

Mayor

David Allison

Council Members

Tom Bailer

Cathy Sherman

Jeff Guard

Melina Meyer

Anne Schaefer

Kristin Carpenter

Ken Jones

City Manager

Helen Howarth

City Clerk

Susan Bourgeois

Deputy Clerk

Tina Hammer

Student Council

Mhiikee Gasmen

City Council Work Session
October 19, 2022 @ 6:30 pm
Cordova Center Community Rooms
Agenda

A. Call to order**B. Roll call**

Mayor David Allison, Council members Tom Bailer, Cathy Sherman, Jeff Guard, Melina Meyer, Anne Schaefer, Kristin Carpenter, and Ken Jones

C. Work Session topics**1. 2021 City Financial Audit**

- Letter to Management
- Letter to Governing Body
- Basic Financial Statements, Supplemental Reports
And Independent Auditor's Reports Thereon
Newhouse & Vogler, CPAs

D. Adjournment

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

Full City Council agendas and packets available online at www.cityofcordova.net

The City of Cordova

Cordova, Alaska

Management Letter

December 31, 2021



NEWHOUSE & VOGLER
Certified Public Accountants



Newhouse & Vogler

Certified Public Accountants

237 E. Fireweed Lane, Suite 200

Anchorage, Alaska 99503

(907) 258-7555

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Honorable Mayor and City Council

City of Cordova

Cordova, Alaska

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of The City of Cordova (The City) for the year ended December 31, 2021, we considered The City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of The City's internal control.

However, during our audit, we became aware of one matter that is an opportunity for strengthening internal controls and operating efficiency. We previously reported on The City's internal control in our report dated September 27, 2022. This letter does not affect our report dated September 27, 2022, on the financial statements of The City.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestions with The City personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comment is summarized as follows:

Whiteout on Supporting Documentation

During our audit, we noticed instances where some of the supporting documents had whiteout covering errors. We recommend that the City make and enforce the necessary policies to ensure that no whiteout is used on any documents. If an error is made, the error should be lined out and the correct information should be written to the side. This will ensure that errors can be tracked and confirmed.

Internal Controls Over Bank Reconciliations

During our audit, we noticed that there were two bank accounts that did not have current reconciliations in the accounting software. We recommend that an account reconciliation be performed for all bank accounts every month. This will help identify if there is any activity that was recorded incorrectly.

Bank Account Missing from the General Ledger

During our audit, we noticed that there was a BNY savings account that was not included on the GL. We were told that this account was likely related to a required reserve related to a bond. We recommend that all assets and liabilities be included on the GL in order to ensure that they are all appropriately tracked. This will help to ensure that no accounts are over drawn, and no liabilities payments are overlooked.

Honorable Mayor and City Council
The City of Cordova

Cassel Accounting Software

During our audit, we noticed that the accounting personnel were not well versed in the Cassel accounting software. We recommend that all staff that operate the software receive training in order to become proficient in Cassel. This will ensure that errors related to not being familiar with the software are avoided.

Consistency of Personnel Files

During our audit we noticed that there were inconsistencies within the personnel files. We noted that the City's personnel were actively working to clean up the personnel files and make sure they know what is required, and what the city considers important to keep in the personnel files, and are in the process of taking the necessary steps to ensure that that information is kept for all of the City's employees.

Collateralization Agreement

During our audit, we noticed that the City did not maintain a collateralization agreement for their bank accounts. We recommend that the City maintain a collateralization agreement for all amounts above the FDIC insurance. This will ensure that the City's cash is safe, and insured in the case of any of their financial institutions becoming insolvent.

This information is intended solely for the use of the board of commissioners and management of City of Cordova and should not be used for any other purpose.

We would like to acknowledge the courtesy and assistance provided by the management and staff of City of Cordova during our audit. We look forward to working with you in the future.



Anchorage, AK
September 27, 2022

THE CITY OF CORDOVA
Cordova, Alaska

Letter to the Governing Body

December 31, 2021



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September 27, 2022

Honorable Mayor and City Council

The City of Cordova

Cordova, Alaska

Ladies and Gentlemen:

We have audited the financial statements of The City of Cordova as of and for the year ended December 31, 2021, and have issued our report thereon dated September 27, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our engagement letter dated May 18, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Cordova solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated September 27, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Honorable Mayor and City Council
The City of Cordova

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm, have complied with all relevant ethical requirements regarding independence.

Accounting Policies

Significant Accounting Policies

The significant accounting policies used by the City are described in note 1 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Unusual Transactions

We noted no transactions entered into by the City during the year ended that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

- Depreciation expense
- Landfill closure costs
- Allowances for doubtful accounts

Management's estimates of these items are based on estimated useful lives of assets, and estimated collectability of receivables. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Audit Adjustments and Uncorrected Misstatements

Audit adjustments

We did not propose any adjustments during the audit. We also did not note any uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to The City of Cordova's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Honorable Mayor and City Council
The City of Cordova

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated September 27, 2022.

Consultation with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. The City of Cordova consulted with Altman and Rodger, a CPA firm, to assist with the preparation of their financial records.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Material Written Communication

Copies of the Management Representation Letter have been provided to management.

This information is presented solely for the use of the City Council members and management and is not intended to be and should not be used by anyone other than these specified parties.



Anchorage, Alaska
September 27, 2022

THE CITY OF CODOVA

Cordova, Alaska

Basic Financial Statements, Supplemental
Information, and Independent Auditor's Reports Thereon



NEWHOUSE & VOGLER
Certified Public Accountants

THE CITY OF CORDOVA
Cordova, Alaska

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THE CITY OF CORDOVA
Cordova, Alaska

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THE CITY OF CORDOVA
Cordova, Alaska

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Independent Auditor's Report

Honorable Mayor and City Council
The City of Cordova
Cordova, Alaska

Ladies and Gentlemen:

Report on the Audit of the Financial Statements

Opinions

We have audited 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 the City of Cordova, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Cordova's basic financial statements as listed in the table of contents.

Summary of Opinions

| <i>Opinion Unit</i> | <i>Type of Opinion</i> |
|-----------------------------------|-------------------------------|
| Governmental Activities | Unmodified |
| Business-Type Activities | Unmodified |
| Cordova City School District | Unmodified |
| Cordova Community Medical Center | Unmodified |
| Cordova Volunteer Fire Department | Qualified |

Unmodified Opinions on the Governmental Activities, Business-Type Activities, Major Funds, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Cordova, as of December 31, 2021, 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.

Qualified Opinion on the Aggregate Discretely Presented Component Units

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units section, the accompanying financial statements present fairly, in all material respects, the financial position of the aggregate discretely presented component units for the City of Cordova, as of December 31, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cordova and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Cordova Volunteer Fire Department have not been audited, and we were not engaged to audit the Cordova Volunteer Fire Department's financial statements as part of our audit of City of Cordova's basic financial statements. The Cordova Volunteer Fire Department's financial activities are included in the City of Cordova's basic financial statements as a discretely presented component unit and represent 0.4 percent, -2 percent, and 0.2 percent of the assets, net position, and revenues, respectively, of the City of Cordova's aggregate discretely presented component units.

Responsibilities of Management for the Financial Statements

The City of Cordova's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cordova's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Cordova's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Cordova's ability to continue as a going concern for a reasonable period of time.

We did not audit the financial statements of the discretely presented component units of Cordova City School District and Cordova Community Medical Center which represent 1 percent, -3 percent, and 49 percent, respectively, of the assets, net position, and revenues of the City of Cordova. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Cordova City School District and Cordova Community Medical Center is based solely on the report of the other auditors.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of the Authority's proportionate share of the net pension liability and contributions on pages 42–45 and 46–52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 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 operation, economic, or historical context. Our opinions on the basic financial statements are 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 the City of Cordova's basic financial statements. The [identify accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards] are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and schedules listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual fund financial statements, and schedules listed in the table of contents and schedule of expenditures of federal awards 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 September 27, 2022 on our consideration of the City of Cordova's internal control over financial reporting and 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 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.



Anchorage, Alaska
September 27, 2022

Exhibit A-1

THE CITY OF CORDOVA
Cordova, Alaska

Government-wide Statement Net Position

December 31, 2021

| | Primary Government | | | Component Units | | |
|--|---------------------------------------|-----------------------------|--------------------|---------------------------------|--|--------------------------------------|
| | Primary Governmental Activities | Business-type Activities | Total | Cordova City School District | Cordova Community Medical Center | Cordova Volunteer Fire Department |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 2,502,536 | 4,020,432 | 6,522,968 | 1,926,165 | 1,461,383 | 90,944 |
| Investments | 9,868,085 | - | 9,868,085 | - | - | - |
| Deposits | - | 6,500 | 6,500 | - | - | - |
| Receivables, net: | | | | | | |
| Taxes | 765,537 | - | 765,537 | - | - | - |
| Accounts | - | 504,916 | 504,916 | - | 3,260,187 | - |
| Grants and shared revenues | - | - | - | 691,241 | - | - |
| Other | 761,564 | - | 761,564 | - | 5,095 | - |
| Prepaid expenses | 240,155 | 115,763 | 355,918 | 44,007 | 164,082 | - |
| Inventory | - | - | - | 47,281 | 446,800 | - |
| Due From Component Unit | - | - | - | - | - | - |
| Due from other funds | 452,038 | - | 452,038 | - | - | - |
| Lease receivable | 709,901 | - | 709,901 | - | - | - |
| <i>Total current assets</i> | <u>15,299,816</u> | <u>4,647,611</u> | <u>19,947,427</u> | <u>2,708,694</u> | <u>5,337,547</u> | <u>90,944</u> |
| <i>Restricted assets - landfill closure cash</i> | <u>-</u> | <u>1,041,699</u> | <u>1,041,699</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net other postretirement benefit assets</i> | <u>2,549,750</u> | <u>951,418</u> | <u>3,501,168</u> | <u>605,480</u> | <u>4,957,077</u> | <u>-</u> |
| Capital assets: | | | | | | |
| Land, artwork, and construction in progress | 1,832,333 | 5,658,063 | 7,490,396 | - | - | - |
| Other capital assets, net of depreciation | <u>48,008,573</u> | <u>23,078,461</u> | <u>71,087,034</u> | <u>134,877</u> | <u>4,617,927</u> | <u>-</u> |
| <i>Total capital assets</i> | <u>49,840,906</u> | <u>28,736,524</u> | <u>78,577,430</u> | <u>134,877</u> | <u>4,617,927</u> | <u>-</u> |
| Deferred outflows - pension related | | | | | | |
| Related to other postemployment benefits | 52,064 | 19,427 | 71,491 | 315,747 | 196,649 | - |
| Related to pensions | 341,885 | 127,572 | 469,457 | 462,871 | 981,818 | - |
| Goodwill | - | - | - | - | 90,000 | - |
| Deferred loss on bonds | <u>553,512</u> | <u>-</u> | <u>553,512</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Deferred outflows of resources | <u>947,461</u> | <u>146,999</u> | <u>1,094,460</u> | <u>778,618</u> | <u>1,268,467</u> | <u>-</u> |
| Total assets | <u>\$ 68,637,933</u> | <u>35,524,251</u> | <u>104,162,184</u> | <u>4,227,669</u> | <u>16,181,018</u> | <u>90,944</u> |
| Liabilities | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | \$ 283,001 | 72,341 | 355,342 | 28,434 | 423,749 | - |
| Health claims payable | 268,520 | - | 268,520 | - | - | - |
| Refundable advance | 616,974 | - | 616,974 | - | 5,466,459 | - |
| Customer deposits | - | 34,208 | 34,208 | - | - | - |
| Accrued interest | 146,319 | 145,171 | 291,490 | - | - | - |
| Accrued payroll and related liabilities | 98,129 | 19,458 | 117,587 | 118,890 | 307,341 | - |
| Due within one year: | | | | | | |
| Accrued vacation and sick leave | 332,316 | 124,852 | 457,168 | - | 343,411 | - |
| Bonds and loans current portion | 1,165,000 | 55,000 | 1,220,000 | - | - | - |
| Capital lease | - | - | - | - | 118,672 | - |
| Unearned revenue | 15,550 | 506,696 | 522,246 | - | - | - |
| Due to component unit | - | - | - | - | - | - |
| Due to other funds | 251,099 | 200,939 | 452,038 | 484,063 | - | - |
| Net pension liability | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,269,759</u> | <u>-</u> | <u>-</u> |
| <i>Total current liabilities</i> | <u>3,176,908</u> | <u>1,158,665</u> | <u>4,335,573</u> | <u>4,901,146</u> | <u>6,659,632</u> | <u>-</u> |
| Noncurrent liabilities | | | | | | |
| Loan payable to ADEC, net of current portion | - | 2,931,116 | 2,931,116 | - | - | - |
| General obligation bonds | 10,300,000 | - | 10,300,000 | - | - | - |
| Capital Lease, net of current portion | - | - | - | - | 69,233 | - |
| Unamortized bond premium | 882,154 | - | 882,154 | - | - | - |
| Landfill closure costs | - | 870,888 | 870,888 | - | - | - |
| Net pension liability | <u>3,506,678</u> | <u>1,308,488</u> | <u>4,815,166</u> | <u>-</u> | <u>6,825,636</u> | <u>-</u> |
| <i>Total noncurrent liabilities</i> | <u>14,688,832</u> | <u>5,110,492</u> | <u>19,799,324</u> | <u>-</u> | <u>6,894,869</u> | <u>-</u> |
| <i>Total liabilities</i> | <u>17,865,740</u> | <u>6,269,157</u> | <u>24,134,897</u> | <u>4,901,146</u> | <u>13,554,501</u> | <u>-</u> |
| Deferred inflows of resources | | | | | | |
| Related to other postemployment benefits | 1,375,227 | 513,155 | 1,888,382 | 294,253 | 2,836,369 | - |
| Related to pensions | <u>1,398,385</u> | <u>521,796</u> | <u>1,920,181</u> | <u>72,016</u> | <u>2,721,911</u> | <u>-</u> |
| Total deferred inflows of resources | <u>2,773,612</u> | <u>1,034,951</u> | <u>3,808,563</u> | <u>366,269</u> | <u>5,558,280</u> | <u>-</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 38,047,264 | 28,736,524 | 66,783,788 | 134,877 | 4,430,022 | - |
| Restricted: | | | | | | |
| E-911 | 64,396 | - | 64,396 | - | - | - |
| Refuse | - | 1,041,699 | 1,041,699 | - | - | - |
| School district | - | - | - | 199,564 | - | - |
| Unrestricted | <u>9,886,921</u> | <u>(1,558,080)</u> | <u>8,328,841</u> | <u>(1,374,187)</u> | <u>(7,361,785)</u> | <u>90,944</u> |
| <i>Total net position</i> | <u>47,998,581</u> | <u>28,220,143</u> | <u>76,218,724</u> | <u>(1,039,746)</u> | <u>(2,931,763)</u> | <u>90,944</u> |
| | <u>\$ 68,637,933</u> | <u>35,524,251</u> | <u>104,162,184</u> | <u>4,227,669</u> | <u>16,181,018</u> | <u>90,944</u> |

See accompanying notes to financial statements.

Exhibit A-2

THE CITY OF CORDOVA

Cordova, Alaska

Government-wide Statement of Activities

Year Ended December 31, 2021

| | | Program Revenues | | | Net Revenue (Expense) and Changes in Net Position | | | | |
|--|----------------------|-------------------------|--|--|--|-----------------------------|------------------------------------|--|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Governmental Activities | Business-type Activities | Cordova City School District | Cordova Community Medical Center | Cordova Volunteer Fire Department |
| Primary governmental activities: | | | | | | | | | |
| General Fund | \$ 2,509,798 | 880,995 | (24,328) | - | (1,653,131) | - | - | - | - |
| Public safety | 1,704,178 | 344,831 | (36,932) | 81,319 | (1,314,960) | - | - | - | - |
| Public works | 1,906,933 | 3,150 | 7,339 | 214,436 | (1,682,008) | - | - | - | - |
| Emergenct protective measures | 346,756 | - | 535,045 | - | 188,289 | - | - | - | - |
| Information and recreation | 1,244,802 | 72,948 | (17,160) | 7,000 | (1,182,014) | - | - | - | - |
| Education | 2,394,255 | 126,000 | 473,476 | 21,227 | (1,773,552) | - | - | - | - |
| Health | 1,723,584 | 973,035 | - | - | (750,549) | - | - | - | - |
| Community service | 109,020 | - | - | - | (109,020) | - | - | - | - |
| Interest | 527,487 | - | 288,154 | - | (239,333) | - | - | - | - |
| <i>Total primary governmental activities</i> | <u>12,466,813</u> | <u>2,400,959</u> | <u>1,225,594</u> | <u>323,982</u> | <u>(8,516,278)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Business-type activity - | | | | | | | | | |
| Port | 2,022,294 | 1,871,984 | (12,654) | - | - | (162,964) | - | - | - |
| Water | 1,414,514 | 827,886 | (7,215) | - | - | (593,843) | - | - | - |
| Sewer | 1,272,687 | 822,537 | (7,214) | - | - | (457,364) | - | - | - |
| Refuse | 1,102,922 | 1,136,609 | (13,571) | - | - | 20,116 | - | - | - |
| Camper Park | 83,495 | 22,238 | (807) | - | - | (62,064) | - | - | - |
| Total Business type | <u>5,895,912</u> | <u>4,681,254</u> | <u>(41,461)</u> | <u>-</u> | <u>-</u> | <u>(1,256,119)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 18,362,725</u> | <u>7,082,213</u> | <u>1,184,133</u> | <u>323,982</u> | <u>(8,516,278)</u> | <u>(1,256,119)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Component units | | | | | | | | | |
| Cordova City School District | <u>\$ 7,480,314</u> | <u>1,595</u> | <u>1,785,180</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,693,539)</u> | <u>-</u> | <u>-</u> |
| Cordova Community Medical Center | <u>\$ 14,575,120</u> | <u>12,730,708</u> | <u>4,322,737</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,478,325</u> | <u>-</u> |
| Cordova Volunteer Fire Department | <u>\$ 20,873</u> | <u>15,065</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,808)</u> |
| | | | | Primary Governmental Activities | Business-type Activities | Total | Cordova City School District | Cordova Community Medical Center | Cordova Volunteer Fire Department |
| General revenues: | | | | | | | | | |
| Sales taxes | | | | \$ 3,939,147 | - | 3,939,147 | - | - | - |
| Property taxes | | | | 2,673,160 | - | 2,673,160 | - | - | - |
| Payments in lieu of taxes | | | | 481,999 | - | 481,999 | - | - | - |
| Other taxes | | | | 147,129 | - | 147,129 | - | - | - |
| Gain on forgiveness of Paycheck Protection program loan | | | | - | - | - | - | 1,154,520 | - |
| Contributions from primary government | | | | - | - | - | 1,879,669 | 307,952 | 33,068 |
| Grants and entitlements not restricted to a specific purpose | | | | 1,626,708 | - | 1,626,708 | 4,602,150 | - | - |
| Investment income | | | | 518,700 | 271 | 518,971 | 404 | - | - |
| Other | | | | 38,661 | - | 38,661 | 16,549 | - | - |
| <i>Total general revenues</i> | | | | <u>9,425,504</u> | <u>271</u> | <u>9,425,775</u> | <u>6,498,772</u> | <u>1,462,472</u> | <u>33,068</u> |
| Operating transfers in (out) | | | | <u>62,123</u> | <u>(62,123)</u> | <u>-</u> | <u>(68,220)</u> | <u>-</u> | <u>-</u> |
| Change in net position | | | | 971,349 | (1,317,971) | (346,622) | 737,013 | 3,940,797 | 27,260 |
| Net position, beginning of year | | | | 47,027,232 | 29,069,569 | 76,096,801 | (1,776,759) | (6,872,560) | 63,684 |
| Prior period adjustment | | | | - | 468,545 | 468,545 | - | - | - |
| Net position, beginning of year, restated | | | | <u>47,027,232</u> | <u>29,538,114</u> | <u>76,565,346</u> | <u>(1,776,759)</u> | <u>(6,872,560)</u> | <u>63,684</u> |
| Net position, end of year | | | | <u>\$ 47,998,581</u> | <u>28,220,143</u> | <u>76,218,724</u> | <u>(1,039,746)</u> | <u>(2,931,763)</u> | <u>90,944</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*Governmental Funds**Combining Balance Sheet**December 31, 2021*

