<i>Recommendation</i>	We recommend that someone review and approve all journal entries and initial the support for the entries to document their approval. This process would improve controls over adjustments to the general ledger.

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2017

Views of responsible officials and planned corrective actions All subsequent journal entries will have the review of the Finance Director and Assistant which will be evidenced by dual signatures or initials.

Finding 2017-004 Year-End Account Reconciliation Review - Significant Deficiency in Internal Control Over Financial Reporting

Criteria Establishing appropriate review of the reconciliation of the year-end accounts balances is an important component of Internal controls. This helps to ensure proper and accurate financial reporting.

Condition Certain year-end account reconciliations contained errors.

Cause Year-end account reconciliations were not reviewed due to limited accounting staff at the City.

Effect or potential effect Certain year-end accounts were incorrect and therefore could have resulted in financial statements that were misstated.

Recommendation We recommend that the City review its policies and procedures to ensure that all year-end account reconciliations be reviewed and approved.

Views of responsible officials and planned corrective actions All subsequent year-end account reconciliations will have the review of the Finance Director and Assistant. In addition, the Finance Director will provide cross training to others within the department to complete and review the reconciliations.

Finding 2017-005 Single Audit Reporting – Material Weakness in Compliance over Financial Reporting

Criteria Internal controls should be established to ensure proper and accurate financial reporting in accordance with generally accepted accounting principles (GAAP).

2 CFR Chapter I and Chapter II part 200 section 200.512 states that “(1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day.”

2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by... (1) the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period” or a later date than the date calculated under (1) of this subsection, if (A) the state agency that provides the financial assistance agrees to the change of date; and (B) the agreement under (A) of this paragraph is made in (i) writing; and (ii) advance of the date calculated under (1) of this subsection agreed upon in writing and advance of the date in this section.”

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2017

<i>Condition</i>	The audit, data collection form and the single audit reports were not completed and submitted by the deadlines noted above.
<i>Cause</i>	Due to the lack of account reconciliations at the CCMC Component Unit, the Component Unit financial information was not available to be blended into the financial statements of the City until after the reporting deadlines.
<i>Effect or potential effect</i>	The City was not in compliance with Federal and State Single Audit Reporting requirements.
<i>Recommendation</i>	Management should develop policies and procedures to ensure that its books and records are reconciled closed on a timely basis so the federal and state reporting packages can be issued by the reporting deadlines.
<i>Views of responsible officials and planned corrective actions</i>	The City is in contact with the Cordova Community Medical Center (CCMC) a component unit of the city, to insure that financial information is received in a timely manner for FY18 financial reporting purposes.

Section III - Federal Award Findings and Questioned Costs

Finding 2017-006	Single Audit Reporting – Material Weakness in Internal Controls over Compliance
<i>Identification of the federal program</i>	<p>Bulletproof Vest Partnership – 16.607, FY 2015, Bureau of Justice Assistance</p> <p>Schools and Roads – Grants to States – 10.665, 14-DG-11100420-19, 2015, Department of Agriculture</p> <p>Schools and Roads – Grants to States – 10.665, 2017, Department of Agriculture passed through the State of Alaska Department of Commerce, Community and Economic Development</p> <p>Payments in Lieu of Taxes – 15.226, 2018, Department of the Interior passed through the State of Alaska Department of Commerce, Community and Economic Development</p> <p>Historic Preservation Fund Grants-In-Aid - 15.904, 2017, Department of the Interior passed through State of Alaska Department of Natural Resources</p> <p>Capitalization Grants for Drinking Water State Revolving Funds – 66.468, 2013, Environmental Protection Agency passed through the State of Alaska Department of Environmental Conservation</p> <p>Emergency Management Performance Grants – 97.042, EMS-2016-EP-00001-S01, 2016 and EMS-2017-EP-00002-S01, 2017, Department of Homeland Security passed through the State of Alaska Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management</p> <p>Homeland Security Grant Program – 97.067, EMW-2016-SS-00002, 2016, Department of Homeland Security passed through the State of Alaska Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management</p>
<i>Criteria or specific requirement</i>	See finding 2017-005.

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2017

<i>Condition</i>	See finding 2017-005.
<i>Cause</i>	See finding 2017-005.
<i>Effect or potential effect</i>	See finding 2017-005.
<i>Questioned costs</i>	None noted
<i>Context</i>	The audit in accordance with 2 CFR Chapter I and Chapter II part 200 section 200.512 was submitted more than nine months after the audit period.
<i>Recommendation</i>	See finding 2017-005.
<i>Views of responsible officials</i>	See finding 2017-005.

