

**CITY COUNCIL WORK SESSION  
SEPTEMBER 18, 2013 @ 7:00 PM  
LIBRARY MEETING ROOM  
MINUTES**

**A. CALL TO ORDER**

*Mayor James Kacsh* called the Council Work Session to order at 7:00 pm on September 18, 2013 in the Library Meeting Room.

**B. ROLL CALL**

Present for roll call were *Mayor James Kacsh* and Council members *Kristin Carpenter, Tim Joyce, David Allison, EJ Cheshier, David Reggiani* and *James Burton*. Council member *Bret Bradford* was absent. Also present were City Manager *Randy Robertson* and City Clerk *Susan Bourgeois*.

**C. COMMUNICATIONS BY AND PETITIONS FROM VISITORS**

1. Audience Comments regarding agenda items - none

**D. WORK SESSION TOPIC**

2. BDO (formerly Mikunda Cottrell) presentation of City of Cordova 2012 Financial audit.

*Michelle Drew* mentioned the three documents that Council should have: the Letter to Management, Letter to the Council and the bound Financial Statements. Clearly, she said there are no crises, the letters mention items that could be addressed for more efficiency but nothing is a crisis. She wanted to express her thanks to the City Management, Finance Office, Public Works, Harbor, etc. All those asked for assistance were professional, cooperative, got us what we needed timely. Page 2 has the auditor's opinion, which was that it was a clean opinion. There were a number of journal entries which get corrected but do not affect the opinion. The balance sheet on page 8 – she mentioned a few highlights: \$17.6 M in assets, of which \$15 M are in cash or liquid assets. You ended the year with \$15 M in fund balance, not such a big number because about \$10 M of that is set aside for capital construction and there are other set-asides, so that only \$2.8 M of that \$15 M is unreserved/undesignated. Decline in funds of \$312 K over the year (i.e. net reduction) – General Fund was down \$116 K over the year. In the big picture Cordova doesn't have a huge amount of outstanding debt which is good – biggest is 2009 school bonds GO debt (\$14.9 M). No new debt in 2012 on the governmental side. On page 40 is the General Fund balance sheet and the GFOA says a good target to have on hand in the General Fund Balance is 3 – 6 months of operating expenses. City of Cordova for 2012 shows \$2.936 M which is just over three months – which is the low end of the range. Tax revenues for 2012 were pretty consistent with 2011 but it was a little lower than had been budgeted – specifically sales tax. Snow removal in 2012 was \$891 K over budget. The overall decrease in fund balance was \$116 K. As far as enterprise funds she used Harbor as an example on page 55. Operating revenues in Harbor fund were \$1.075 M and the operating expenses were \$1.8 M (\$706 K of depreciation expense included in this). If you take the loss from operations and add back the depreciation, you still wind up negative but in this case you should add back the PERS relief too and then you do wind up with a positive number. So, she believes that the Harbor user fees are covering the day to day of the harbor operations. The single audit is reported on page 73 and 74 which shows how much money was actually spent. The findings are on page 86 – 87 and there were a lot of journal entries for 2012, therefore, there was a finding regarding the preparation and the closing out of the year end for 2012. *Drew* wanted to point out that the current Finance Director was not the Finance Director during the year of 2012. She hopes to see some pretty big improvement to this allowing for a learning curve.

*Joyce* asked how we are going to be able to show the PERS debt without looking really bad (i.e. negative). Will it affect our bond rating and the like down the road? *Drew* said it will not affect your General Fund at all because it is long term debt. Nor will it affect your budgetary day-to-day accounting either. She reiterated that this is not a new liability, we have had it for a long time, it is just now it has to be reported.

**E. AUDIENCE PARTICIPATION - None**

**F. COUNCIL COMMENTS - None**


**G. ADJOURNMENT**

*M/Reggiani S/Burton* to adjourn.

Hearing no objection, the meeting was adjourned at 7:32 pm

Approved: April 2, 2014

Attest:

  
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Susan Bourgeois, CMC, City Clerk