| | Major Funds | | | | |
|---|---------------------|-------------------|-----------------|----------------|--------------------|
| | | General Reserve | ARPA | Nonmajor | Total |
| | General | Special Revenue | Special Revenue | Funds | Governmental Funds |
| Assets | | | | | |
| Cash and cash equivalents | \$ 792,229 | 923,543 | 572,982 | 530,368 | 2,819,122 |
| Investments | - | 9,868,085 | - | - | 9,868,085 |
| Receivables, net: | | | | | |
| Taxes | 765,537 | - | - | - | 765,537 |
| Other | 416,554 | - | - | 345,010 | 761,564 |
| Prepaid expenses | 233,155 | - | - | 7,000 | 240,155 |
| Due from other funds | 251,099 | 200,939 | - | - | 452,038 |
| Lease receivable | - | 709,901 | - | - | 709,901 |
| Total assets | \$ 2,458,574 | 11,702,468 | 572,982 | 882,378 | 15,616,402 |
| Liabilities, Deferred Inflows, and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 213,258 | - | - | 69,743 | 283,001 |
| Refundable advances | - | - | 572,982 | 43,992 | 616,974 |
| Accrued payroll and related liabilities | 98,129 | - | - | - | 98,129 |
| Due to other funds | - | - | - | 251,099 | 251,099 |
| Unearned revenue | 15,550 | - | - | - | 15,550 |
| <i>Total liabilities</i> | <i>326,937</i> | <i>-</i> | <i>572,982</i> | <i>364,834</i> | <i>1,264,753</i> |
| Deferred inflows of resources | | | | | |
| Unavailable property tax revenue | 55,868 | - | - | - | 55,868 |
| Deferred ambulance revenue | - | - | - | 11,305 | 11,305 |
| Deferred lease revenue | - | 709,901 | - | - | 709,901 |
| <i>Total deferred inflows of resources</i> | <i>55,868</i> | <i>709,901</i> | <i>-</i> | <i>11,305</i> | <i>777,074</i> |
| Fund balances: | | | | | |
| Nonspendable - prepaid insurance | 233,155 | - | - | 7,000 | 240,155 |
| Restricted - enhanced 911 services | - | - | - | 64,396 | 64,396 |
| Assigned: | | | | | |
| Capital projects and land | - | 10,992,567 | - | 4,931 | 10,997,498 |
| Public safety | - | - | - | 392,822 | 392,822 |
| Unassigned | 1,842,614 | - | - | 37,090 | 1,879,704 |
| <i>Total fund balances</i> | <i>2,075,769</i> | <i>10,992,567</i> | <i>-</i> | <i>506,239</i> | <i>13,574,575</i> |
| Total liabilities, deferred inflows of resources, and fund balance | \$ 2,458,574 | 11,702,468 | 572,982 | 882,378 | 15,616,402 |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

Governmental Funds

Reconciliation of Fund Balance to Net Position

Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Total governmental funds \$ 13,574,575

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

| | |
|----------------------------|--------------|
| Land and land improvements | 1,410,419 |
| Artwork | 136,924 |
| CIP | 284,990 |
| Buildings | 62,266,050 |
| Infrastructure | 3,967,496 |
| Machinery and equipment | 9,281,478 |
| Accumulated depreciation | (27,506,451) |
| Total capital assets | 49,840,906 |

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

| | |
|---|-----------|
| Lease receivable | 709,901 |
| Delinquent property taxes receivable | 55,868 |
| Deferred ambulance revenue | 11,305 |
| Net other postretirement benefit assets | 2,549,750 |
| Total other long-term assets | 3,326,824 |

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.

553,512

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 | (11,465,000) |
| Unamortized bond premium | (882,154) |
| Accrued interest on bonds | (146,319) |
| Accrued leave | (332,316) |
| Net pension liability | (3,506,678) |
| Total long-term liabilities | (16,332,467) |

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

| | |
|---|-------------|
| Deferred outflows of resources related to pensions | 341,885 |
| Deferred inflows of resources related to pensions | (1,398,385) |
| Deferred outflows of resources related to other postemployment benefits | 52,064 |
| Deferred inflows of resources related to other postemployment benefits | (1,375,227) |
| Total deferred pension and other postemployment benefits items | (2,379,663) |

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities statement of net position.

(585,106)

Net position of governmental activities

\$ 47,998,581

THE CITY OF CORDOVA

Cordova, Alaska

Governmental Funds

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance

Year Ended December 31, 2021

| | Major Funds | | | | |
|---|---------------------|-------------------|----------|-----------------|-------------------|
| | General | Reserve | ARPA | Nonmajor | Total |
| | General | Special | Special | Funds | Governmental |
| | Fund | Revenue | Revenue | | Funds |
| Revenues: | | | | | |
| Taxes | \$ 7,239,409 | - | - | - | 7,239,409 |
| Licenses and permits | 21,835 | - | - | - | 21,835 |
| Federal government | 513,504 | - | - | 418,296 | 931,800 |
| State of Alaska | 2,122,989 | - | - | 205,068 | 2,328,057 |
| Investment income | 948 | 517,752 | - | - | 518,700 |
| Land sales | - | 53,040 | - | - | 53,040 |
| Charges for services | 648,717 | - | - | - | 648,717 |
| Sale of property | 3,150 | - | - | - | 3,150 |
| Other revenue | 746,516 | 5,276 | - | 268,223 | 1,020,015 |
| <i>Total revenues</i> | <u>11,297,068</u> | <u>576,068</u> | <u>-</u> | <u>891,587</u> | <u>12,764,723</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 2,070,555 | - | - | - | 2,070,555 |
| Public safety | 1,669,271 | - | - | 119,331 | 1,788,602 |
| Public works | 1,956,977 | - | - | 3,149 | 1,960,126 |
| Emergency protective measures | - | - | - | 346,756 | 346,756 |
| Information and recreation | 1,244,443 | - | - | 7,000 | 1,251,443 |
| Education | 1,771,000 | - | - | 21,227 | 1,792,227 |
| Health | 305,000 | - | - | - | 305,000 |
| Community service | 109,020 | - | - | - | 109,020 |
| Debt service: | | | | | |
| Principal | 1,165,000 | - | - | - | 1,165,000 |
| Interest | 608,475 | - | - | - | 608,475 |
| Capital outlays | - | - | - | 299,275 | 299,275 |
| <i>Total expenditures</i> | <u>10,899,741</u> | <u>-</u> | <u>-</u> | <u>796,738</u> | <u>11,696,479</u> |
| Excess of revenues over (under) expenditures | <u>397,327</u> | <u>576,068</u> | <u>-</u> | <u>94,849</u> | <u>1,068,244</u> |
| Other financing sources (uses): | | | | | |
| Transfers in: | 317,087 | 62,123 | - | 149,549 | 528,759 |
| Transfers out: | (149,549) | - | - | (188,289) | (337,838) |
| <i>Total other financing sources (uses)</i> | <u>167,538</u> | <u>62,123</u> | <u>-</u> | <u>(38,740)</u> | <u>190,921</u> |
| Net change in fund balances | 564,865 | 638,191 | - | 56,109 | 1,259,165 |
| Fund balances, beginning of year | <u>1,510,904</u> | <u>10,354,376</u> | <u>-</u> | <u>450,130</u> | <u>12,315,410</u> |
| Fund balances, end of year | <u>\$ 2,075,769</u> | <u>10,992,567</u> | <u>-</u> | <u>506,239</u> | <u>13,574,575</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*Governmental Funds**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities**Year Ended December 31, 2021*

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - Total governmental funds \$ 1,259,165

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 (\$1,905,551) exceeds capital outlays \$344,808. (1,560,743)

Revenues reported in the governmental funds represents payments that reduces lease receivables in the Statement of Activities (14,509)

Revenues reported in the governmental funds represents the change in deferred tax payments in the Statement of Activities 2,026

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 | 1,165,000 |
| Net decrease in deferred loss on bond refunding | (147,787) |
| Net decrease in unamortized bond premium | <u>214,442</u> |
| | 1,231,655 |

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 | 14,333 |
| Accrued leave | (18,218) |
| Net pension obligation and related accounts | (280,459) |
| Net other postemployment benefits and related accounts | <u>942,446</u> |
| | 658,102 |

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue of Internal Service Fund activities is reported with governmental activities. (604,347)

Total changes in net position of governmental activities \$ 971,349

THE CITY OF CORDOVA

Cordova, Alaska

Business-type Activities

Combining Statement of Net Position

December 31, 2021

| | Major Enterprise Funds | | | | Nonmajor Enterprise Fund Odiak Park | Total Enterprise Funds | Health Insurance Internal Service Fund |
|--|------------------------|---------------------|---------------------|--------------------|---|------------------------------|--|
| | Port | Water | Sewer | Refuse | | | |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and equivalent | \$ 2,558,346 | 87,867 | 553,861 | 767,890 | 52,468 | 4,020,432 | (316,586) |
| Accounts receivable | 946,270 | 31,229 | 73,173 | 85,521 | - | 1,136,193 | - |
| Allowance for doubtful accounts | (611,988) | (2,464) | (6,118) | (10,707) | - | (631,277) | - |
| Prepaid insurance | 79,681 | 12,967 | 12,967 | 10,083 | 65 | 115,763 | - |
| Deposits | - | - | 6,500 | - | - | 6,500 | - |
| <i>Total current assets</i> | <u>2,972,309</u> | <u>129,599</u> | <u>640,383</u> | <u>852,787</u> | <u>52,533</u> | <u>4,647,611</u> | <u>(316,586)</u> |
| <i>Restricted assets - landfill closure cash</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,041,699</u> | <u>-</u> | <u>1,041,699</u> | <u>-</u> |
| <i>Net other postretirement benefit assets</i> | <u>290,377</u> | <u>165,549</u> | <u>165,549</u> | <u>311,432</u> | <u>18,511</u> | <u>951,418</u> | <u>-</u> |
| Property, plant and equipment | 26,996,368 | 23,382,174 | 18,662,228 | 4,518,960 | 90,080 | 73,649,810 | - |
| Less accumulated depreciation | <u>(17,474,407)</u> | <u>(11,972,204)</u> | <u>(12,410,607)</u> | <u>(2,988,580)</u> | <u>(67,488)</u> | <u>(44,913,286)</u> | <u>-</u> |
| Net property, plant and equipment | <u>9,521,961</u> | <u>11,409,970</u> | <u>6,251,621</u> | <u>1,530,380</u> | <u>22,592</u> | <u>28,736,524</u> | <u>-</u> |
| <i>Total assets</i> | <u>12,784,647</u> | <u>11,705,118</u> | <u>7,057,553</u> | <u>3,736,298</u> | <u>93,636</u> | <u>35,377,252</u> | <u>(316,586)</u> |
| Deferred outflows of resources | | | | | | | |
| Related to other postemployment benefits | 5,930 | 3,380 | 3,380 | 6,359 | 378 | 19,427 | - |
| Related to pensions | <u>38,935</u> | <u>22,198</u> | <u>22,198</u> | <u>41,759</u> | <u>2,482</u> | <u>127,572</u> | <u>-</u> |
| Total Deferred outflows of resources | <u>44,865</u> | <u>25,578</u> | <u>25,578</u> | <u>48,118</u> | <u>2,860</u> | <u>146,999</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 12,829,512</u> | <u>11,730,696</u> | <u>7,083,131</u> | <u>3,784,416</u> | <u>96,496</u> | <u>35,524,251</u> | <u>(316,586)</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

Business-type Activities

Combining Statement of Net Position

December 31, 2021

| | Major Enterprise Funds | | | | Nonmajor Enterprise Fund | Total Enterprise Funds | Health Insurance Internal Service Fund |
|--|------------------------|-------------------|------------------|------------------|--------------------------------|------------------------------|--|
| | Port | Water | Sewer | Refuse | Odiak Park | | |
| Liabilities, deferred inflows of resources and net position | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable | \$ 15,367 | 20,889 | 26,200 | 5,942 | 3,943 | 72,341 | - |
| Customer deposits | - | 32,378 | - | - | 1,830 | 34,208 | - |
| Due to other funds | - | - | - | 200,939 | - | 200,939 | - |
| Accrued interest | - | 140,771 | 4,400 | - | - | 145,171 | - |
| Health claims payable | - | - | - | - | - | - | 268,520 |
| Accrued payroll and related liabilities | 6,173 | 3,546 | 3,546 | 6,193 | - | 19,458 | - |
| Accrued vacation and sick leave | 51,837 | 22,329 | 22,329 | 28,357 | - | 124,852 | - |
| Current portion of loan payable to ADEC | - | - | 55,000 | - | - | 55,000 | - |
| Unearned revenue | 506,696 | - | - | - | - | 506,696 | - |
| <i>Total current liabilities</i> | <u>580,073</u> | <u>219,913</u> | <u>111,475</u> | <u>241,431</u> | <u>5,773</u> | <u>1,158,665</u> | <u>268,520</u> |
| Noncurrent liabilities | | | | | | | |
| Loan payable to ADEC, net of current portion | - | 2,106,116 | 825,000 | - | - | 2,931,116 | - |
| Landfill closure costs | - | - | - | 870,888 | - | 870,888 | - |
| Net pension liability | 399,356 | 227,680 | 227,680 | 428,314 | 25,458 | 1,308,488 | - |
| <i>Total noncurrent liabilities</i> | <u>399,356</u> | <u>2,333,796</u> | <u>1,052,680</u> | <u>1,299,202</u> | <u>25,458</u> | <u>5,110,492</u> | <u>-</u> |
| Total liabilities | <u>979,429</u> | <u>2,553,709</u> | <u>1,164,155</u> | <u>1,540,633</u> | <u>31,231</u> | <u>6,269,157</u> | <u>268,520</u> |
| Deferred inflows of resources | | | | | | | |
| Related to other postemployment benefits | 156,618 | 89,290 | 89,290 | 167,973 | 9,984 | 513,155 | - |
| Related to pensions | 159,254 | 90,794 | 90,794 | 170,802 | 10,152 | 521,796 | - |
| <i>Total deferred inflows of resources</i> | <u>315,872</u> | <u>180,084</u> | <u>180,084</u> | <u>338,775</u> | <u>20,136</u> | <u>1,034,951</u> | <u>-</u> |
| Net position | | | | | | | |
| Net investment in capital assets | 9,521,961 | 11,409,970 | 6,251,621 | 1,530,380 | 22,592 | 28,736,524 | - |
| Restricted | - | - | - | 1,041,699 | - | 1,041,699 | - |
| Unrestricted | 2,012,250 | (2,413,067) | (512,729) | (667,071) | 22,537 | (1,558,080) | (585,106) |
| <i>Total net position</i> | <u>11,534,211</u> | <u>8,996,903</u> | <u>5,738,892</u> | <u>1,905,008</u> | <u>45,129</u> | <u>28,220,143</u> | <u>(585,106)</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 12,829,512</u> | <u>11,730,696</u> | <u>7,083,131</u> | <u>3,784,416</u> | <u>96,496</u> | <u>35,524,251</u> | <u>(316,586)</u> |

THE CITY OF CORDOVA

Cordova, Alaska

*Business-type Activities**Combining Statement of Revenues, Expenses
and Changes in Net Position**Year Ended December 31, 2021*

| | Port | Water | Sewer | Refuse | Odiak Park | Total Enterprise Funds | Health Insurance Internal Service Fund |
|---|----------------------|------------------|------------------|------------------|-----------------|------------------------------|--|
| Operating revenues | | | | | | | |
| Charges for services | \$ 1,871,984 | 827,886 | 822,537 | 1,136,609 | 22,238 | 4,681,254 | 943,035 |
| Operating expenses: | | | | | | | |
| Salaries and benefits | 396,020 | 323,713 | 323,725 | 526,507 | 54,197 | 1,624,162 | - |
| Other operating expenses | 861,237 | 432,254 | 467,188 | 369,370 | 27,260 | 2,157,309 | 1,418,584 |
| Depreciation | 765,037 | 608,775 | 429,421 | 164,913 | 2,038 | 1,970,184 | - |
| <i>Total operating expenses</i> | <u>2,022,294</u> | <u>1,364,742</u> | <u>1,220,334</u> | <u>1,060,790</u> | <u>83,495</u> | <u>5,751,655</u> | <u>1,418,584</u> |
| Excess of revenues under expenditures | <u>(150,310)</u> | <u>(536,856)</u> | <u>(397,797)</u> | <u>75,819</u> | <u>(61,257)</u> | <u>(1,070,401)</u> | <u>(475,549)</u> |
| Nonoperating revenues (expenses): | | | | | | | |
| Investment income | - | - | - | 271 | - | 271 | - |
| interest expense | - | (32,557) | (13,750) | - | - | (46,307) | - |
| In-kind contributions | - | (17,215) | (38,603) | (42,132) | - | (97,950) | - |
| State of Alaska PERS relief | (12,654) | (7,215) | (7,214) | (13,571) | (807) | (41,461) | - |
| <i>Total nonoperating revenues (expenses)</i> | <u>(12,654)</u> | <u>(56,987)</u> | <u>(59,567)</u> | <u>(55,432)</u> | <u>(807)</u> | <u>(185,447)</u> | <u>-</u> |
| <i>Loss before transfers</i> | <u>(162,964)</u> | <u>(593,843)</u> | <u>(457,364)</u> | <u>20,387</u> | <u>(62,064)</u> | <u>(1,255,848)</u> | <u>(475,549)</u> |
| Transfers out | <u>(18,000)</u> | <u>-</u> | <u>-</u> | <u>(44,123)</u> | <u>-</u> | <u>(62,123)</u> | <u>(128,798)</u> |
| Change in net position | (180,964) | (593,843) | (457,364) | (23,736) | (62,064) | (1,317,971) | (604,347) |
| Net position, beginning, as previously stated | 11,246,630 | 9,590,746 | 6,196,256 | 1,928,744 | 107,193 | 29,069,569 | 19,241 |
| Prior period adjustment | 468,545 | - | - | - | - | 468,545 | - |
| Net position, beginning, restated | <u>11,715,175</u> | <u>9,590,746</u> | <u>6,196,256</u> | <u>1,928,744</u> | <u>107,193</u> | <u>29,538,114</u> | <u>19,241</u> |
| Net positon, ending | <u>\$ 11,534,211</u> | <u>8,996,903</u> | <u>5,738,892</u> | <u>1,905,008</u> | <u>45,129</u> | <u>28,220,143</u> | <u>(585,106)</u> |

See accompanying notes to financial statements.