Section IV – State Award Findings and Questioned Costs

Finding 2017-007	Deadline for State Single Audit– Material Weakness in Internal Controls over Compliance
<i>State Agency</i>	Department of Commerce, Community and Economic Development (DCCED), Department of Environmental Conservation (DEC), Department of Administration (DOA), Department of Revenue (DOR), Department of Education and Early Development (DEED)
<i>Grant Name</i>	Shared Fisheries Business Tax – DCCED, LT2 Compliance UV Treatment Facility - DEC, PERS Relief Funding - DOA, Liquor Licenses – DOR, Fisheries Business Taxes – DOR, Electric and Telephone Cooperative – DOR, Debt Retirement Program – DEED, Public Library Assistance Grant 2018 – DEED, Alaska Online with Libraries – DEED
<i>Grant Number</i>	Shared Fisheries Business Tax - 2018, LT2 Compliance UV Treatment Facility - 261141, PERS Relief Funding – N/A, Liquor Licenses – N/A, Fisheries Business Taxes – N/A, Electric and Telephone Cooperative – N/A, Debt Retirement Program – 2018, Public Library Assistance Grant 2018 – PLAF 2018, Alaska Online with Libraries – FY2017
<i>Criteria</i>	2 AAC 45.010(b) states an entity that expends a cumulative total of \$750,000 or more shall submit an audit report for the audit period by..” (1) the earlier of 30 days after the entity receives its audit report for the audit period; or nine months after the end of the audit period” or a later date than the date calculated under (1) of this subsection, if (A) the state agency that provides the financial assistance agrees to the change of date; and (B) the agreement under (A) of this paragraph is made in (i) writing; and (ii) advance of the date calculated under (1) of this subsection agreed upon in writing and advance of the date in this section.”

City of Cordova, Alaska

Schedule of Findings and Questioned Costs, continued Year Ended December 31, 2017

<i>Condition</i>	The audit and the single audit reports were not completed and submitted by the deadlines noted above.
<i>Questioned costs</i>	None noted
<i>Context</i>	The audit in accordance with the 2 AAC 45 was submitted more than nine months after the audit period.
<i>Effect</i>	The organization is not in compliance with 2 AAC 45.010 (b)(1).
<i>Cause</i>	Due to the lack of account reconciliations at the CCMC Component Unit, the Component Unit financial information was not available to be blended into the financial statements of the City until after the reporting deadlines.
<i>Recommendation</i>	See finding 2017-005.

City of Cordova Single Audit Responses (Unaudited)



Summary Schedule of Prior Audit Findings

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

Condition There is no review of journal entries.

Status This finding has been repeated as item 2017-003.

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

Condition There is no review of bank and investment reconciliations.

Status This finding has been resolved.



Corrective Action Plan

Name of Contact Person:

Dean Baugh

Interim Finance Director

(907) 424-6200

Finding 2017-001 Auditor-Detected Adjusting Journal Entries and Lack of Account Reconciliations – Material Weakness in Internal Control over Financial Reporting

Corrective Action Facility believes the Journal Entry issue was rectified and all journal entries have documentation and random review by the CEO. The 2016 financial audit was not finalized until mid-September of 2017 which did not leave much time to rectify and reconcile the 2017 books prior to the 2017 audit. Management agrees that all balance sheet accounts should be reconciled however since the 2017 audit was not finalized until December 2018 there may be accounts unreconciled by the time of the 2018 audit. Management recognizes there is too much financial work for just the CFO to be able to handle and has approved, budgeted for and is currently actively seeking a controller to assist the CFO.

Implementation Immediately

Finding 2017-002 Grants Management – Material Weakness in Internal Control over Financial Reporting

Corrective Action There was much turnover in staff in the Sound Alternatives department in 2017 with staff that had been monitoring grant issues departing along with the manager. Much work has gone into grant management and accurate reporting of grant expenses in 2018. Management has a much better relationship with the State and an accounting process has been set up to record and maintain grant expenses. Accounting and the Sound Alternatives manager meet regularly to go over grant processes and work closely to assure the quarterly reports are accurate. The State has expressed their appreciation for the efforts that they have seen from Cordova Community Medical Center.

Implementation Immediately



Corrective Action Plan, continued

Finding 2017-003 Journal Entry Review - Significant Deficiency in Internal Control Over Financial Reporting

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

Implementation Immediately

Finding 2017-004 Year-End Account Reconciliation Review - Significant Deficiency in Internal Control Over Financial Reporting

Corrective Action All subsequent year end account reconciliations will have the review of the Finance Director and Assistant. In addition, the Finance Director will provide cross training to others within the department to complete and review the reconciliations.

Implementation Immediately

Finding 2017-005 Single Audit Reporting –Material Weakness in Compliance over Financial Reporting

Corrective Action The City is in contact with the Cordova Community Medical Center (CCMC) a component unit of the city, to insure that financial information is received in a timely manner for FY18 financial reporting purposes.

Implementation Immediately

Finding 2017-006 Single Audit Reporting –Material Weakness in Internal Controls over Compliance

Corrective Action See finding 2017-005.

Implementation Immediately

Finding 2017-007 Deadline for State Single Audit–Material Weakness in Internal Controls over Compliance

Corrective Action See finding 2017-005.

Implementation Immediately