Exhibit C-3, continued

THE CITY OF CORDOVA

Cordova, Alaska

Proprietary Funds

Combining Statement of Cash Flows

Year Ended December 31, 2021

| | Major Enterprise Funds | | | | Nonmajor Enterprise Fund | Total Enterprise Funds | Health Insurance Internal Service Fund |
|--|------------------------|---------------|----------------|------------------|--------------------------------|------------------------------|--|
| | Port | Water | Sewer | Refuse | Odiak Park | | |
| Cash flows from operating activities: | | | | | | | |
| Receipts from customers and users | \$ 2,205,149 | 867,504 | 848,060 | 1,146,397 | 22,238 | 5,089,348 | 943,035 |
| Receipts from advances from other funds | - | - | - | 200,939 | - | 200,939 | - |
| Payments for interfund services used | (179,993) | (117,190) | (97,654) | (135,239) | (8,250) | (538,326) | - |
| Payments to suppliers | (715,887) | (350,841) | (400,938) | (244,307) | (17,214) | (1,729,187) | (1,260,065) |
| Payments to employees | (514,051) | (294,287) | (296,033) | (536,391) | (31,040) | (1,671,802) | - |
| Net cash flows from operating activities | 795,218 | 105,186 | 53,435 | 431,399 | (34,266) | 1,350,972 | (317,030) |
| Cash flows for noncapital financing activities: | | | | | | | |
| Transfers out | (18,000) | - | - | (44,123) | - | (62,123) | (128,798) |
| Cash flows from capital and related financing activities: | | | | | | | |
| Additions to property, plant and equipment | - | (31,169) | (10,312) | (31,233) | - | (72,714) | - |
| Proceeds from ADEC loans | - | 13,850 | - | - | - | 13,850 | - |
| Principal and interest paid on ADEC loans | - | - | (68,750) | - | - | (68,750) | - |
| Net cash flows from capital and related financing activities | - | (17,319) | (79,062) | (31,233) | - | (127,614) | - |
| Cash Flows from investing activities | | | | | | | |
| Investment income received | - | - | - | 271 | - | 271 | - |
| Net increase in cash | 777,218 | 87,867 | (25,627) | 356,314 | (34,266) | 1,161,506 | (445,828) |
| Cash and cash equivalents, beginning of year | 1,781,128 | - | 579,488 | 1,453,275 | 86,734 | 3,900,625 | 129,242 |
| Cash and cash equivalents, end of year | <u>\$ 2,558,346</u> | <u>87,867</u> | <u>553,861</u> | <u>1,809,589</u> | <u>52,468</u> | <u>5,062,131</u> | <u>(316,586)</u> |

Exhibit C-3, continued

THE CITY OF CORDOVA

Cordova, Alaska

Proprietary Funds

Combining Statement of Cash Flows, continued

Year Ended December 31, 2021

| | Major Enterprise Funds | | | | Nonmajor Enterprise Fund | Total Enterprise Funds | Health Insurance Internal Service Fund |
|---|------------------------|----------------|---------------|----------------|--------------------------------|------------------------------|--|
| | Port | Water | Sewer | Refuse | Odiak Park | | |
| Reconciliation of Loss from Operations to Net Cash Flows from Operating Activities | | | | | | | |
| Loss from operations | \$ (150,310) | (536,856) | (397,797) | 75,819 | (61,257) | (1,070,401) | (475,549) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | | | | | | | |
| Depreciation | 765,037 | 608,775 | 429,421 | 164,913 | 2,038 | 1,970,184 | - |
| Noncash expense - PERS relief | (12,654) | (7,215) | (7,214) | (13,571) | (807) | (41,461) | - |
| In-kind contributions | - | (17,215) | (38,603) | (42,132) | - | (97,950) | - |
| Increase in allowance for doubtful accounts | 116,478 | 360 | - | 10,146 | - | 126,984 | - |
| (Increase) decrease in assets and deferred outflows of resources: | | | | | | | |
| Accounts receivable | 216,687 | 7,013 | 25,523 | (358) | - | 248,865 | - |
| Grant receivable | - | 32,245 | - | - | - | 32,245 | - |
| Prepaid insurance | (31,774) | 12,591 | 12,591 | 15,475 | 3,233 | 12,116 | - |
| Net other postemployment benefits assets | (241,574) | (146,557) | (146,557) | (270,382) | (18,511) | (823,581) | - |
| Deferred outflows of resources related to pensions | 14,714 | 7,641 | 7,641 | 17,461 | (378) | 47,079 | - |
| Deferred outflows of resources related to other postemployment benefits | 22,389 | (6,405) | (6,405) | (4,205) | (2,482) | 2,892 | - |
| Increase (decrease) in liabilities and deferred inflows of resources: | | | | | | | |
| Accounts payable | (2,869) | (2,193) | (5,117) | 4,269 | 3,753 | (2,157) | - |
| Due to other funds | - | - | - | 200,939 | - | 200,939 | - |
| Health Claims payable | - | - | - | - | - | - | 158,519 |
| Customer deposits | - | 1,735 | - | - | (5,190) | (3,455) | - |
| Accrued interest | - | - | (275) | - | - | (275) | - |
| Accrued payroll and related liabilities | 1,129 | 1,065 | 1,065 | 982 | (259) | 3,982 | - |
| Accrued vacation and sick leave | (855) | (2,471) | (2,471) | 1,764 | - | (4,033) | - |
| Landfill closure costs payable | - | - | - | 12,212 | - | 12,212 | - |
| Due to other funds | - | (28,960) | - | - | - | (28,960) | - |
| Net pension liability | (162,335) | 22,034 | 22,034 | (35,017) | 25,458 | (127,826) | - |
| Net other postemployment benefits liability | (1,113) | (433) | (433) | (937) | - | (2,916) | - |
| Deferred inflows of resources related to pensions | 145,355 | 86,194 | 86,194 | 134,575 | 9,984 | 462,302 | - |
| Deferred inflows of resources related to other postemployment benefits | 116,913 | 73,838 | 73,838 | 159,446 | 10,152 | 434,187 | - |
| Net cash flows from operating activities | <u>\$ 795,218</u> | <u>105,186</u> | <u>53,435</u> | <u>431,399</u> | <u>(34,266)</u> | <u>1,350,972</u> | <u>(317,030)</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements

Year Ended December 31, 2021

NOTE 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 (School District), Cordova Community Medical Center (Medical Center), and Cordova Volunteer Fire Department (Volunteer Fire Department). The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Discretely Presented Component Units

Cordova Community Medical Center

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

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.

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 School District maintains a June 30 fiscal year end. The 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 Volunteer Fire Department operates on a December 31 fiscal year end. The City has established a December 31 year end. For this report, the June 30, 2020 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

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 Basis of 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.

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 OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Basis of Presentation, continued

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 ARPA Special Revenue Fund accounts for funds received from the Department of Treasury for emergency relief to address the impact that COVID-19 has on the City.

Major proprietary funds:

- The Port Enterprise Fund is used to account for the operations of the port and harbor.
- The Water Enterprise Fund is used to account for the operations of the City water system.
- The Sewer Enterprise Fund is used to account for the operations of the City sewer system.
- The Refuse Enterprise Fund is used to account for the Refuse Utility and the solid waste landfill.

Additionally, the government reports the following fund types:

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

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

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

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

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

Budgets

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

Central Treasury

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

Cash and Cash Equivalents

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

Prepaid Items

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

Inventory

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

Receivables and Payables

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

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.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property taxes, continued

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

Grants and Other Intergovernmental Revenues

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

Interfund Transactions

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

Compensated Absences

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

Capital Assets

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

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.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets, continued

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 longterm 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 effective interest 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.

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.

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Balances, continued

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

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

Pension and Other Postemployment Benefits (OPEB)

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Estimates

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

NOTE 2 - CASH AND INVESTMENTS

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

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 2 - CASH AND INVESTMENTS, continued

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, 2021.

| | Bank Balance | Book Balance |
|-----------------------------------|----------------------|-------------------|
| Cash and cash equivalents | \$ 7,674,688 | 7,564,667 |
| Investments, at fair market value | 9,868,085 | 9,868,085 |
| | <u>\$ 17,542,773</u> | <u>17,432,752</u> |

| | Book Balance |
|---------------------------------|---------------------|
| Cash and equivalents | \$ 6,522,968 |
| Restricted cash and equivalents | 1,041,699 |
| Total cash and equivalents | <u>\$ 7,564,667</u> |

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, 2021 totaling \$486,975, with the remaining restricted funds in the amount of \$554,724 being held in the central treasury. Total restricted cash is \$1,041,699 at December 31, 2021.

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.

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 OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 2 - CASH AND INVESTMENTS, continued**

The City's investment balances as of December 31, 2021, are as follows:

| Investment by Type | Fair value | Investment Maturities | | |
|--|---------------------|-----------------------|--------------|-----------------|
| | | Less than 1 year | 1 to 5 years | over 5 years |
| Investments subject to interest rate risk | | | | |
| Certificates of deposit | \$ 486,975 | <u>486,975</u> | <u>-</u> | <u>-</u> |
| Investments not subject to interest rate risk: | | | | |
| Cash and money market funds | 189,451 | | | |
| Equities | 3,005,313 | | | |
| Fixed income | 5,862,514 | | | |
| Mutual funds | <u>810,807</u> | | | |
| Total investments | <u>\$ 9,868,085</u> | | | |

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.

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, 2021, none of the City's investments were subject to custodial credit risk.

Fair Value - Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 2 - CASH AND INVESTMENTS, continued

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 quoted prices for similar assets or liabilities in active or inactive markets; or inputs other than quoted prices that are observed; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of December 31, 2021:

The City has the following recurring fair value measurements as of December 31, 2021:

- Mutual funds of \$9,868,085 (Level 2 inputs)

The City has investments in money market funds and certificates of deposits totaling \$486,975 that are not held at fair value, but instead recorded at amortized cost, as of December 31, 2021. Management believes these values approximate fair value.

NOTE 3 – LEASE RECEIVABLE

The City entered into a 30-year lease of a building to a developer under a lease on May 10, 2016. Annual lease payments are \$50,500 for the first three years and after that are adjusted annually by the CPI. The lessee has the option of purchasing the property from the City for \$505,000 if the construction of the project is substantially complete by October 1, 2019. If the lessee exercises the option by May 10, 2023 the purchase price will equal the purchase price reduced by all rents paid to the City. The lease qualifies as a direct financing lease. The balance of the lease receivable at December 31, 2021 was \$709,901.

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

Governmental Activities

| | Lease Receipts |
|--------------------------|-------------------|
| Year Ending December 31, | |
| 2022 | \$ 58,854 |
| 2023 | 58,854 |
| 2024 | 58,854 |
| 2025 | 58,854 |
| 2026 | 58,854 |
| Thereafter | <u>415,631</u> |
| | <u>\$ 709,901</u> |

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

| | December 31, 2020 | Additions | Retirements | December 31, 2021 |
|---|----------------------|--------------------|-------------|----------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,410,419 | - | - | 1,410,419 |
| Artwork | 136,924 | - | - | 136,924 |
| Construction in process | 41,825 | 243,165 | - | 284,990 |
| <i>Total capital assets not being depreciated</i> | <u>1,589,168</u> | <u>243,165</u> | <u>-</u> | <u>1,832,333</u> |
| Other Capital assets: | | | | |
| Buildings and improvements | 62,266,050 | - | - | 62,266,050 |
| Infrastructure | 3,967,496 | - | - | 3,967,496 |
| Machinery and equipment | 9,179,835 | 101,643 | - | 9,281,478 |
| | 75,413,381 | 101,643 | - | 75,515,024 |
| Less accumulated depreciation | (25,600,900) | (1,905,551) | - | (27,506,451) |
| <i>Total capital assets - governmental funds</i> | <u>\$ 51,401,649</u> | <u>(1,560,743)</u> | <u>-</u> | <u>49,840,906</u> |
| | December 31, 2020 | Additions | Retirements | December 31, 2021 |
| Business-type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,566,333 | - | - | 5,566,333 |
| Construction in process | 73,196 | 18,534 | - | 91,730 |
| <i>Total capital assets not being depreciated</i> | <u>5,639,529</u> | <u>18,534</u> | <u>-</u> | <u>5,658,063</u> |
| Other Capital assets: | | | | |
| Buildings | 8,036,007 | - | - | 8,036,007 |
| Improvements other than buildings | 52,853,504 | 12,635 | - | 52,866,139 |
| Machinery and equipment | 6,585,300 | 41,545 | - | 6,626,845 |
| Landfill | 462,756 | - | - | 462,756 |
| | 67,937,567 | 54,180 | - | 67,991,747 |
| Less accumulated depreciation | (42,943,102) | (1,970,184) | - | (44,913,286) |
| <i>Total capital assets - governmental funds</i> | <u>\$ 30,633,994</u> | <u>(1,897,470)</u> | <u>-</u> | <u>28,736,524</u> |

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 4 – CAPITAL ASSETS, continued

Depreciation expense was charged to the functions as follows for the year ended December 31, 2021:

Governmental Activities:

| | |
|----------------------------|----------------|
| General government | \$ 635,868 |
| Public safety | 256,725 |
| Information and recreation | 144,906 |
| Public works | 266,024 |
| Education | <u>602,028</u> |

| | |
|--|----------------------------|
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 1,905,551</u></u> |
|--|----------------------------|

Business-type Activities:

| | |
|-------------|--------------|
| Port | \$ 765,037 |
| Water | 608,775 |
| Sewer | 429,421 |
| Refuse | 164,913 |
| Camper Park | <u>2,038</u> |

| | |
|---|----------------------------|
| Total Depreciation Expense - Business-type Activities | <u><u>\$ 1,970,184</u></u> |
|---|----------------------------|

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 5 – LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2021:

| Governmental Activities | Balance January 1, 2021 | Additions | Reductions | Balance December 31, 2021 | Due Within One Year |
|--|-------------------------------|-----------|------------------|---------------------------------|---------------------------|
| General Obligation Bonds: | | | | | |
| \$445,000 2011 Series Three school bonds, due in annual installments of \$55,000 through 2021; plus interest at 4.00% to 5.00% payable semiannually | \$ 55,000 | - | 55,000 | - | - |
| \$1,805,000 2015 Series One A Road bonds, due in annual installments of \$70,000 to \$130,000 through 2034; plus interest at 3.25% to 5.0% payable semiannually | 1,430,000 | - | 70,000 | 1,360,000 | 75,000 |
| \$10,065,000 2015 Series One C school refunding bonds, due in annual installments of \$890,000 to \$1,295,000 through 2028; plus interest at 4.0% to 5.0% payable semiannually | 8,835,000 | - | 930,000 | 7,905,000 | 975,000 |
| \$2,790,000 2015 Series One D bonds (Cordova Center), due in annual installments of \$105,000 to \$205,000 through 2035; plus interest at 4.0% to 5.0% payable semiannually | <u>2,310,000</u> | <u>-</u> | <u>110,000</u> | <u>2,200,000</u> | <u>115,000</u> |
| Total Governmental Activities | <u>\$ 12,630,000</u> | <u>-</u> | <u>1,165,000</u> | <u>11,465,000</u> | <u>1,165,000</u> |

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 5 – LONG-TERM DEBT, continued

| Business-type Activities | Balance January 1, 2021 | Additions | Reductions | Balance December 31, 2021 | Due Within One Year |
|---|-------------------------------|---------------|---------------|---------------------------------|---------------------------|
| Alaska Department of Environmental Conservation Loans: | | | | | |
| \$4,081,500 (maximum) Drinking Water loan, terms not yet established; interest at 1.5% | \$ 2,092,266 | 13,850 | - | 2,106,116 | - |
| \$1,100,000 (maximum) Clean Water loan, due in annual installments of \$55,000 through September 1, 2037; plus interest at 1.5% | 935,000 | - | 55,000 | 880,000 | 55,000 |
| Landfill closure costs payable | <u>858,676</u> | <u>12,212</u> | <u>-</u> | <u>870,888</u> | <u>-</u> |
| Total Business-type Activities | <u>\$ 3,885,942</u> | <u>26,062</u> | <u>55,000</u> | <u>3,857,004</u> | <u>55,000</u> |

Revenues of the Water Enterprise Fund and the Sewer Enterprise Fund are pledged as security for the loans from the Alaska Department of Environmental Conservation. On March 5, 2019, the City of Cordova authorized revenue bonds in the principal amount not to exceed \$5,000,000 to finance the planning, design, construction and acquisition of harbor and related capital improvements in the city.

The annual debt service requirements of the general obligation bonds and loans outstanding at December 31, 2021 that are in repayment status follow:

Governmental Activities

| General Obligation Bonds | Principal | Interest | Total Requirements |
|--------------------------|----------------------|------------------|-----------------------|
| Year Ended December 31, | | | |
| 2022 | \$ 1,165,000 | 550,100 | 1,715,100 |
| 2023 | 1,225,000 | 493,525 | 1,718,525 |
| 2024 | 1,285,000 | 433,950 | 1,718,950 |
| 2025 | 1,350,000 | 369,575 | 1,719,575 |
| 2026 | 1,405,000 | 301,950 | 1,706,950 |
| 2027-2031 | 3,875,000 | 588,650 | 4,463,650 |
| 2032-2035 | <u>1,160,000</u> | <u>91,775</u> | <u>1,251,775</u> |
| | <u>\$ 11,465,000</u> | <u>2,829,525</u> | <u>14,294,525</u> |

THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 5 – LONG-TERM DEBT, continued****Business-type Activities**

| ADEC Loans | Principal | Interest | Total Requirements |
|-------------------------|-------------------|----------------|--------------------|
| Year Ended December 31, | | | |
| 2022 | \$ 55,000 | 13,200 | 68,200 |
| 2023 | 55,000 | 12,375 | 67,375 |
| 2024 | 55,000 | 11,550 | 66,550 |
| 2025 | 55,000 | 10,725 | 65,725 |
| 2026 | 55,000 | 9,900 | 64,900 |
| 2027-2031 | 275,000 | 37,125 | 312,125 |
| 2032-2036 | 275,000 | 16,500 | 291,500 |
| 2037 | 55,000 | 825 | 55,825 |
| | <u>\$ 880,000</u> | <u>112,200</u> | <u>992,200</u> |

The above schedule does not include the payment terms for the Drinking Water loan with a balance of \$2,106,116 at December 31, 2021. The payment terms have not yet been established for this loan.

NOTE 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 is currently one cell 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 this cell and the construction pit is \$1,285,544. The \$870,888 reported as landfill closure costs payable at December 31, 2021 for the landfill represents the cumulative amount reported to date based on the use of the expected usage of the cell and construction pit. The City will recognize the remaining estimated cost of closure and postclosure care of \$414,656 as the remaining expected usage is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Cell 1 and the construction pit are estimated to have a life of approximately 20 and 25 years, respectively.

THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 7 – FUND BALANCE**

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 | Nonmajor Funds | Total Governmental Funds |
| Nonspendable: | | | | |
| Prepaid insurance | \$ 233,155 | - | 7,000 | 240,155 |
| Restricted - Enhanced 911 services | - | - | 64,396 | 64,396 |
| Assigned: | | | | |
| Capital projects and land | - | 10,992,567 | 4,931 | 10,997,498 |
| Public safety | - | - | 392,822 | 392,822 |
| Unassigned: | <u>1,842,614</u> | <u>-</u> | <u>37,090</u> | <u>1,879,704</u> |
| Total Fund Balances | <u>\$ 2,075,769</u> | <u>10,992,567</u> | <u>506,239</u> | <u>13,574,575</u> |

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS

As of June 30, 2021, all regular employees of the City who work more than fifteen hours per week participate in the Alaska Public Employees' Retirement System ("PERS"). PERS administers the State of Alaska Public Employees' Retirement System Defined Benefit Retirement Plan, an agent multiple-employer, statewide plan, until July 1, 2008. Senate Bill 125 then converted the plan to a multiple-employer cost-sharing plan. The plan includes both pension and post-employment healthcare plans for all employees hired prior to July 1, 2006.

PERS also administers the State of Alaska Public Employees' Retirement System Defined Contribution Retirement Plan which includes both pension and post-employment healthcare plans for all employees hired on or after July 1, 2006.

PERS is administered by the Commission of Administration and the Alaska Retirement Management Board (ARMB). Benefits and contributions provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by ARMB. Amendments do not affect existing employees.

PERS audited financial statements and related information is available at http://doa.alaska.gov/drb/pers/employee/resources/financialStatements.html#.XICiD_ZFzct.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued

Employee Benefits:

The Plan provides for retirement, death and disability, and post-employment health care benefits. There are three tiers of employees, based on entry date.

For all tiers within the DB pension plans, 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.

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 within this footnote.

This plan was closed to new entrants as of June 30, 2006. Employees hired after that date participate in the PERS Defined Contribution Plan described later in this footnote.

Funding Policy:

Under State law, regular covered employees are required to contribute 6.75% of their annual covered salary to the pension plan. Police officers and firefighters are required to contribute 7.50% of their annual covered salary.

Under State law the City is required to contribute 22% of annual covered salary. For the years ended December 31, 2021 and 2020, 14.57% and 15.72% of covered salary respectively is for the pension plan and 7.43% and 6.28% of covered salary respectively is for the Post Employment Healthcare Plan.

Under AS39.35.255, the difference between the actuarial required contribution for fiscal year 2021 and 2020 of 30.85% and 28.62% respectively and the employer rate of 22% is funded by the State.

Defined Benefit Pension (*Employees hired prior to July 1, 2006*)

Pension Liabilities:

At December 31, 2021, the City reported a liability for its proportionate share of the net pension liability. The amount recognized by the City as it's proportionate share, the related state support, and the total portion of the net pension liability that was associated with the City were as follows:

| | <u>2021</u> |
|--|----------------------------|
| City's proportionate share of the net pension liability | \$ 4,815,166 |
| State's proportionate share of the net pension liability associated with the City | <u>652,044</u> |
| Total | <u><u>\$ 5,467,210</u></u> |

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the new pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021.

THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued***Pension Expense:*

For the year ended December 31, 2021, the City recognized pension expense of \$158,804 and revenue of \$166,667 for support provided by the State.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Difference between expected and actual experience | \$ - | 21,332 |
| Changes in assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 247,580 | 1,898,849 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - |
| Employer contributions subsequent to the measurement date | <u>221,877</u> | <u>-</u> |
| Total | \$ <u>469,457</u> | <u>1,920,181</u> |

\$221,877 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, 2021. Amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Years Ending December 31,</u> | |
|----------------------------------|------------------------------|
| 2022 | \$ 6,857 |
| 2023 | (434,952) |
| 2024 | (470,497) |
| 2025 | <u>(552,132)</u> |
| | \$ <u>(1,450,724)</u> |

a) Defined Benefit Other Post Employment Healthcare Plans

As part of the City's participation in the PERS plan, the City participates in the three following cost-sharing OPEB plans:

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued

Alaska Retiree Healthcare Trust (ARHCT)

The ARHCT is a self-funded and self-insured healthcare trust fund of the State, providing major medical coverage to retirees of the defined benefit plan. The ARHCT is closed to all new members effective July 1, 2006. Major medical benefits are provided to retirees and their surviving spouses at no premium cost for all Tier 1 members or disabled retirees. Tier 2 members, and their surviving spouses, must pay the full monthly premium if they are under age 60 and will receive benefits at no premium cost if they are over age 60. Tier 3 members must pay the full monthly premium regardless of their age. Tier 2 and Tier 3 members with less than five years of credited service are not eligible for postemployment healthcare benefits. Tier 2 members who are receiving a conditional benefit and are age eligible are eligible for postemployment healthcare benefits.

Occupational Death and Disability Plan (ODD)

ODD provides death benefits for beneficiaries of plan participants and long-term disability benefits to all active members within PERS.

Retiree Medical Plan (RMP)

RMP provides major medical coverage to retirees of the DCR Plan. The RMP is self-insured. Members are not eligible to use this plan until they either have 30 years of service or at least 10 years of service and are Medicare eligible.

Collective net OPEB Liabilities:

At December 31, 2021, the City reported a liability for its proportionate share of the net OPEB liability. The amount recognized by the City as its proportionate share, the related state support, and the total portion of the net OPEB liability that was associated with the City were as follows:

| | <u>2021</u> |
|---|------------------------------|
| City's proportionate share of the net OPEB liability | \$ (3,501,168) |
| State's proportionate share of the net OPEB liability associated with the City | <u>(442,422)</u> |
| Total | <u><u>\$ (3,943,590)</u></u> |

The net OPEB liability was measured as of June 30, 2021, and the total pension liability used to calculate the new OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to June 30, 2021.

Pension Expense:

For the year ended December 31, 2021, the City recognized pension expense of \$754,254 and no support was provided by the State for fiscal years ended December 31, 2021.

The City's contributions to the defined benefit post-employment healthcare plan for the year ended December 31, 2021, totaled \$104,455.

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB plans from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| Difference between expected and actual experience | \$ 3,405 | 58,823 |
| Changes in assumptions | 14,233 | 155,453 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,634,053 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6,766 | 40,053 |
| Employer contributions subsequent to the measurement date | 47,084 | - |
| Total | \$ 71,488 | 1,888,382 |

\$47,084 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, 2021. Amounts recognized as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| Years Ending December 31, | |
|---------------------------|-----------------------|
| 2022 | \$ (537,032) |
| 2023 | (381,891) |
| 2024 | (409,296) |
| 2025 | (475,591) |
| 2026 | (5,125) |
| Thereafter | (7,959) |
| | \$ (1,816,894) |

OPEB Plans' Fiduciary Net Position

Detailed information about the OPEB plans' fiduciary net position is available at the website noted above within this footnote.

a) Actuarial Assumptions:

The total pension and OPEB liability for fiscal year ended June 30, 2021, was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2021. The valuation was prepared assuming an inflation rate of 2.5%. Salary increases were determined by grading by age and service to range from 2.75% to 6.75%. Investment rate of return was calculated at 7.38%, net of pension plan investment expenses, based on an average inflation rate of 2.5% and a real rate of return of 4.88%.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued

Healthcare cost and trends used for the valuation were 6.5% grading down to 4.5% for Pre-65 medical, 5.4% grading down to 4.5% for Post-65 medical, and 7.5% grading down to 4.5% for prescription drugs.

Post-termination mortality rates were based on the mandated RP-2014 table with MP-2017 generational improvement. Pre-termination mortality rates were based on 91% of male and 96% of female rates of the RP-2014 table with MP-2017 generational improvement.

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2009 to June 30, 2013. This resulted in changes in actuarial assumptions adopted by the Alaska Retirement Management Board to better reflect expected future experience.

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 rates 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 included in the plan's target asset allocation as of June 30, 2021 are summarized in the following table (note that the rates shown below exclude the inflation component):

| Asset Class | Target Allocation | Long-Term Expected Real |
|--------------------------|----------------------|----------------------------|
| | | Rate of Return 2021 |
| Domestic equity | 26.00% | 6.63% |
| Global equity (non-U.S.) | 18.00% | 5.41% |
| Aggregate Bonds | 24.00% | 0.76% |
| Oppurtunistic | 8.00% | 4.39% |
| Real assets | 13.00% | 3.16% |
| Private equity | 11.00% | 9.29% |
| Cash equivelants | 0.00% | 0.13% |

Discount rate:

The discount rate used to ensure the total pension and total OPEB liability was 7.38%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from the City will be made at contractually required rates, and nonemployer State contributions will continue to follow the current funding policy. 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.

THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued**

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate:

The following presents the City's proportionate share of the net pension and collective net OPEB liability of the plan as of June 30, 2021 using the discount rate of 7.38%, as well as what it would be if it were calculated using a discount rate that was 1% lower (6.38%) or 1% higher (8.38%).

June 30, 2021

| Plan | Proportional Share | 1% Decrease (6.38%) | Current | 1% Increase (8.38%) |
|---------|-----------------------|------------------------|--------------------------|------------------------|
| | | | Discount Rate (7.38%) | |
| Pension | 0.13126% | 7,131,932 | 4,815,166 | 2,868,786 |
| ARHCT | 0.13167% | (2,209,068) | (3,377,858) | (4,348,451) |
| ODD | 0.17589% | (74,226) | (77,519) | (80,140) |
| RMP | 0.17060% | 29,887 | (45,791) | (102,951) |

Sensitivity of the City's proportionate share of the collective OPEB liability to changes in the healthcare cost trends rate:

The following presents the City's proportionate share of the collective net OPEB liability (asset) for each plan as of June 30, 2021 using the current healthcare cost trend rate, as well as what it would be if it were calculated using a discount rate that was 1% lower or 1% higher.

June 30, 2021

| Plan | Proportional Share | 1% Decrease | Current | 1% Increase |
|-------|-----------------------|-------------|--------------------------|-------------|
| | | | Healthcare Cost Trend | |
| ARHCT | 0.13167% | (4,462,070) | (3,377,858) | (2,069,496) |
| RMP | 0.17060% | (111,133) | (45,791) | 43,241 |

Defined Contribution Pension and Post-Employment Health Care Plans (*Employees hired on or after July 1, 2006*):

Employee Benefits

There is no retirement age set, however taxes and penalties may apply if withdrawn prior to age 59 ½. Retirement benefits are equal to the Defined Contribution account balance plus interest. The employee may direct the investment of the account if so desired. The account balance is 100% of the employees contribution plus 25% of the City's contribution after two years of service, 50% of the

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Financial Statements, continued

NOTE 8 – PENSION AND POST EMPLOYMENT HEALTHCARE PLANS, continued

City's contribution after three years of service, 75% of the City's contribution after four years of service, and 100% of the City's contribution after 5 years of service. The plan pays a portion of the retiree medical plan premium if the retiree retires directly from the plan and is eligible for Medicare. The portion of premium paid by the plan is determined by years of service. Disability benefits are also provided.

Funding Policy

Under State law, covered employees are required to contribute 8% of their annual covered salary. For fiscal year 2021, the City is required to contribute 5.16% of the annual covered salary to the pension plan. The contributions to the pension plan for the year ended December 31, 2021, by the employees totaled \$96,383 respectively. The City's contributions totaled \$60,240.

DCR employer forfeiture funds are created when a non-vested or partially-vested employee terminates employment from the Public Employees' Retirement System (PERS) and refunds a portion or all their DCR account. The forfeited amount is determined by the years of service with all system participating employers that the employee has worked in the PERS system, and is detailed in the vesting statutes above. During year ending December 31, 2021 the state of Alaska calculated the total Forfeiture balance for the City to be \$17,963, this balance offsets future DCR payments made by the City. During the years ended December 31, 2021, the City exhausted \$17,963 in forfeiture funds.

Under State law, covered employees are not required to contribute to the post employment healthcare plan. For fiscal year 2021, the City is required to contribute 1.27%, of the annual covered salary plus an annual flat dollar amount of \$2,159.04 for each covered employee. The City contributed \$12,893 for retiree medical and \$37,260 for a health reimbursement arrangement for the year ended December 31, 2021.

If the total amount that the City has contributed for the defined contribution pension and post-employment healthcare plans is less than 22% of covered payroll, the City must pay that additional amount. This additional amount is used to reduce the defined benefit plan's unfunded liability. For the year ended December 31, 2021, the City paid additional contributions of \$150,248. These contributions equal \$150,248 for the defined benefit pension and \$0 for the defined benefit post-employment healthcare plans.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 9 - 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.

NOTE 10 – RISK MANAGEMENT

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

The City is self-insured for its costs of providing medical insurance. Stop-loss coverage limits claims to \$55,000 each occurrence and \$1,070,148 in aggregate for all medical claims during the year. The City contracts with a third-party administrator for health claims servicing. Claims and premium costs are allocated to each department based on budgeted amounts. Claims payable is reported in the General Fund. The City accrues a liability for claims incurred but not reported at year end.

The schedules of the changes in the claims liability follows.

| | <u>Balance at Beginning of year</u> | <u>Claims Expense</u> | <u>Claims Paid</u> | <u>Balance at End of Year</u> |
|-------------------|---|---------------------------|------------------------|-----------------------------------|
| December 31, 2021 | <u>\$ 110,000</u> | <u>1,418,584</u> | <u>(1,260,064)</u> | <u>268,520</u> |
| | <u>Balance at Beginning of year</u> | <u>Claims Expense</u> | <u>Claims Paid</u> | <u>Balance at End of Year</u> |
| December 31, 2020 | <u>\$ 445,000</u> | <u>1,112,364</u> | <u>(1,447,364)</u> | <u>110,000</u> |

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, 2021. The amount of settlements for the past three years did not materially exceed the City's insurance coverage.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Financial Statements, continued

NOTE 11 – INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

A schedule of interfund transfers for the year ended December 31, 2021, follows:

Due from Other Funds

| | |
|--|----------------|
| To General Fund for short-term operating advances from: | |
| CARES Act Special Revenue Fund | \$ 251,099 |
| To General Reserve Special Revenue Fund for operating advances from: | |
| Refuse Enterprise Fund | <u>200,939</u> |
| Total Due from Other Funds | <u>452,038</u> |

Transfers to Other funds

| | |
|--|--------------------|
| To General Reserve Special Revenue Fund for permanent fund replacement from: | |
| Port Enterprise Fund | 18,000 |
| Refuse Enterprise Fund | <u>44,123</u> |
| Total transfers to the General Reserve Special Revenue Fund | <u>62,123</u> |
| To Nonmajor Governmental Funds from the General Fund for operating subsidies | <u>149,549</u> |
| To the General Fund for operating subsidies from the: | |
| Health Insurance Internal Service Fund | <u>128,798</u> |

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

In 2017, the General Fund had a note receivable from CCMC totaling \$3,093,127. In 2017 the City determined that repayment was not to be expected in a reasonable amount of time. accordingly, the City reduced the note receivable to \$0. The City has since made more payments to support CCMC to add to the note receivable. The City has recorded payments as contribution to the CCMC. The amount owed to the city as of December 31, 2021 was \$5,446,459, which is not reported as receivable in the Statement of Net Position. Future repayments, if any, on the note receivable will be recorded as contribution revenue as the payments are made.

NOTE 12 - 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.

THE CITY OF CORDOVA

Cordova, Alaska

*Notes to Financial Statements, continued***NOTE 12 – CONTINGENCIES, continued****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.

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through September 27, 2022, the date the financial statements were issued and determined there is nothing to be disclosed or recognized.

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

During 2021, the City recorded a prior period adjustment to net position which comprised an increase to net position of \$468,545 to record raw fish tax revenues which the City had received in the prior year, but failed to recognize.

| | Opening net position, as originally posted | Other Prior Period Adjustments | Opening net position as restated |
|--------------------------|--|-----------------------------------|-------------------------------------|
| Enterprise Funds: | | | |
| Port Enterprise Fund | \$ 1,211,298 | 468,545 | 1,679,843 |
| Total | <u>\$ 1,211,298</u> | <u>468,545</u> | <u>1,679,843</u> |
| Governmental Activities: | | | |
| Primary Government | \$ 47,027,232 | - | 47,027,232 |
| Business-Type Activities | 29,069,569 | 468,545 | 29,538,114 |
| Total | <u>\$ 76,096,801</u> | <u>468,545</u> | <u>76,565,346</u> |

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**Year Ended December 31, 2021*

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|----------------------------------|--------------------|-----------------|------------|---|
| Revenues | | | | |
| Taxes | \$ 6,551,822 | 6,551,822 | 7,239,409 | 687,587 |
| Licenses and permits | 21,000 | 21,000 | 21,835 | 835 |
| Federal government | 620,000 | 620,000 | 513,504 | (106,496) |
| State of Alaska | 1,966,792 | 1,966,792 | 2,122,989 | 156,197 |
| Investment income | 50,000 | 50,000 | 948 | (49,052) |
| Charges for services | 717,222 | 717,222 | 648,717 | (68,505) |
| Sale of property | 3,000 | 3,000 | 3,150 | 150 |
| Other revenue | 723,636 | 723,636 | 746,516 | 22,880 |
| Total revenues | 10,653,472 | 10,653,472 | 11,297,068 | 643,596 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| City council | 6,500 | 6,500 | 4,624 | 1,876 |
| City clerk | 301,759 | 301,759 | 300,991 | 768 |
| Management | 354,654 | 354,654 | 319,356 | 35,298 |
| Finance | 441,627 | 441,627 | 495,603 | (53,976) |
| Planning and zoning | 130,417 | 130,417 | 126,238 | 4,179 |
| Nondepartmental services | 531,636 | 531,636 | 823,743 | (292,107) |
| Total general government | 1,766,593 | 1,766,593 | 2,070,555 | (303,962) |
| Public safety: | | | | |
| Police department | 960,789 | 960,789 | 973,746 | (12,957) |
| Jail operations | 244,609 | 244,609 | 240,192 | 4,417 |
| Fire department | 376,963 | 376,963 | 380,876 | (3,913) |
| Department of motor vehicles | 93,911 | 93,911 | 74,457 | 19,454 |
| Total public safety | 1,676,272 | 1,676,272 | 1,669,271 | 7,001 |
| Information and recreation: | | | | |
| Library | 597,507 | 597,507 | 630,546 | (33,039) |
| Ski hill | 102,046 | 102,046 | 73,107 | 28,939 |
| Bidarki center | 305,362 | 305,362 | 270,044 | 35,318 |
| Pool | 220,398 | 220,398 | 270,746 | (50,348) |
| Total Information and recreation | \$ 1,225,313 | 1,225,313 | 1,244,443 | (19,130) |

THE CITY OF CORDOVA

Cordova, Alaska

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

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|--|--------------------|-------------------|---------------------|---|
| Expenditures, continued | | | | |
| Current, continued: | | | | |
| Public works: | | | | |
| Public works administration | \$ 197,921 | 197,921 | 190,401 | 7,520 |
| Facility utilities | 167,000 | 167,000 | 189,513 | (22,513) |
| Facility maintenance | 379,023 | 379,023 | 380,209 | (1,186) |
| Street maintenance | 658,285 | 658,285 | 620,969 | 37,316 |
| Snow removal | 74,570 | 74,570 | 112,258 | (37,688) |
| Equipment maintenance | 367,432 | 367,432 | 359,299 | 8,133 |
| Parks maintenance | 100,567 | 100,567 | 102,691 | (2,124) |
| Cemetery maintenance | 6,000 | 6,000 | 1,637 | 4,363 |
| Total public works | <u>1,950,798</u> | <u>1,950,798</u> | <u>1,956,977</u> | <u>(6,179)</u> |
| Debt service: | | | | |
| Principal | 1,165,000 | 1,165,000 | 1,165,000 | - |
| Interest | 608,475 | 608,475 | 608,475 | - |
| Total general government | <u>1,773,475</u> | <u>1,773,475</u> | <u>1,773,475</u> | <u>-</u> |
| Contributions: | | | | |
| Cordova City School District | 1,771,000 | 1,771,000 | 1,771,000 | - |
| Cordova Community Medical Center | 330,000 | 330,000 | 305,000 | 25,000 |
| Cordova Community College | 10,000 | 10,000 | - | 10,000 |
| Family Resource Center | 20,000 | 20,000 | 20,000 | - |
| Cordova Chamber of Commerce | 109,270 | 109,270 | 89,020 | 20,250 |
| Total contributions | <u>2,240,270</u> | <u>2,240,270</u> | <u>2,185,020</u> | <u>55,250</u> |
| Total expenditures | <u>10,632,721</u> | <u>10,632,721</u> | <u>10,899,741</u> | <u>(267,020)</u> |
| Excess of revenues over (under) expenditures | 20,751 | 20,751 | 397,327 | 376,576 |
| Other financing sources (uses) | | | | |
| Transfers in | 128,798 | 128,798 | 317,087 | 188,289 |
| Transfers out | (149,549) | (149,549) | (149,549) | - |
| Net other financing sources (uses) | <u>(20,751)</u> | <u>(20,751)</u> | <u>167,538</u> | <u>188,289</u> |
| Net change in fund balance | <u>-</u> | <u>-</u> | 564,865 | <u>564,865</u> |
| Fund balance, beginning | | | <u>1,510,904</u> | |
| Fund balance, ending | | | <u>\$ 2,075,769</u> | |

THE CITY OF CORDOVA

Cordova, Alaska

*General Reserve Special Revenue Fund**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**Year Ended December 31, 2021*

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|--------------------------------|--------------------|-----------------|----------------------|---|
| Revenues | | | | |
| Investment income | \$ 265,000 | 265,000 | 517,752 | 252,752 |
| Land sales | 53,040 | 53,040 | 53,040 | - |
| Special assessments | 1,100 | 1,100 | 5,276 | 4,176 |
| Total revenues | <u>319,140</u> | <u>319,140</u> | <u>576,068</u> | <u>256,928</u> |
| Other financing sources (uses) | | | | |
| Transfers in | <u>62,123</u> | <u>62,123</u> | <u>62,123</u> | <u>-</u> |
| Net change in fund balance | <u>381,263</u> | <u>381,263</u> | 638,191 | <u>256,928</u> |
| Fund balance, beginning | | | <u>10,354,376</u> | |
| Fund balance, ending | | | <u>\$ 10,992,567</u> | |

THE CITY OF CORDOVA

Cordova, Alaska

*ARPA Special Revenue Fund**Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual**Year Ended December 31, 2021*

| | Original Budget | Final Budget | Actual | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------|--------------------|-----------------|--------|---|
| Revenues | | | | |
| Federal government | \$ - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Emergency protective measures | - | - | - | - |
| Community Service | - | - | - | - |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning | | | - | |
| Fund balance, ending | | | \$ - | |

THE CITY OF CORDOVA

Cordova, Alaska

*Schedule of Proportionate Share of the Net Pension Liability and Related Ratios**December 31, 2021*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|-------------|-------------|
| City's proportion of the net pension liability | 0.13126% | 0.10102% | 0.11286% | 0.12932% | 0.11937% | 0.13277% | 0.11051% | * | * | * |
| City's proportionate share of the net pension liability | \$ 4,815,166 | 5,961,095 | 6,177,960 | 6,425,806 | 6,170,856 | 7,421,446 | 5,359,777 | * | * | * |
| State of Alaska proportionate share of the net pension liability | <u>652,044</u> | <u>2,466,863</u> | <u>2,452,089</u> | <u>1,862,446</u> | <u>2,299,134</u> | <u>935,836</u> | <u>1,436,622</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| Total net pension liability | <u>5,467,210</u> | <u>8,427,958</u> | <u>8,630,049</u> | <u>8,288,252</u> | <u>8,469,990</u> | <u>8,357,282</u> | <u>6,796,399</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| City's covered-employee payroll | \$ 3,544,441 | 3,484,924 | 3,361,544 | 3,486,441 | 3,385,723 | 3,399,956 | 3,176,623 | * | * | * |
| City's proportionate share of the net pension liability as a percentage of covered-employee payroll | 136% | 171% | 184% | 184% | 182% | 218% | 169% | * | * | * |
| Plan fiduciary net position as a percentage of the total pension liability | 76.46% | 61.61% | 63.42% | 65.19% | 63.37% | 59.55% | 63.96% | * | * | * |

* Information for these years is not available.

THE CITY OF CORDOVA
Cordova, Alaska

Schedule of Required Pension Contributions

December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------|------|------|
| Contractually required contribution | \$ 456,605 | 428,085 | 402,416 | 416,908 | 400,397 | 370,083 | 307,165 | * | * | * |
| Contributions in relation to the contractually required contribution | 456,605 | 428,085 | 402,416 | 416,908 | 400,397 | 370,083 | 307,165 | * | * | * |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | * | * | * |
| City's covered-employee payroll | \$ 3,385,689 | 3,521,589 | 3,441,867 | 3,413,500 | 3,473,278 | 3,501,744 | 3,298,167 | * | * | * |
| Contributions as a percentage of covered-employee payroll | 13% | 12% | 12% | 12% | 12% | 11% | 9% | * | * | * |

* Information for these years is not available.

THE CITY OF CORDOVA
Cordova, Alaska

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios

December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|--------------------|------------------|-----------------|------------------|----------|----------|----------|----------|----------|----------|
| Alaska Retiree Healthcare Trust | | | | | | | | | | |
| City's proportion of the net OPEB liability | 0.13167% | 0.10091% | 0.11279% | 0.12928% | * | * | * | * | * | * |
| City's proportionate share of the net OPEB liability | (3,377,858) | (456,970) | 167,356 | 1,326,818 | * | * | * | * | * | * |
| State of Alaska proportionate share of the net OPEB liability | <u>(442,422)</u> | <u>(189,600)</u> | <u>66,554</u> | <u>384,626</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| Total net OPEB liability | <u>(3,820,280)</u> | <u>(646,570)</u> | <u>233,910</u> | <u>1,711,444</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| | | | | | | | | | | |
| City's covered-employee payroll | 3,544,441 | 1,315,904 | 1,303,644 | 1,320,462 | * | * | * | * | * | * |
| City's proportionate share of the net OPEB liability as a percentage of covered-employee payroll | -95% | -35% | 13% | 100% | * | * | * | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB liability | 135.54% | 106.15% | 98.13% | 88.12% | * | * | * | * | * | * |
| Occupational Death and Disability Plan | | | | | | | | | | |
| City's proportion of the net OPEB liability | 0.17589% | 0.15215% | 0.16321% | 0.19144% | * | * | * | * | * | * |
| City's proportionate share of the net OPEB Asset | (77,519) | (41,477) | (39,569) | (37,182) | * | * | * | * | * | * |
| State of Alaska proportionate share of the net OPEB liability | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| Total net OPEB liability | <u>(77,519)</u> | <u>(41,477)</u> | <u>(39,569)</u> | <u>(37,182)</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| | | | | | | | | | | |
| City's covered-employee payroll | 3,544,441 | 2,169,020 | 2,057,901 | 2,165,979 | * | * | * | * | * | * |
| City's proportionate share of the net OPEB liability as a percentage of covered-employee payroll | -2% | -2% | -2% | -2% | * | * | * | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB Asset | 374.22% | 95.23% | 83.17% | 88.71% | * | * | * | * | * | * |

* Information for these years is not available.

COOK INLET
HOUSING AUTHORITY
Anchorage, Alaska

Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios

December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2015 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|------|------|------|------|------|------|
| Retiree Medical Plan | | | | | | | | | | |
| Authority's proportion of the net OPEB liability | 0.17060% | 0.19144% | 0.16522% | 0.19144% | * | * | * | * | * | * |
| Authority's proportionate share of the net OPEB liability | (45,791) | 11,373 | 39,526 | 24,361 | * | * | * | * | * | * |
| State of Alaska proportionate share of the net OPEB liability | N/A | N/A | N/A | N/A | * | * | * | * | * | * |
| Total net OPEB liability | (45,791) | 11,373 | 39,526 | 24,361 | * | * | * | * | * | * |
| Authority's covered-employee payroll | 3,544,441 | 2,169,020 | 2,057,901 | 2,165,979 | * | * | * | * | * | * |
| Authority's proportionate share of the net OPEB liability as a percentage of covered-employee payroll | -1% | 1% | 2% | 1% | * | * | * | * | * | * |
| Plan fiduciary net position as a percentage of the total OPEB liability | 115.10% | 283.80% | 297.43% | 270.62% | * | * | * | * | * | * |

* Information for these years is not available.

THE CITY OF CORDOVA

Cordova, Alaska

Schedule of Required OPEB Contributions

December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------------|-----------|-----------|-----------|------|------|------|------|------|------|
| Alaska Retiree Healthcare Trust | | | | | | | | | | |
| Contractually required contribution | \$ 66,159 | 120,579 | 145,507 | 133,854 | * | * | * | * | * | * |
| Contributions in relation to the contractually required contribution | 66,159 | 120,579 | 145,507 | 133,854 | * | * | * | * | * | * |
| Contribution deficiency (excess) | - | - | - | - | * | * | * | * | * | * |
| City's covered-employee payroll | \$ 3,385,689 | 1,212,605 | 1,311,695 | 1,320,326 | * | * | * | * | * | * |
| Contributions as a percentage of covered-employee payroll | 1.95% | 9.94% | 11.09% | 10.14% | * | * | * | * | * | * |
| Occupational Death and Disability Plan | | | | | | | | | | |
| Contractually required contribution | \$ 9,309 | 7,779 | 6,779 | 5,292 | * | * | * | * | * | * |
| Contributions in relation to the contractually required contribution | 9,309 | 7,779 | 6,779 | 5,292 | * | * | * | * | * | * |
| Contribution deficiency (excess) | - | - | - | - | * | * | * | * | * | * |
| City's covered-employee payroll | \$ 3,385,689 | 2,308,984 | 2,130,172 | 2,093,174 | * | * | * | * | * | * |
| Contributions as a percentage of covered-employee payroll | 0.27% | 0.34% | 0.32% | 0.25% | * | * | * | * | * | * |
| Retiree Medical Plan | | | | | | | | | | |
| Contractually required contribution | \$ 28,987 | 29,866 | 24,117 | 20,702 | * | * | * | * | * | * |
| Contributions in relation to the contractually required contribution | 28,987 | 29,866 | 24,117 | 20,702 | * | * | * | * | * | * |
| Contribution deficiency (excess) | - | - | - | - | * | * | * | * | * | * |
| City's covered-employee payroll | \$ 3,385,689 | 2,308,984 | 2,130,172 | 2,093,174 | * | * | * | * | * | * |
| Contributions as a percentage of covered-employee payroll | 0.86% | 1.29% | 1.13% | 0.99% | * | * | * | * | * | * |

* Information for these years is not available.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Required Supplementary Information Year Ended December 31, 2021

NOTE 1 – BUDGET COMPARISON SCHEDULES

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

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

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

The City publishes its annual budget document and it is available on the City's website at: www.cityofcordova.net

Expenditures Exceeding Appropriations

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

| | |
|----------------------------|--------------|
| General Government | \$ (303,962) |
| Information and recreation | (19,130) |
| Public works | (6,179) |

NOTE 2 – PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLAN

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

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation (latest available) were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation, except the amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid from defined benefit pension plan assets.

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

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Required Supplementary Information, continued

NOTE 2 – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLAN, continued

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

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

Schedule of City Contributions

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

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

NOTE 3 – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM OPEB PLANS

Schedule of the City’s Proportionate Share of the Net OPEB Asset and Liability

This table is presented based on the Plan measurement date. For December 31, 2021, the Plan measurement date is June 30, 2021.

Changes in Assumptions:

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 to June 30, 2017. As a result of this experience study, the ARM Board adopted updated actuarial assumptions for the June 30, 2018 actuarial valuation to better reflect expected future experience. The assumptions used in the June 30, 2019 actuarial valuation are the same as those used in the June 30, 2018 valuation with the following exceptions:

1. Per capita claims costs were updated to reflect recent experience.
2. Retired member contribution trend rates were updated to reflect the ongoing shift in population from pre-Medicare to Medicare-eligible and a projection of expected future retiree contributions reflecting the 10% decrease from 2019 to 2020.
3. The Further Consolidated Appropriations Act, 2020 that was signed in December 2019 made
4. several changes, including the repeal of the Cadillac Tax.
5. The amount included in the Normal Cost for administrative expenses was updated to reflect the most recent two years of actual administrative expenses paid for postretirement healthcare plan assets.

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

In 2019, an Employer Group Waiver Plan (EGWP) was implemented effective January 1, 2019. This arrangement replaced the Retiree Drug Subsidy (RDS) under Medicare Part D and resulted in largest projected subsidies to offset the cost of prescription drug coverage.

THE CITY OF CORDOVA
Cordova, Alaska

Notes to Required Supplementary Information, continued

NOTE 3 – PUBLIC EMPLOYEES’ RETIREMENT SYSTEM OPEB PLANS, continued

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

Schedule of City Contributions

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

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

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

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.

ARPA Special Revenue Fund

This fund accounts for funds received from the Department of Treasury for emergency relief to address the impact that COVID-19 has on the City.

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Balance Sheet**December 31, 2021***Assets**

| | |
|----------------------|----------------|
| Cash | \$ 792,229 |
| Prepays | 233,155 |
| Due from other funds | <u>251,099</u> |

Receivables, net:

| | |
|---------------------------|------------------|
| Sales tax | 700,170 |
| Delinquent property taxes | 65,367 |
| Other | <u>416,554</u> |
| <i>Total receivables</i> | <u>1,182,091</u> |

| | |
|--------------|---------------------|
| Total assets | <u>\$ 2,458,574</u> |
|--------------|---------------------|

Liabilities

| | |
|----------------------------------|----------------|
| Accounts payable | \$ 213,258 |
| Accrued payroll and taxes | 98,129 |
| Unearned revenue | 15,550 |
| Unavailable property tax revenue | <u>55,868</u> |
| <i>Total liabilities</i> | <u>382,805</u> |

Fund balance

| | |
|---------------------------|------------------|
| Nonspendable | 233,155 |
| Unassigned | <u>1,842,614</u> |
| <i>Total net position</i> | <u>2,075,769</u> |

| | |
|------------------------------------|---------------------|
| Total liabilities and fund balance | <u>\$ 2,458,574</u> |
|------------------------------------|---------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual**Year Ended December 31, 2021*

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|------------------|--|
| Revenues | | | |
| Taxes: | | | |
| Property taxes | \$ 2,666,457 | 2,671,134 | 4,677 |
| Sales taxes | 3,225,000 | 3,939,147 | 714,147 |
| Public accommodations surtax | 173,452 | 124,530 | (48,922) |
| Vehicle rental surtax | 5,500 | 8,904 | 3,404 |
| Penalties and interest | 10,000 | 13,695 | 3,695 |
| Federal payments in lieu of property taxes | 471,413 | 481,999 | 10,586 |
| <i>Total taxes</i> | <u>6,551,822</u> | <u>7,239,409</u> | <u>687,587</u> |
| Licenses and permits | | | |
| Business licenses | 20,000 | 21,310 | 1,310 |
| Other licenses and permits | 1,000 | 525 | (475) |
| <i>Total licenses and permits</i> | <u>21,000</u> | <u>21,835</u> | <u>835</u> |
| Federal government: | | | |
| National forest receipts | 620,000 | 513,504 | (106,496) |
| <i>Total federal government</i> | <u>620,000</u> | <u>513,504</u> | <u>(106,496)</u> |
| State of Alaska: | | | |
| Raw fish tax | 900,000 | 1,233,099 | 333,099 |
| Liquor licenses | 7,500 | 8,900 | 1,400 |
| Cooperative tax refunds | 290,000 | 294,648 | 4,648 |
| Shared fisheries tax | 4,883 | 4,883 | - |
| Community assistance | 75,000 | 85,178 | 10,178 |
| PERS relief | 239,409 | 208,127 | (31,282) |
| State debt reimbursement - school bond | 450,000 | 288,154 | (161,846) |
| <i>Total State of Alaska</i> | <u>1,966,792</u> | <u>2,122,989</u> | <u>156,197</u> |
| Investment income | <u>50,000</u> | <u>948</u> | <u>(49,052)</u> |
| Charges for services: | | | |
| Leases | 278,718 | 253,437 | (25,281) |
| Law enforcement | 293,804 | 254,301 | (39,503) |
| DMV | 60,700 | 58,906 | (1,794) |
| Planning department | 6,500 | 9,125 | 2,625 |
| Recreation department | 51,000 | 60,535 | 9,535 |
| Pool | 26,500 | 12,413 | (14,087) |
| <i>Total charges for services</i> | <u>\$ 717,222</u> | <u>648,717</u> | <u>(68,505)</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual, continued*

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------|-----------------------|-----------------------|--|
| Revenues, continued: | | | |
| Sale of property: | | | |
| Cemetery lot sales | \$ 3,000 | 3,150 | 150 |
| <i>Total sale of property</i> | <u>3,000</u> | <u>3,150</u> | <u>150</u> |
| Other revenues: | | | |
| In-kind allocation | 184,270 | 184,270 | - |
| Miscellaneous | 15,000 | 32,449 | 17,449 |
| Allocated administrative costs | 509,366 | 509,366 | - |
| Cordova center | 15,000 | 20,431 | 5,431 |
| <i>Total other revenues</i> | <u>723,636</u> | <u>746,516</u> | <u>22,880</u> |
| Total Revenues | <u>10,653,472</u> | <u>11,297,068</u> | <u>643,596</u> |
| Expenditures: | | | |
| General government: | | | |
| City council: | | | |
| Materials and supplies | 500 | 500 | - |
| Purchased services | 6,000 | 4,124 | 1,876 |
| <i>Total city council</i> | <u>6,500</u> | <u>4,624</u> | <u>1,876</u> |
| City clerk: | | | |
| Salaries and benefits | 271,904 | 272,582 | (678) |
| Materials and supplies | 1,000 | 1,443 | (443) |
| Purchased services | 28,855 | 26,966 | 1,889 |
| <i>Total city clerk</i> | <u>301,759</u> | <u>300,991</u> | <u>768</u> |
| Management: | | | |
| Salaries and benefits | 294,654 | 305,848 | (11,194) |
| Materials and supplies | 1,000 | 387 | 613 |
| Purchased services | 59,000 | 13,121 | 45,879 |
| <i>Total management</i> | <u>354,654</u> | <u>319,356</u> | <u>35,298</u> |
| Finance: | | | |
| Salaries and benefits | 437,827 | 464,282 | (26,455) |
| Materials and supplies | 1,000 | 3,152 | (2,152) |
| Purchased services | 2,800 | 28,169 | (25,369) |
| <i>Total finance</i> | <u>\$ 441,627</u> | <u>495,603</u> | <u>(53,976)</u> |

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual, continued*

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------------|-------------------|------------------|--|
| Expenditures, continued: | | | |
| General government, continued: | | | |
| Planning department: | | | |
| Salaries and benefits | \$ 117,317 | 116,050 | 1,267 |
| Materials and supplies | 1,250 | 347 | 903 |
| Purchased services | 11,850 | 9,841 | 2,009 |
| <i>Total planning department</i> | <u>130,417</u> | <u>126,238</u> | <u>4,179</u> |
| Nondepartmental services: | | | |
| Materials and supplies | 20,000 | 23,069 | (3,069) |
| Purchased services | 511,636 | 800,674 | (289,038) |
| <i>Total planning department</i> | <u>531,636</u> | <u>823,743</u> | <u>(292,107)</u> |
| Total general government | <u>1,766,593</u> | <u>2,070,555</u> | <u>(303,962)</u> |
| Public safety: | | | |
| Police department: | | | |
| Salaries and benefits | 876,439 | 863,468 | 12,971 |
| Materials and supplies | 8,000 | 8,529 | (529) |
| Purchased services | 43,350 | 65,602 | (22,252) |
| Repairs and vehicle costs | 20,000 | 17,540 | 2,460 |
| Capital outlay | 13,000 | 18,607 | (5,607) |
| <i>Total police department</i> | <u>960,789</u> | <u>973,746</u> | <u>(12,957)</u> |
| Jail operations: | | | |
| Salaries and benefits | 234,509 | 231,818 | 2,691 |
| Materials and supplies | 7,200 | 6,362 | 838 |
| Purchased services | 1,400 | 1,012 | 388 |
| Repairs and vehicle costs | 1,500 | 1,000 | 500 |
| <i>Total jail operations</i> | <u>244,609</u> | <u>240,192</u> | <u>4,417</u> |
| Fire department: | | | |
| Salaries and benefits | 245,059 | 248,412 | (3,353) |
| Materials and supplies | 29,771 | 32,913 | (3,142) |
| Purchased services | 84,846 | 79,238 | 5,608 |
| Repairs and vehicle costs | 17,287 | 20,313 | (3,026) |
| <i>Total fire department</i> | <u>\$ 376,963</u> | <u>380,876</u> | <u>(3,913)</u> |

THE CITY OF CORDOVA

Cordova, Alaska

General Fund

Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual, continued

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---------------------|------------------|--|
| Expenditures, continued: | | | |
| Public safety, continued: | | | |
| Department of motor vehicles: | | | |
| Salaries and benefits | \$ 90,261 | 72,022 | 18,239 |
| Materials and supplies | 1,000 | 361 | 639 |
| Purchased services | 2,650 | 2,074 | 576 |
| <i>Total department of motor vehicles</i> | <u>93,911</u> | <u>74,457</u> | <u>19,454</u> |
| Total public safety | <u>1,676,272</u> | <u>1,669,271</u> | <u>7,001</u> |
| Information and recreation: | | | |
| Library: | | | |
| Salaries and benefits | 551,707 | 551,055 | 652 |
| Materials and supplies | 16,550 | 13,623 | 2,927 |
| Purchased services | 12,750 | 63,114 | (50,364) |
| Repairs and vehicle costs | 16,500 | 2,754 | 13,746 |
| <i>Total library</i> | <u>597,507</u> | <u>630,546</u> | <u>(33,039)</u> |
| Ski hill: | | | |
| Purchased services | 102,046 | 73,107 | 28,939 |
| <i>Total Ski hill</i> | <u>102,046</u> | <u>73,107</u> | <u>28,939</u> |
| Bidarki center: | | | |
| Salaries and benefits | 254,362 | 221,699 | 32,663 |
| Materials and supplies | 7,000 | 10,059 | (3,059) |
| Purchased services | 38,000 | 25,978 | 12,022 |
| Repairs and vehicle costs | 5,000 | 8,922 | (3,922) |
| Capital outlay | 1,000 | 3,386 | (2,386) |
| <i>Total bidarki center</i> | <u>305,362</u> | <u>270,044</u> | <u>35,318</u> |
| Pool: | | | |
| Salaries and benefits | 105,698 | 136,105 | (30,407) |
| Materials and supplies | 14,000 | 7,403 | 6,597 |
| Purchased services | 95,700 | 124,994 | (29,294) |
| Repairs and vehicle costs | 5,000 | 2,244 | 2,756 |
| <i>Total pool</i> | <u>220,398</u> | <u>270,746</u> | <u>(50,348)</u> |
| Total information and recreation | <u>\$ 1,225,313</u> | <u>1,244,443</u> | <u>(19,130)</u> |

THE CITY OF CORDOVA

Cordova, Alaska

*General Fund**Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual, continued*

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|------------------------------------|-------------------|----------------|--|
| Expenditures, continued: | | | |
| Public works: | | | |
| Administration: | | | |
| Salaries and benefits | \$ 167,871 | 167,985 | (114) |
| Materials and supplies | 750 | 219 | 531 |
| Purchased services | 29,300 | 22,197 | 7,103 |
| <i>Total administration</i> | <u>197,921</u> | <u>190,401</u> | <u>7,520</u> |
| Facility utilities: | | | |
| Purchased services | 167,000 | 189,513 | (22,513) |
| <i>Total facility utilities</i> | <u>167,000</u> | <u>189,513</u> | <u>(22,513)</u> |
| Facility maintenance: | | | |
| Salaries and benefits | 253,980 | 270,080 | (16,100) |
| Materials and supplies | 11,700 | 11,385 | 315 |
| Purchased services | 16,800 | 27,712 | (10,912) |
| Repairs and vehicle costs | 64,543 | 41,940 | 22,603 |
| Capital outlay | 32,000 | 29,092 | 2,908 |
| <i>Total facility maintenance</i> | <u>379,023</u> | <u>380,209</u> | <u>(1,186)</u> |
| Street maintenance: | | | |
| Salaries and benefits | 455,285 | 463,921 | (8,636) |
| Materials and supplies | 29,000 | 9,625 | 19,375 |
| Purchased services | 141,500 | 135,180 | 6,320 |
| Repairs and vehicle costs | 32,500 | 12,243 | 20,257 |
| <i>Total street maintenance</i> | <u>658,285</u> | <u>620,969</u> | <u>37,316</u> |
| Snow removal: | | | |
| Salaries and benefits | 37,947 | 52,529 | (14,582) |
| Materials and supplies | 36,623 | 49,398 | (12,775) |
| Purchased services | - | 10,331 | (10,331) |
| <i>Total snow removal</i> | <u>74,570</u> | <u>112,258</u> | <u>(37,688)</u> |
| Equipment maintenance: | | | |
| Salaries and benefits | 211,432 | 194,693 | 16,739 |
| Materials and supplies | 25,500 | 22,384 | 3,116 |
| Purchased services | 4,000 | 5,912 | (1,912) |
| Repairs and vehicle costs | 125,000 | 135,854 | (10,854) |
| Capital outlay | 1,500 | 456 | 1,044 |
| <i>Total equipment maintenance</i> | <u>\$ 367,432</u> | <u>359,299</u> | <u>8,133</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

General Fund

Statement of Revenues, Expenses, and Changes
in Fund Balance - Budget and Actual, continued

| | Final Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|---------------------|--|
| Expenditures, continued: | | | |
| Public works, continued: | | | |
| Park maintenance: | | | |
| Salaries and benefits | \$ 72,567 | 72,171 | 396 |
| Purchased services | 14,000 | 17,059 | (3,059) |
| Repairs and vehicle costs | 6,500 | 11,338 | (4,838) |
| Capital outlay | 7,500 | 2,123 | 5,377 |
| <i>Total park maintenance</i> | <u>100,567</u> | <u>102,691</u> | <u>(2,124)</u> |
| Cemetery maintenance: | | | |
| Salaries and benefits | 6,000 | 1,400 | 4,600 |
| Materials and supplies | - | 237 | (237) |
| <i>Total cemetery maintenance</i> | <u>6,000</u> | <u>1,637</u> | <u>4,363</u> |
| Total public works | <u>1,950,798</u> | <u>1,956,977</u> | <u>(6,179)</u> |
| Debt Service: | | | |
| General obligation bond principal | 1,165,000 | 1,165,000 | - |
| General obligation bond interest | 608,475 | 608,475 | - |
| <i>Total debt service</i> | <u>1,773,475</u> | <u>1,773,475</u> | <u>-</u> |
| Contributions: | | | |
| Cordova City School District | 1,771,000 | 1,771,000 | - |
| Cordova Community Medical Center | 330,000 | 305,000 | 25,000 |
| Family Resource Center | 20,000 | 20,000 | - |
| Cordova Community College | 10,000 | - | 10,000 |
| Cordova Chamber of Commerce | 109,270 | 89,020 | 20,250 |
| <i>Total contributions</i> | <u>2,240,270</u> | <u>2,185,020</u> | <u>55,250</u> |
| Total expenditures | <u>10,632,721</u> | <u>10,899,741</u> | <u>(267,020)</u> |
| Excess of Revenues over (under) expenditures | <u>20,751</u> | <u>397,327</u> | <u>376,576</u> |
| Other financing sources (uses) | | | |
| Transfers in: | | | |
| Healthier Insurance Internal Service Fund | 128,798 | 128,798 | - |
| CARES Act | - | 188,289 | 188,289 |
| Transfers out: | | | |
| Chip Seal Capital Projects Fund | (149,549) | (149,549) | - |
| Net other financing sources (uses) | <u>(20,751)</u> | <u>167,538</u> | <u>188,289</u> |
| Net change in fund balance | <u>-</u> | <u>564,865</u> | <u>564,865</u> |
| Fund balance, beginning | | <u>1,510,904</u> | |
| Fund balance, ending | | <u>\$ 2,075,769</u> | |

NONMAJOR GOVERNMENTAL FUNDS

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

E-911

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

Ambulance

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

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

Equipment Replacement

This fund accounts for various equipment purchases.

General Capital Projects

This fund accounts for various community-wide capital projects.

Chip Seal CIP

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

THE CITY OF CORDOVA

Cordova, Alaska

Nonmajor governmental funds

Combining Balance Sheet

December 31, 2021

| | Special Revenue Funds | | | | Capital Project Funds | | |
|---|-----------------------|----------------|---|------------------------------------|--------------------------|--------------------------------|----------------|
| | E-911 | Ambulance | CARES act Special Revenue Fund | LSTA Special Revenue Fund | Equipment Replacement | General Capital Projects | Total |
| Assets: | | | | | | | |
| Cash and equivalents | \$ 64,396 | 391,630 | - | 44,126 | 4,931 | 25,285 | 530,368 |
| Other Receivables | - | 12,993 | 315,119 | - | - | 16,898 | 345,010 |
| Prepaid expenses | - | - | - | - | - | 7,000 | 7,000 |
| <i>Total assets</i> | <u>64,396</u> | <u>404,623</u> | <u>315,119</u> | <u>44,126</u> | <u>4,931</u> | <u>49,183</u> | <u>882,378</u> |
| <i>Liabilities, deferred inflows of resources and fund balances</i> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | - | 496 | 64,020 | 134 | - | 5,093 | 69,743 |
| Due to other funds | - | - | 251,099 | - | - | - | 251,099 |
| Refundable advances | - | - | - | 43,992 | - | - | 43,992 |
| <i>Total liabilities</i> | <u>-</u> | <u>496</u> | <u>315,119</u> | <u>44,126</u> | <u>-</u> | <u>5,093</u> | <u>364,834</u> |
| Deferred inflows of resources: | | | | | | | |
| Deferred ambulance revenue | - | 11,305 | - | - | - | - | 11,305 |
| Fund balances: | | | | | | | |
| Nonspendable - prepaid insurance | - | - | - | - | - | 7,000 | 7,000 |
| Restriceted - Enhanced 911 Services | 64,396 | - | - | - | - | - | 64,396 |
| Assigned: | | | | | | | |
| Capital projects | - | - | - | - | 4,931 | - | 4,931 |
| Public safety | - | 392,822 | - | - | - | - | 392,822 |
| Unassigned | - | - | - | - | - | 37,090 | 37,090 |
| <i>Total fund balances</i> | <u>64,396</u> | <u>392,822</u> | <u>-</u> | <u>-</u> | <u>4,931</u> | <u>44,090</u> | <u>506,239</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 64,396</u> | <u>404,623</u> | <u>315,119</u> | <u>44,126</u> | <u>4,931</u> | <u>49,183</u> | <u>882,378</u> |

THE CITY OF CORDOVA

Cordova, Alaska

Nonmajor governmental funds

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance

December 31, 2021

| | Special Revenue Funds | | | | Capital Project Funds | | |
|--|-----------------------|----------------|---|------------------------------------|--------------------------|--------------------------------|-----------------|
| | E-911 | Ambulance | CARES act Special Revenue Fund | LSTA Special Revenue Fund | Equipment Replacement | General Capital Projects | Total |
| Revenues: | | | | | | | |
| Federal government | \$ - | - | 329,415 | 7,562 | - | 81,319 | 418,296 |
| State of Alaska | - | - | 198,068 | - | - | 7,000 | 205,068 |
| Other revenues | - | 31,624 | - | - | 936 | 235,663 | 268,223 |
| <i>Total revenues</i> | <u>-</u> | <u>31,624</u> | <u>527,483</u> | <u>7,562</u> | <u>936</u> | <u>323,982</u> | <u>891,587</u> |
| Expenditures: | | | | | | | |
| Public Safety | - | 20,013 | - | - | - | 99,318 | 119,331 |
| Public works | - | - | - | - | 3,149 | - | 3,149 |
| Emergency protective measures | - | - | 339,194 | 7,562 | - | - | 346,756 |
| Information and recreation | - | - | - | - | - | 7,000 | 7,000 |
| Cordova City School District | - | - | - | - | - | 21,227 | 21,227 |
| Capital outlay | - | - | - | - | - | 299,275 | 299,275 |
| <i>Total expenditures</i> | <u>-</u> | <u>20,013</u> | <u>339,194</u> | <u>7,562</u> | <u>3,149</u> | <u>426,820</u> | <u>796,738</u> |
| Excess of revenues over (under) expenditures | <u>-</u> | <u>11,611</u> | <u>188,289</u> | <u>-</u> | <u>(2,213)</u> | <u>(102,838)</u> | <u>94,849</u> |
| Other financing sources | | | | | | | |
| Transfers in | - | - | - | - | - | 149,549 | 149,549 |
| Transfers out | - | - | (188,289) | - | - | - | (188,289) |
| Net other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(188,289)</u> | <u>-</u> | <u>-</u> | <u>149,549</u> | <u>(38,740)</u> |
| Net change in fund balances | - | 11,611 | - | - | (2,213) | 46,711 | 56,109 |
| Fund balances, beginning | <u>64,396</u> | <u>381,211</u> | <u>-</u> | <u>-</u> | <u>7,144</u> | <u>(2,621)</u> | <u>450,130</u> |
| Fund balances, ending | <u>\$ 64,396</u> | <u>392,822</u> | <u>-</u> | <u>-</u> | <u>4,931</u> | <u>44,090</u> | <u>506,239</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*General Capital Projects Fund**Schedule of Expenditures by Project**Year Ended December 31, 2021*

| | |
|--|-------------------|
| 2nd Street reconstruction | \$ 142,034 |
| Whiteshed Road improvements | 66,195 |
| Stair case | 34,936 |
| Cove area shelter | 25,000 |
| Parks maintenance and improvements | 16,500 |
| Culvert relocation | 11,610 |
| APEI safety equipment | 3,000 |
| Noncapital Cordova City School District | 21,227 |
| Noncapital information and recreation projects | 7,000 |
| Noncapital public safety projects | <u>99,318</u> |
| Total expenditures | <u>\$ 426,820</u> |

ENTERPRISE FUNDS

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

MAJOR ENTERPRISE FUNDS

Port

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

Water

This fund accounts for the operations of the water system.

Sewer

This fund accounts for the operations of the sewer system.

Refuse

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

NONMAJOR ENTERPRISE FUND

Odiak Park

This fund accounts for the operations of the Odiak Camper Park

THE CITY OF CORDOVA

Cordova, Alaska

*Port Enterprise Fund**Statement of Net Position**December 31, 2021***Assets and deferred outflows of resources**

Current assets:

| | |
|---------------------------------|------------------|
| Cash | \$ 2,558,346 |
| Accounts receivable | 946,270 |
| Allowance for doubtful accounts | (611,988) |
| Prepaid insurance | 79,681 |
| <i>Total current assets</i> | <u>2,972,309</u> |

| | |
|---|----------------|
| Net other postretirement benefit assets | <u>290,377</u> |
|---|----------------|

Property, plant and equipment

| | |
|--|---------------------|
| Land | 4,395,992 |
| Buildings | 274,983 |
| Machinery and equipment | 2,958,478 |
| Improvements | 19,366,915 |
| <i>Total property, plant and equipment</i> | <u>26,996,368</u> |
| Accumulated Depreciation | <u>(17,474,407)</u> |
| <i>Net property, plant and equipment</i> | <u>9,521,961</u> |

| | |
|--------------|-------------------|
| Total assets | <u>12,784,647</u> |
|--------------|-------------------|

Deferred outflows of resources

| | |
|---|---------------|
| Related to other postemployment benefits | 5,930 |
| Related to pension | 38,935 |
| <i>Total deferred outflows of resources</i> | <u>44,865</u> |

| | |
|---|----------------------|
| Total assets and deferred outflows of resources | <u>\$ 12,829,512</u> |
|---|----------------------|

Liabilities, deferred inflows of resources and net position

Current liabilities

| | |
|---|----------------|
| Accounts payable | \$ 15,367 |
| Accrued payroll and related liabilities | 6,173 |
| Accrued vacation and sick leave | 51,837 |
| Unearned revenue | 506,696 |
| <i>Total current liabilities</i> | <u>580,073</u> |

Noncurrent liabilities

| | |
|-------------------------------------|----------------|
| Net pension liability | 399,356 |
| <i>Total noncurrent liabilities</i> | <u>399,356</u> |

| | |
|-------------------|----------------|
| Total liabilities | <u>979,429</u> |
|-------------------|----------------|

Deferred inflows of resources

| | |
|--|----------------|
| Related to other postemployment benefits | 156,618 |
| Related to pensions | 159,254 |
| <i>Total deferred inflows of resources</i> | <u>315,872</u> |

Net position

| | |
|----------------------------------|-------------------|
| Net investment in capital assets | 9,521,961 |
| Unrestricted | 2,012,250 |
| <i>Total net position</i> | <u>11,534,211</u> |

| | |
|--|-----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u>\$ 12,829,512</u> |
|--|-----------------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*Port Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | |
|---|----------------------|
| Operating revenue | |
| User charges: | |
| Slip fees | \$ 1,038,145 |
| Wharfage and dockage | <u>277,245</u> |
| Total user charges | <u>1,315,390</u> |
| Raw fish tax | 292,330 |
| Rents, leases and storage fees | 91,441 |
| Travel lift fees | 71,860 |
| Penalties and interest | 22,233 |
| Other revenues | <u>78,730</u> |
| Total operating revenues | <u>1,871,984</u> |
| Operating expenses | |
| Salaries and benefits | 396,020 |
| Materials and supplies | 11,587 |
| Purchased services | 354,176 |
| Vehicle expense | 75,186 |
| Insurance | 125,949 |
| Repairs and maintenance | 114,346 |
| Allocated Administrative and billing expenses | 179,993 |
| Deprecation | <u>765,037</u> |
| Total operating expenses | <u>2,022,294</u> |
| Income from operations | (150,310) |
| Nonoperating revenues | |
| State of Alaska PERS relief | <u>(12,654)</u> |
| Income before transfers | (162,964) |
| Transfer to permanent fund | <u>(18,000)</u> |
| Change in net position | (180,964) |
| Net position, beginning, as previously stated | 11,246,630 |
| Prior period adjustment | <u>468,545</u> |
| Net position, beginning, restated | <u>11,715,175</u> |
| Net position, ending | <u>\$ 11,534,211</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

*Port Enterprise Fund**Statements of Cash Flows**December 31, 2021***Cash flows from operating activities**

| | |
|--|----------------|
| Receipts from customers and users | \$ 2,205,149 |
| Payments for interfund services used | (179,993) |
| Payments to suppliers | (715,887) |
| Payments to employees | (514,051) |
| Net cash flows from operating activities | <u>795,218</u> |

Cash flows for noncapital financing activities

| | |
|---------------|-----------------|
| Transfers out | <u>(18,000)</u> |
|---------------|-----------------|

| | |
|--------------------------------------|---------|
| Net decrease in cash and investments | 777,218 |
|--------------------------------------|---------|

| | |
|---------------------------------|------------------|
| Cash and investments, beginning | <u>1,781,128</u> |
|---------------------------------|------------------|

| | |
|------------------------------|---------------------|
| Cash and investments, ending | <u>\$ 2,558,346</u> |
|------------------------------|---------------------|

Reconciliation of Loss from Operations to Net**Cash Flows from Operating Activities**

| | |
|----------------------|--------------|
| Loss from operations | \$ (150,310) |
|----------------------|--------------|

Adjustments to reconcile loss from operations
to net cash flows from operating activities:

| | |
|--------------|---------|
| Depreciation | 765,037 |
|--------------|---------|

| | |
|-------------------------------|----------|
| Noncash expense - PERS relief | (12,654) |
|-------------------------------|----------|

| | |
|---|---------|
| Increase in allowance for doubtful accounts | 116,478 |
|---|---------|

(Increase) decrease in assets and deferred outflows of resources:

| | |
|---------------------|---------|
| Accounts receivable | 216,687 |
|---------------------|---------|

| | |
|-------------------|----------|
| Prepaid insurance | (31,774) |
|-------------------|----------|

| | |
|--|-----------|
| Net other postemployment benefits assets | (241,574) |
|--|-----------|

| | |
|--|--------|
| Deferred outflows of resources related to pensions | 14,714 |
|--|--------|

| | |
|---|--------|
| Deferred outflows of resources related to other postemployment benefits | 22,389 |
|---|--------|

Increase (decrease) in liabilities and deferred inflows of resources:

| | |
|------------------|---------|
| Accounts payable | (2,869) |
|------------------|---------|

| | |
|---|-------|
| Accrued payroll and related liabilities | 1,129 |
|---|-------|

| | |
|---------------------------------|-------|
| Accrued vacation and sick leave | (855) |
|---------------------------------|-------|

| | |
|-----------------------|-----------|
| Net pension liability | (162,335) |
|-----------------------|-----------|

| | |
|---|---------|
| Net other postemployment benefits liability | (1,113) |
|---|---------|

| | |
|---|---------|
| Deferred inflows of resources related to pensions | 145,355 |
|---|---------|

| | |
|--|----------------|
| Deferred inflows of resources related to other postemployment benefits | <u>116,913</u> |
|--|----------------|

| | |
|--|-------------------|
| Net cash flows from operating activities | <u>\$ 795,218</u> |
|--|-------------------|

THE CITY OF CORDOVA
Cordova, Alaska

Port Enterprise Fund

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

Year Ended December 31, 2021

| | <u>Port Operating</u> | <u>Port Capital Projects</u> | <u>Port Depreciation Reserve</u> | <u>Total</u> |
|---|---------------------------|--------------------------------------|--|-------------------|
| Operating revenue | \$ 1,579,654 | - | 292,330 | 1,871,984 |
| Operating expenses | | | | |
| Salaries and benefits | 396,020 | - | - | 396,020 |
| Materials and supplies | 11,587 | - | - | 11,587 |
| Purchased services | 354,176 | - | - | 354,176 |
| Vehicle expense | 75,186 | - | - | 75,186 |
| Insurance | 125,949 | - | - | 125,949 |
| Repairs and maintenance | 114,346 | - | - | 114,346 |
| Allocated Administrative and billing expenses | 179,993 | - | - | 179,993 |
| Deprecation | 765,037 | - | - | 765,037 |
| Total operating expenses | <u>2,022,294</u> | <u>-</u> | <u>-</u> | <u>2,022,294</u> |
| Income (loss) from operations | (442,640) | - | 292,330 | (150,310) |
| Nonoperating revenues | | | | |
| State of Alaska PERS relief | <u>(12,654)</u> | <u>-</u> | <u>-</u> | <u>(12,654)</u> |
| Income before transfers | (455,294) | - | 292,330 | (162,964) |
| Transfers out | (18,000) | - | - | (18,000) |
| Eliminating transfers | <u>(150,000)</u> | <u>-</u> | <u>150,000</u> | <u>-</u> |
| Change in net position | (623,294) | - | 442,330 | (180,964) |
| Net position, beginning, as previously stated | 9,835,332 | 200,000 | 1,211,298 | 11,246,630 |
| Prior period adjustment | <u>-</u> | <u>-</u> | <u>468,545</u> | <u>468,545</u> |
| Net position, beginning, restated | <u>9,835,332</u> | <u>200,000</u> | <u>1,679,843</u> | <u>11,715,175</u> |
| Net position, ending | <u>\$ 9,212,038</u> | <u>200,000</u> | <u>2,122,173</u> | <u>11,534,211</u> |

THE CITY OF CORDOVA

Cordova, Alaska

Water Enterprise Fund

Statement of Net Position

December 31, 2021

Assets and deferred outflows of resources

Current assets:

| | |
|---------------------------------|----------------|
| Cash | \$ 87,867 |
| Accounts receivable | 31,229 |
| Allowance for doubtful accounts | (2,464) |
| Prepaid insurance | 12,967 |
| <i>Total current assets</i> | <u>129,599</u> |

| | |
|---|----------------|
| Net other postretirement benefit assets | <u>165,549</u> |
|---|----------------|

Property, plant and equipment

| | |
|--|---------------------|
| Land | 881,531 |
| Construction in progress | 91,730 |
| Buildings | 7,130,545 |
| Machinery and equipment | 461,974 |
| Improvements | 14,816,394 |
| <i>Total property, plant and equipment</i> | <u>23,382,174</u> |
| Accumulated Depreciation | <u>(11,972,204)</u> |
| <i>Net property, plant and equipment</i> | <u>11,409,970</u> |

| | |
|--------------|-------------------|
| Total assets | <u>11,705,118</u> |
|--------------|-------------------|

Deferred outflows of resources

| | |
|---|---------------|
| Related to other postemployment benefits | 3,380 |
| Related to pension | 22,198 |
| <i>Total deferred outflows of resources</i> | <u>25,578</u> |

| | |
|---|----------------------|
| Total assets and deferred outflows of resources | <u>\$ 11,730,696</u> |
|---|----------------------|

Liabilities, deferred inflows of resources and net position

Current liabilities

| | |
|---|----------------|
| Accounts payable | \$ 20,889 |
| Customer deposits | 32,378 |
| Accrued interest | 140,771 |
| Accrued payroll and related liabilities | 3,546 |
| Accrued vacation and sick leave | 22,329 |
| <i>Total current liabilities</i> | <u>219,913</u> |

Noncurrent liabilities

| | |
|--|------------------|
| Loan payable to ADEC, net of current portion | 2,106,116 |
| Net pension liability | 227,680 |
| <i>Total noncurrent liabilities</i> | <u>2,333,796</u> |

| | |
|-------------------|------------------|
| Total liabilities | <u>2,553,709</u> |
|-------------------|------------------|

Deferred inflows of resources

| | |
|--|----------------|
| Related to other postemployment benefits | 89,290 |
| Related to pensions | 90,794 |
| <i>Total deferred inflows of resources</i> | <u>180,084</u> |

Net position

| | |
|----------------------------------|--------------------|
| Net investment in capital assets | 11,409,970 |
| Unrestricted | <u>(2,413,067)</u> |
| <i>Total net position</i> | <u>8,996,903</u> |

| | |
|--|-----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u>\$ 11,730,696</u> |
|--|-----------------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*Water Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | |
|--|---------------------|
| Operating revenue - user charges | <u>\$ 827,886</u> |
| Operating expenses | |
| Salaries and benefits | 323,713 |
| Materials and supplies | 45,400 |
| Purchased services | 149,493 |
| Vehicle expense | 6,174 |
| Insurance | 42,678 |
| Repairs and maintenance | 100,279 |
| Allocated Administrative and billing expenses | 88,230 |
| Deprecation | <u>608,775</u> |
| Total operating expenses | <u>1,364,742</u> |
| Income from operations | <u>(536,856)</u> |
| Nonoperating revenues | |
| Interest expense | (32,557) |
| In-kind contributions to School and Medical Center | (17,215) |
| State of Alaska PERS relief | <u>(7,215)</u> |
| Total nonoperating revenues | <u>(56,987)</u> |
| Income before transfers | (593,843) |
| Change in net position | (593,843) |
| Net position, beginning | <u>9,590,746</u> |
| Net position, ending | <u>\$ 8,996,903</u> |

THE CITY OF CORDOVA
Cordova, Alaska

Water Enterprise Fund

Statements of Cash Flows

December 31, 2021

Cash flows from operating activities

| | |
|--|----------------|
| Receipts from customers and users | \$ 867,504 |
| Payments for interfund services used | (117,190) |
| Payments to suppliers | (350,841) |
| Payments to employees | (294,287) |
| Net cash flows from operating activities | <u>105,186</u> |

Cash flows from capital and related financing activities

| | |
|--|-----------------|
| Additions to property, plant and equipment | (31,169) |
| Proceeds from ADEC loans | 13,850 |
| Net cash flows from capital and related financing activities | <u>(17,319)</u> |

Net decrease in cash and investments 87,867

Cash and investments, beginning -

Cash and investments, ending \$ 87,867

Reconciliation of Loss from Operations to Net

Cash Flows from Operating Activities

| | |
|---|---------------|
| Loss from operations | \$ (536,856) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | |
| Depreciation | 608,775 |
| Noncash expense - PERS relief | (7,215) |
| In-kind contributions | (17,215) |
| Increase in allowance for doubtful accounts | 360 |
| (Increase) decrease in assets and deferred outflows of resources: | |
| Accounts receivable | 7,013 |
| Grant receivable | 32,245 |
| Prepaid insurance | 12,591 |
| Net other postemployment benefits assets | (146,557) |
| Deferred outflows of resources related to pensions | 7,641 |
| Deferred outflows of resources related to other postemployment benefits | (6,405) |
| Increase (decrease) in liabilities and deferred inflows of resources: | |
| Accounts payable | (2,193) |
| Customer deposits | 1,735 |
| Accrued payroll and related liabilities | 1,065 |
| Accrued vacation and sick leave | (2,471) |
| Due to other funds | (28,960) |
| Net pension liability | 22,034 |
| Net other postemployment benefits liability | (433) |
| Deferred inflows of resources related to pensions | 86,194 |
| Deferred inflows of resources related to other postemployment benefits | <u>73,838</u> |

Net cash flows from operating activities \$ 105,186

THE CITY OF CORDOVA

Cordova, Alaska

Water Enterprise Fund

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

Year Ended December 31, 2021

| | Water Operating | Water Compliance | Water Depreciation Reserve | Eliminations | Total |
|--|--------------------|---------------------|----------------------------------|--------------|-----------|
| Operating revenue | \$ 827,886 | - | - | - | 827,886 |
| Operating expenses | | | | | |
| Salaries and benefits | 323,713 | - | - | - | 323,713 |
| Materials and supplies | 45,400 | - | - | - | 45,400 |
| Purchased services | 149,493 | - | - | - | 149,493 |
| Vehicle expense | 6,174 | - | - | - | 6,174 |
| Insurance | 42,678 | - | - | - | 42,678 |
| Repairs and maintenance | 72,099 | - | 28,180 | - | 100,279 |
| Allocated Administrative and billing expenses | 88,230 | - | - | - | 88,230 |
| Deprecation | 608,775 | - | - | - | 608,775 |
| Total operating expenses | 1,336,562 | - | 28,180 | - | 1,364,742 |
| Loss from operations | (508,676) | - | (28,180) | - | (536,856) |
| Nonoperating revenues | | | | | |
| Interest expense | (32,557) | - | - | - | (32,557) |
| In-kind contributions to School and Medical Center | (17,215) | - | - | - | (17,215) |
| State of Alaska PERS relief | (7,215) | - | - | - | (7,215) |
| Total nonoperating revenues | (56,987) | - | - | - | (56,987) |
| Income before transfers | (565,663) | - | (28,180) | - | (593,843) |
| Eliminating transfers | (30,000) | - | 30,000 | - | - |
| Change in net position | (595,663) | - | 1,820 | - | (593,843) |
| Net position, beginning | 4,591,604 | 104,858 | 506,751 | 4,387,533 | 9,590,746 |
| Net position, ending | \$ 3,995,941 | 104,858 | 508,571 | 4,387,533 | 8,996,903 |

THE CITY OF CORDOVA

Cordova, Alaska

Sewer Enterprise Fund

Statement of Net Position

December 31, 2021

Assets and deferred outflows of resources

Current assets:

| | |
|---------------------------------|----------------|
| Cash | \$ 553,861 |
| Accounts receivable | 73,173 |
| Allowance for doubtful accounts | (6,118) |
| Prepaid insurance | 12,967 |
| Deposits | 6,500 |
| <i>Total current assets</i> | <u>640,383</u> |

| | |
|---|----------------|
| Net other postretirement benefit assets | <u>165,549</u> |
|---|----------------|

Property, plant and equipment

| | |
|--|---------------------|
| Land | 32,560 |
| Buildings | 93,071 |
| Machinery and equipment | 864,389 |
| Improvements | 17,672,208 |
| <i>Total property, plant and equipment</i> | <u>18,662,228</u> |
| Accumulated Depreciation | <u>(12,410,607)</u> |
| <i>Net property, plant and equipment</i> | <u>6,251,621</u> |

| | |
|--------------|------------------|
| Total assets | <u>7,057,553</u> |
|--------------|------------------|

Deferred outflows of resources

| | |
|---|---------------|
| Related to other postemployment benefits | 3,380 |
| Related to pension | 22,198 |
| <i>Total deferred outflows of resources</i> | <u>25,578</u> |

| | |
|---|---------------------|
| Total assets and deferred outflows of resources | <u>\$ 7,083,131</u> |
|---|---------------------|

Liabilities, deferred inflows of resources and net position

Current liabilities

| | |
|---|----------------|
| Accounts payable | \$ 26,200 |
| Accrued interest | 4,400 |
| Accrued payroll and related liabilities | 3,546 |
| Accrued vacation and sick leave | 22,329 |
| Current portion of loan payable to ADEC | 55,000 |
| <i>Total current liabilities</i> | <u>111,475</u> |

Noncurrent liabilities

| | |
|--|------------------|
| Loan payable to ADEC, net of current portion | 825,000 |
| Net pension liability | 227,680 |
| <i>Total noncurrent liabilities</i> | <u>1,052,680</u> |

| | |
|-------------------|------------------|
| Total liabilities | <u>1,164,155</u> |
|-------------------|------------------|

Deferred inflows of resources

| | |
|--|----------------|
| Related to other postemployment benefits | 89,290 |
| Related to pensions | 90,794 |
| <i>Total deferred inflows of resources</i> | <u>180,084</u> |

Net position

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 6,251,621 |
| Unrestricted | <u>(512,729)</u> |
| <i>Total net position</i> | <u>5,738,892</u> |

| | |
|--|----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u>\$ 7,083,131</u> |
|--|----------------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*Sewer Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | |
|--|----------------------------|
| Operating revenue - user charges | <u>\$ 822,537</u> |
| Operating expenses | |
| Salaries and benefits | 323,725 |
| Materials and supplies | 42,778 |
| Purchased services | 153,711 |
| Vehicle expense | 13,717 |
| Insurance | 40,656 |
| Repairs and maintenance | 118,672 |
| Allocated Administrative and billing expenses | 97,654 |
| Deprecation | <u>429,421</u> |
| Total operating expenses | <u>1,220,334</u> |
| Loss from operations | <u>(397,797)</u> |
| Nonoperating revenues | |
| Interest expense | (13,750) |
| In-kind contributions to School and Medical Center | (38,603) |
| State of Alaska PERS relief | <u>(7,214)</u> |
| Total nonoperating revenues | <u>(59,567)</u> |
| Change in net position | (457,364) |
| Net position, beginning | <u>6,196,256</u> |
| Net position, ending | <u><u>\$ 5,738,892</u></u> |

THE CITY OF CORDOVA

Cordova, Alaska

*Sewer Enterprise Fund**Statements of Cash Flows**December 31, 2021***Cash flows from operating activities**

| | |
|--|---------------|
| Receipts from customers and users | \$ 848,060 |
| Payments for interfund services used | (97,654) |
| Payments to suppliers | (400,938) |
| Payments to employees | (296,033) |
| Net cash flows from operating activities | <u>53,435</u> |

Cash flows from capital and related financing activities

| | |
|--|-----------------|
| Additions to property, plant and equipment | (10,312) |
| Principal and interest paid on ADEC loans | (68,750) |
| Net cash flows from capital and related financing activities | <u>(79,062)</u> |

Net decrease in cash and investments (25,627)

Cash and investments, beginning 579,488

Cash and investments, ending \$ 553,861

Reconciliation of Loss from Operations to Net**Cash Flows from Operating Activities**

| | |
|--|---------------|
| Loss from operations | \$ (397,797) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | |
| Depreciation | 429,421 |
| Noncash expense - PERS relief | (7,214) |
| In-kind contributions | (38,603) |
| (Increase) decrease in assets and deferred outflows of resources: | |
| Accounts receivable | 25,523 |
| Prepaid insurance | 12,591 |
| Net other postemployment benefits assets | (146,557) |
| Deferred outflows of resources related to pensions | 7,641 |
| Deferred outflows of resources related to other postemployment benefits | (6,405) |
| Increase (decrease) in liabilities and deferred inflows of resources: | |
| Accounts payable | (5,117) |
| Accrued interest | (275) |
| Accrued payroll and related liabilities | 1,065 |
| Accrued vacation and sick leave | (2,471) |
| Net pension liability | 22,034 |
| Net other postemployment benefits liability | (433) |
| Deferred inflows of resources related to pensions | 86,194 |
| Deferred inflows of resources related to other postemployment benefits | <u>73,838</u> |

Net cash flows from operating activities \$ 53,435

THE CITY OF CORDOVA

Cordova, Alaska

*Sewer Enterprise Fund**Combining Schedule of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | Sewer <u>Operating</u> | Sewer Depreciation <u>Reserve</u> | <u>Total</u> |
|--|---------------------------|---|------------------|
| Operating revenue | \$ 822,537 | - | 822,537 |
| Operating expenses | | | |
| Salaries and benefits | 323,725 | - | 323,725 |
| Materials and supplies | 42,778 | - | 42,778 |
| Purchased services | 153,711 | - | 153,711 |
| Vehicle expense | 13,717 | - | 13,717 |
| Insurance | 40,656 | - | 40,656 |
| Repairs and maintenance | 49,137 | 69,535 | 118,672 |
| Allocated Administrative and billing expenses | 97,654 | - | 97,654 |
| Deprecation | 429,421 | - | 429,421 |
| Total operating expenses | <u>1,150,799</u> | <u>69,535</u> | <u>1,220,334</u> |
| Income from operations | <u>(328,262)</u> | <u>(69,535)</u> | <u>(397,797)</u> |
| Nonoperating revenues | | | |
| Interest expense | (13,750) | - | (13,750) |
| In-kind contributions to School and Medical Center | (38,603) | - | (38,603) |
| State of Alaska PERS relief | (7,214) | - | (7,214) |
| Total nonoperating revenues | <u>(59,567)</u> | <u>-</u> | <u>(59,567)</u> |
| Income before transfers | (387,829) | (69,535) | (457,364) |
| Eliminating transfers | <u>(50,000)</u> | <u>50,000</u> | <u>-</u> |
| Change in net position | (437,829) | (19,535) | (457,364) |
| Net position, beginning | <u>5,474,098</u> | <u>722,158</u> | <u>6,196,256</u> |
| Net position, ending | <u>\$ 5,036,269</u> | <u>702,623</u> | <u>5,738,892</u> |

See accompanying notes to financial statements.

THE CITY OF CORDOVA

Cordova, Alaska

Refuse Enterprise Fund

Statement of Net Position

December 31, 2021

Assets and deferred outflows of resources

Current assets:

| | |
|---------------------------------|----------------|
| Cash | \$ 767,890 |
| Accounts receivable | 85,521 |
| Allowance for doubtful accounts | (10,707) |
| Prepaid insurance | 10,083 |
| <i>Total current assets</i> | <u>852,787</u> |

| | |
|--|------------------|
| <i>Restricted assets - landfill closure cash</i> | <u>1,041,699</u> |
|--|------------------|

| | |
|---|----------------|
| Net other postretirement benefit assets | <u>311,432</u> |
|---|----------------|

Property, plant and equipment

| | |
|--|--------------------|
| Land | 256,250 |
| Buildings | 447,327 |
| Machinery and equipment | 2,342,004 |
| Landfill | 462,756 |
| Improvements | 1,010,623 |
| <i>Total property, plant and equipment</i> | <u>4,518,960</u> |
| Accumulated Depreciation | <u>(2,988,580)</u> |
| <i>Net property, plant and equipment</i> | <u>1,530,380</u> |

| | |
|--------------|------------------|
| Total assets | <u>3,736,298</u> |
|--------------|------------------|

Deferred outflows of resources

| | |
|---|---------------|
| Related to other postemployment benefits | 6,359 |
| Related to pension | 41,759 |
| <i>Total deferred outflows of resources</i> | <u>48,118</u> |

| | |
|---|---------------------|
| Total assets and deferred outflows of resources | <u>\$ 3,784,416</u> |
|---|---------------------|

Liabilities, deferred inflows of resources and net position

Current liabilities

| | |
|---|----------------|
| Accounts payable | \$ 5,942 |
| Due to other funds | 200,939 |
| Accrued payroll and related liabilities | 6,193 |
| Accrued vacation and sick leave | 28,357 |
| <i>Total current liabilities</i> | <u>241,431</u> |

Noncurrent liabilities

| | |
|-------------------------------------|------------------|
| Landfill closure costs | 870,888 |
| Net pension liability | 428,314 |
| <i>Total noncurrent liabilities</i> | <u>1,299,202</u> |

| | |
|-------------------|------------------|
| Total liabilities | <u>1,540,633</u> |
|-------------------|------------------|

Deferred inflows of resources

| | |
|--|----------------|
| Related to other postemployment benefits | 167,973 |
| Related to pensions | 170,802 |
| <i>Total deferred inflows of resources</i> | <u>338,775</u> |

Net position

| | |
|----------------------------------|------------------|
| Net investment in capital assets | 1,530,380 |
| Restricted | 1,041,699 |
| Unrestricted | (667,071) |
| <i>Total net position</i> | <u>1,905,008</u> |

| | |
|--|----------------------------|
| Total liabilities, deferred inflows of resources and net position | <u>\$ 3,784,416</u> |
|--|----------------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*Refuse Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | |
|--|----------------------------|
| Operating revenue - user charges | <u>\$ 1,136,609</u> |
| Operating expenses | |
| Salaries and benefits | 526,507 |
| Materials and supplies | 17,750 |
| Purchased services | 78,125 |
| Vehicle expense | 33,120 |
| Insurance | 39,175 |
| Repairs and maintenance | 53,749 |
| Allocated Administrative and billing expenses | 135,239 |
| Landfill closure and monitoring expense | 12,212 |
| Deprecation | <u>164,913</u> |
| Total operating expenses | <u>1,060,790</u> |
| Income from operations | <u>75,819</u> |
| Nonoperating revenues | |
| Investment income | 271 |
| In-kind contributions to School and Medical Center | (42,132) |
| State of Alaska PERS relief | <u>(13,571)</u> |
| Total nonoperating revenues | <u>(55,432)</u> |
| Income before transfers | 20,387 |
| Transfer to permanent fund | <u>(44,123)</u> |
| Change in net position | (23,736) |
| Net position, beginning | <u>1,928,744</u> |
| Net position, ending | <u><u>\$ 1,905,008</u></u> |

THE CITY OF CORDOVA
Cordova, Alaska

Refuse Enterprise Fund

Statements of Cash Flows

December 31, 2021

Cash flows from operating activities

| | |
|--|----------------|
| Receipts from customers and users | \$ 1,146,397 |
| Receipts from advances from other funds | 200,939 |
| Payments for interfund services used | (135,239) |
| Payments to suppliers | (244,307) |
| Payments to employees | (536,391) |
| Net cash flows from operating activities | <u>431,399</u> |

Cash flows for noncapital financing activities

| | |
|---------------|-----------------|
| Transfers out | <u>(44,123)</u> |
|---------------|-----------------|

Cash flows from capital and related financing activities

| | |
|--|-----------------|
| Additions to property, plant and equipment | <u>(31,233)</u> |
|--|-----------------|

Cash Flows from investing activities

| | |
|----------------------------|------------|
| Investment income received | <u>271</u> |
|----------------------------|------------|

Net decrease in cash and investments 356,314

Cash and investments, beginning 1,453,275

Cash and investments, ending \$ 1,809,589

Reconciliation of Loss from Operations to Net

Cash Flows from Operating Activities

| | |
|--|----------------|
| Loss from operations | \$ 75,819 |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | |
| Depreciation | 164,913 |
| Noncash expense - PERS relief | (13,571) |
| In-kind contributions | (42,132) |
| Increase in allowance for doubtful accounts | 10,146 |
| (Increase) decrease in assets and deferred outflows of resources: | |
| Accounts receivable | (358) |
| Prepaid insurance | 15,475 |
| Net other postemployment benefits assets | (270,382) |
| Deferred outflows of resources related to pensions | 17,461 |
| Deferred outflows of resources related to other postemployment benefits | (4,205) |
| Increase (decrease) in liabilities and deferred inflows of resources: | |
| Accounts payable | 4,269 |
| Due to other funds | 200,939 |
| Accrued payroll and related liabilities | 982 |
| Accrued vacation and sick leave | 1,764 |
| Landfill closure costs payable | 12,212 |
| Net pension liability | (35,017) |
| Net other postemployment benefits liability | (937) |
| Deferred inflows of resources related to pensions | 134,575 |
| Deferred inflows of resources related to other postemployment benefits | <u>159,446</u> |

Net cash flows from operating activities \$ 431,399

CITY OF CORDOVA

Cordova, Alaska

Refuse Enterprise Fund

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

Year Ended December 31, 2021

| | Refuse Operating | Refuse Depreciation Reserve | Refuse Projects | Landfill Closure | Total |
|--|---------------------|-----------------------------------|--------------------|---------------------|-----------|
| Operating revenue | \$ 1,136,609 | - | - | - | 1,136,609 |
| Operating expenses | | | | | |
| Salaries and benefits | 526,507 | - | - | - | 526,507 |
| Materials and supplies | 17,750 | - | - | - | 17,750 |
| Purchased services | 78,125 | - | - | - | 78,125 |
| Vehicle expense | 33,120 | - | - | - | 33,120 |
| Insurance | 39,175 | - | - | - | 39,175 |
| Repairs and maintenance | 53,749 | - | - | - | 53,749 |
| Allocated Administrative and billing expenses | 135,239 | - | - | - | 135,239 |
| Landfill closure and monitoring expense | - | - | - | 12,212 | 12,212 |
| Deprecation | 164,913 | - | - | - | 164,913 |
| Total operating expenses | 1,048,578 | - | - | 12,212 | 1,060,790 |
| Income from operations | 88,031 | - | - | (12,212) | 75,819 |
| Nonoperating revenues | | | | | |
| Investment income | - | - | - | 271 | 271 |
| In-kind contributions to School and Medical Center | (42,132) | - | - | - | (42,132) |
| State of Alaska PERS relief | (13,571) | - | - | - | (13,571) |
| Total nonoperating revenues | (55,703) | - | - | 271 | (55,432) |
| Income before transfers | 32,328 | - | - | (11,941) | 20,387 |
| Transfer to permanent fund | (44,123) | - | - | - | (44,123) |
| Eliminating transfers | (100,000) | 50,000 | - | 50,000 | - |
| Change in net position | (111,795) | 50,000 | - | 38,059 | (23,736) |
| Net position, beginning | 1,689,496 | 213,556 | (73,145) | 98,837 | 1,928,744 |
| Net position, ending | \$ 1,577,701 | 263,556 | (73,145) | 136,896 | 1,905,008 |

See accompanying notes to financial statements.

THE CITY OF CORDOVA
Cordova, Alaska

Odiak Park Enterprise Fund

Statement of Net Position

December 31, 2021

Assets and deferred outflows of resources

Current assets:

| | |
|-----------------------------|---------------|
| Cash | \$ 52,468 |
| Prepaid insurance | 65 |
| <i>Total current assets</i> | <u>52,533</u> |

| | |
|---|---------------|
| Net other postretirement benefit assets | <u>18,511</u> |
|---|---------------|

Property, plant and equipment

| | |
|--|-----------------|
| Buildings | 79,362 |
| Improvements | 10,718 |
| <i>Total property, plant and equipment</i> | <u>90,080</u> |
| Accumulated Depreciation | <u>(67,488)</u> |
| <i>Net property, plant and equipment</i> | <u>22,592</u> |

| | |
|--------------|---------------|
| Total assets | <u>93,636</u> |
|--------------|---------------|

Deferred outflows of resources

| | |
|---|--------------|
| Related to other postemployment benefits | 378 |
| Related to pension | 2,482 |
| <i>Total deferred outflows of resources</i> | <u>2,860</u> |

| | |
|---|------------------|
| Total assets and deferred outflows of resources | <u>\$ 96,496</u> |
|---|------------------|

Liabilities, deferred inflows of resources and net position

Current liabilities

| | |
|----------------------------------|--------------|
| Accounts payable | \$ 3,943 |
| Customer deposits | 1,830 |
| <i>Total current liabilities</i> | <u>5,773</u> |

Noncurrent liabilities

| | |
|-------------------------------------|---------------|
| Net pension liability | 25,458 |
| <i>Total noncurrent liabilities</i> | <u>25,458</u> |

| | |
|-------------------|---------------|
| Total liabilities | <u>31,231</u> |
|-------------------|---------------|

Deferred inflows of resources

| | |
|--|---------------|
| Related to other postemployment benefits | 9,984 |
| Related to pensions | 10,152 |
| <i>Total deferred inflows of resources</i> | <u>20,136</u> |

Net position

| | |
|----------------------------------|---------------|
| Net investment in capital assets | 22,592 |
| Unrestricted | 22,537 |
| <i>Total net position</i> | <u>45,129</u> |

| | |
|--|-------------------------|
| Total liabilities, deferred inflows of resources and net position | <u><u>\$ 96,496</u></u> |
|--|-------------------------|

THE CITY OF CORDOVA

Cordova, Alaska

*Odiak Park Enterprise Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

| | |
|---|-------------------------|
| Operating revenue - user charges | <u>\$ 22,238</u> |
| Operating expenses | |
| Salaries and benefits | 54,197 |
| Materials and supplies | 1,021 |
| Purchased services | 9,253 |
| Insurance | 3,987 |
| Repairs and maintenance | 4,749 |
| Allocated Administrative and billing expenses | 8,250 |
| Deprecation | <u>2,038</u> |
| Total operating expenses | <u>83,495</u> |
| Income from operations | <u>(61,257)</u> |
| Nonoperating revenues | |
| State of Alaska PERS relief | <u>(807)</u> |
| Change in net position | (62,064) |
| Net position, beginning | <u>107,193</u> |
| Net position, ending | <u><u>\$ 45,129</u></u> |

THE CITY OF CORDOVA

Cordova, Alaska

*Odiak Park Enterprise Fund**Statements of Cash Flows**December 31, 2021***Cash flows from operating activities**

| | |
|--|------------------|
| Receipts from customers and users | \$ 22,238 |
| Payments for interfund services used | (8,250) |
| Payments to suppliers | (17,214) |
| Payments to employees | <u>(31,040)</u> |
| Net cash flows from operating activities | <u>(34,266)</u> |
| Net decrease in cash and investments | (34,266) |
| Cash and investments, beginning | <u>86,734</u> |
| Cash and investments, ending | <u>\$ 52,468</u> |

Reconciliation of Loss from Operations to Net**Cash Flows from Operating Activities**

| | |
|---|--------------------|
| Loss from operations | \$ (61,257) |
| Adjustments to reconcile loss from operations to net cash flows from operating activities: | |
| Depreciation | 2,038 |
| Noncash expense - PERS relief | (807) |
| (Increase) decrease in assets and deferred outflows of resources: | |
| Prepaid insurance | 3,233 |
| Net other postemployment benefits assets | (18,511) |
| Deferred outflows of resources related to pensions | (378) |
| Deferred outflows of resources related to other postemployment benefits | (2,482) |
| Increase (decrease) in liabilities and deferred inflows of resources: | |
| Accounts payable | 3,753 |
| Customer deposits | (5,190) |
| Accrued payroll and related liabilities | (259) |
| Net pension liability | 25,458 |
| Deferred inflows of resources related to pensions | 9,984 |
| Deferred inflows of resources related to other postemployment benefits | <u>10,152</u> |
| Net cash flows from operating activities | <u>\$ (34,266)</u> |

Health Insurance Internal Service Fund

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

THE CITY OF CORDOVA

Cordova, Alaska

*Health Insurance Internal Service Fund**Statement of Net Position**December 31, 2021*

Assets

Current assets:

Cash \$ (316,586)Total assets (316,586)**Liabilities and net position**

Current liabilities

Health claims payable 268,520

Net position

Unrestricted (585,106)

Total net position

Total liabilities and net position \$ (316,586)

THE CITY OF CORDOVA

Cordova, Alaska

*Health Insurance Internal Service Fund**Statement of Revenues, Expenses,
and Changes in Net Position**Year Ended December 31, 2021*

Revenues:

| | |
|--------------------------|----------------|
| Employer Contributions | \$ 762,954 |
| Employee Contributions | 106,159 |
| Insurance reimbursements | <u>73,922</u> |
| <i>Total revenues</i> | <u>943,035</u> |

Expenses

| | |
|---|----------------------------|
| Claims, premiums and administrative expenses | <u>1,418,584</u> |
| Loss before transfers | (475,549) |
| Transfers out | <u>(128,798)</u> |
| Change in net position | (604,347) |
| Net position, beginning, as previously stated | <u>19,241</u> |
| Net position, ending | <u><u>\$ (585,106)</u></u> |

THE CITY OF CORDOVA

Cordova, Alaska

*Health Insurance Internal Service Fund**Statements of Cash Flows**December 31, 2021***Cash flows from operating activities**

| | |
|--|--------------------|
| Receipts from customers and users | \$ 943,035 |
| Payments to suppliers | <u>(1,260,065)</u> |
| Net cash flows from operating activities | <u>(317,030)</u> |

Cash flows for noncapital financing activities

| | |
|---------------|------------------|
| Transfers out | <u>(128,798)</u> |
|---------------|------------------|

| | |
|--------------------------------------|-----------|
| Net decrease in cash and investments | (445,828) |
|--------------------------------------|-----------|

| | |
|---------------------------------|----------------|
| Cash and investments, beginning | <u>129,242</u> |
|---------------------------------|----------------|

| | |
|------------------------------|---------------------|
| Cash and investments, ending | <u>\$ (316,586)</u> |
|------------------------------|---------------------|

Reconciliation of Loss from Operations to Net**Cash Flows from Operating Activities**

| | |
|----------------------|--------------|
| Loss from operations | \$ (475,549) |
|----------------------|--------------|

Adjustments to reconcile loss from operations

to net cash flows from operating activities:

Increase (decrease) in liabilities and deferred inflows of resources:

| | |
|-----------------------|----------------|
| Health Claims payable | <u>158,519</u> |
|-----------------------|----------------|

| | |
|--|---------------------|
| Net cash flows from operating activities | <u>\$ (317,030)</u> |
|--|---------------------|

FEDERAL COMPLIANCE REPORT

THE CITY OF CORDOVA

Cordova, Alaska

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

| Federal Grant Title | Award Identification | CFDA Number | Total Grant Award | Eligible Expenditures |
|--|-------------------------|----------------|----------------------------|--------------------------|
| U.S. Department of Agriculture | | | | |
| Schools & Roads Grants to States* | Unknown | 10.665 | \$ 513,504 | 513,504 |
| <i>Total U.S. Department of Agriculture</i> | | | <u>513,504</u> | <u>513,504</u> |
| U.S. Department of Interior: | | | | |
| Payment in lieu of taxes* | Unknown | 15.226 | 481,999 | 481,999 |
| <i>Total Department of the Interior</i> | | | <u>481,999</u> | <u>481,999</u> |
| National Endowment for Humanities: | | | | |
| Grants to States/LSTA | ARPA03 | 45.310 | 19,870 | 3,892 |
| Grants to States/ARPA | EASY22-004 | 45.310 | 6,000 | 3,670 |
| <i>Total National Endowment for Humanities</i> | | | <u>25,870</u> | <u>7,562</u> |
| Department of Homeland Security: | | | | |
| Disaster Grants - Presidentially Declared Disaster | PW0128 | 97.036 | 267,679 | 267,679 |
| 2019 State Homeland Security Grant | 20SHSP-GY19 | 97.067 | 81,757 | 25,059 |
| 2020 State Homeland Security Grant | 20SHSP-GY20 | 97.067 | 99,835 | 38,260 |
| 2020 Emergency Management Performance Grant | 20EMPG-GY20 | 97.042 | 18,000 | 9,000 |
| 2021 Emergency Management Performance Grant | 21EMPG-GY21 | 97.042 | 18,000 | 9,000 |
| <i>Total Department of Homeland Security</i> | | | <u>485,270</u> | <u>348,998</u> |
| Total federal awards | | | <u>\$ 1,506,643</u> | <u>1,352,063</u> |

*Indicates a major program for compliance audit purposes.

This schedule was prepared on the modified accrual basis of accounting.

THE CITY OF CORDOVA

Cordova, Alaska

Notes to Schedule of Expenditures of Federal Financial Awards

December 31, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the □Schedule□) includes the federal award activity of City of Cordova under programs of the federal government for the year ended December 31, 2021. The information in the Schedule 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). Because the Schedule presents 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule 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.

NOTE 3 – FEDERAL INDIRECT RATE

The City has elected to not use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 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.

**Newhouse & Vogler***Certified Public Accountants*

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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***Independent Auditor's Report**

Honorable Mayor and City Council
The City of Cordova
Cordova, Alaska

Ladies and Gentlemen:

We have audited, 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, 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 the City of Cordova as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Cordova's basic financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control over Financial Reporting

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

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

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

Honorable Mayor and City Council
The City of Cordova

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



Anchorage, Alaska
September 27, 2022



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Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and City Council

The City of Cordova

Cordova, Alaska

Ladies and Gentlemen:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cordova's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Cordova's major federal programs for the year ended December 31, 2021. The 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.

In our opinion, the City of Cordova complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Cordova and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Cordova's compliance with the compliance requirements referred to above.

Honorable Mayor and City Council
The City of Cordova

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Cordova's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Cordova's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Cordova's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Cordova's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Cordova's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Cordova's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Honorable Mayor and City Council
The City of Cordova

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in blue ink, appearing to read "Nathan E. Vogel", is written in a cursive style.

Anchorage, Alaska
September 27, 2022

THE CITY OF CORDOVA

Cordova, Alaska

Summary of Auditor's Results and Schedule of Findings and Questioned Costs

Year Ended December 31, 2021

FINANCIAL STATEMENTS

| | | |
|--|---|------------|
| Type of auditor report issued: | | Unmodified |
| Material weakness in internal control over financial reporting identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Significant deficiencies not considered a material weakness identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Noncompliance related to the financial statements identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |

FEDERAL AWARDS

| | | |
|---|---|------------|
| Type of auditor report issued on compliance over major programs: | | Unmodified |
| Material weakness in internal control over major programs identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Significant deficiencies not considered a material weakness identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| Audit findings that are required to be reported in accordance with 2 U.S. CFR Part 200, Uniform Guidance | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |

IDENTIFICATION OF MAJOR PROGRAMS

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster of Programs</u> |
|-----------------------|---|
| 15.226 | Payment in Lieu of Taxes |
| 10.665 | Schools & Roads Grants |

| | |
|--|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ 750,000 |
| Qualified as low-risk auditee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

The City of Cordova did not have any findings that relate to the financial statements that are required to be reported in accordance with GAGAS.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The City of Cordova did not have any findings or questioned costs related to federal awards for the year ended December 31, 2021.

THE CITY OF CORDOVA
Cordova, Alaska

Summary of Prior Audit Findings

Year Ended December 31, 2021

Finding 2020-001, Reporting – Significant Deficiency in Internal Control Over Compliance

| | |
|---------------------------------|---|
| <i>Statement of condition</i> | The Organization's management was not able to provide evidence of review and approval of submitted reports. |
| <i>Auditor's Recommendation</i> | We recommend establishing a system of documentation of internal control related to reporting compliance requirements. |
| <i>Current Status</i> | Corrected |
| <i>Corrective Action</i> | segregation of duties between the preparer and reviewer of the quarterly reports was added. All reports are reviewed by someone other than the preparer prior to submission. This is documented via a signature and email backup. |