

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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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

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>	-	1,041,699	1,041,699	-	-	-
<i>Net other postretirement benefit assets</i>	2,549,750	951,418	3,501,168	605,480	4,957,077	-
Capital assets:						
Land, artwork, and construction in progress	1,832,333	5,658,063	7,490,396	-	-	-
Other capital assets, net of depreciation	48,008,573	23,078,461	71,087,034	134,877	4,617,927	-
<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	553,512	-	553,512	-	-	-
<i>Total Deferred outflows of resources</i>	<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	\$ 68,637,933	35,524,251	104,162,184	4,227,669	16,181,018	90,944
Liabilities						
<i>Current liabilities</i>						
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	-	-	-	4,269,759	-	-
<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>
<i>Noncurrent liabilities</i>						
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	3,506,678	1,308,488	4,815,166	-	6,825,636	-
<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	1,398,385	521,796	1,920,181	72,016	2,721,911	-
<i>Total deferred inflows of resources</i>	<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	9,886,921	(1,558,080)	8,328,841	(1,374,187)	(7,361,785)	90,944
<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>
	\$ 68,637,933	35,524,251	104,162,184	4,227,669	16,181,018	90,944

THE CITY OF CORDOVA
Cordova, Alaska

Government-wide Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position				
		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)	-	-	-	-
Emergency 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)	-	-	-	-
<i>Total Business type</i>	<u>5,895,912</u>	<u>4,681,254</u>	<u>(41,461)</u>	<u>-</u>	<u>(1,256,119)</u>	<u>-</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	\$ 7,480,314	1,595	1,785,180	-	-	-	(5,693,539)	-	-
Cordova Community Medical Center	\$ 14,575,120	12,730,708	4,322,737	-	-	-	-	2,478,325	-
Cordova Volunteer Fire Department	\$ 20,873	15,065	-	-	-	-	-	-	(5,808)
				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)				62,123	(62,123)	-	(68,220)	-	-
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				Total Governmental Funds
	General	General Reserve Special Revenue	ARPA Special Revenue	Nonmajor 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
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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	<u>(27,506,451)</u>
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	<u>2,549,750</u>
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	<u>(3,506,678)</u>
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	<u>(1,375,227)</u>
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	\$ <u>47,998,581</u>
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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				Total Governmental Funds
	General Fund	General Reserve Special Revenue	ARPA Special Revenue	Nonmajor 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><u>\$ 2,075,769</u></u>	<u><u>10,992,567</u></u>	<u><u>-</u></u>	<u><u>506,239</u></u>	<u><u>13,574,575</u></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
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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)
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Revenues reported in the governmental funds represents payments that reduces lease receivables in the Statement of Activities	(14,509)
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Revenues reported in the governmental funds represents the change in deferred tax payments in the Statement of Activities	2,026
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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	214,442
	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	942,446
	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)
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Total changes in net position of governmental activities	\$ 971,349
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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		
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	(17,474,407)	(11,972,204)	(12,410,607)	(2,988,580)	(67,488)	(44,913,286)	-
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	38,935	22,198	22,198	41,759	2,482	127,572	-
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.

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)	-
<i>Net cash flows from operating activities</i>	<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>
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)	-
<i>Net cash flows from capital and related financing activities</i>	<u>-</u>	<u>(17,319)</u>	<u>(79,062)</u>	<u>(31,233)</u>	<u>-</u>	<u>(127,614)</u>	<u>-</u>
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	<u>1,781,128</u>	<u>-</u>	<u>579,488</u>	<u>1,453,275</u>	<u>86,734</u>	<u>3,900,625</u>	<u>129,242</u>
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	<i>50-60 years</i>
Infrastructure	<i>50 years</i>
Improvements	<i>20-50 years</i>
Machinery and equipment	<i>3-20 years</i>

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	<u>9,868,085</u>	<u>9,868,085</u>
	<u>\$ 17,542,773</u>	<u>17,432,752</u>

	Book Balance
Cash and equivalents	\$ 6,522,968
Restricted cash and equivalents	<u>1,041,699</u>
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

	<u>Lease Receipts</u>
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	<u>41,825</u>	<u>243,165</u>	-	<u>284,990</u>
<i>Total capital assets not being depreciated</i>	<u>1,589,168</u>	<u>243,165</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	<u>9,179,835</u>	<u>101,643</u>	-	<u>9,281,478</u>
	75,413,381	101,643	-	75,515,024
Less accumulated depreciation	<u>(25,600,900)</u>	<u>(1,905,551)</u>	-	<u>(27,506,451)</u>
<i>Total capital assets - governmental funds</i>	<u>\$ 51,401,649</u>	<u>(1,560,743)</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	<u>73,196</u>	<u>18,534</u>	-	<u>91,730</u>
<i>Total capital assets not being depreciated</i>	<u>5,639,529</u>	<u>18,534</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	<u>462,756</u>	-	-	<u>462,756</u>
	67,937,567	54,180	-	67,991,747
Less accumulated depreciation	<u>(42,943,102)</u>	<u>(1,970,184)</u>	-	<u>(44,913,286)</u>
<i>Total capital assets - governmental funds</i>	<u>\$ 30,633,994</u>	<u>(1,897,470)</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>\$ 1,905,551</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>\$ 1,970,184</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	<u>55,000</u>	<u>825</u>	<u>55,825</u>
	<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			Total Governmental Funds
	General	General Reserve Special Revenue	Nonmajor 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>\$ 5,467,210</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>\$ (3,943,590)</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):

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return 2021</u>
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	Current Discount Rate		
		1% Decrease (6.38%)	(7.38%)	1% Increase (8.38%)
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	Current Healthcare Cost Trend		
		1% Decrease	Cost Trend	1% Increase
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	<u>10,653,472</u>	<u>10,653,472</u>	<u>11,297,068</u>	<u>643,596</u>
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	<u>1,766,593</u>	<u>1,766,593</u>	<u>2,070,555</u>	<u>(303,962)</u>
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	<u>1,676,272</u>	<u>1,676,272</u>	<u>1,669,271</u>	<u>7,001</u>
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	<u>\$ 1,225,313</u>	<u>1,225,313</u>	<u>1,244,443</u>	<u>(19,130)</u>

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>	*	*	*
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>	*	*	*
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

	<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>
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	<u>456,605</u>	<u>428,085</u>	<u>402,416</u>	<u>416,908</u>	<u>400,397</u>	<u>370,083</u>	<u>307,165</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>
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	(442,422)	(189,600)	66,554	384,626	*	*	*	*	*	*
Total net OPEB liability	(3,820,280)	(646,570)	233,910	1,711,444	*	*	*	*	*	*
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	N/A	N/A	N/A	N/A	*	*	*	*	*	*
Total net OPEB liability	(77,519)	(41,477)	(39,569)	(37,182)	*	*	*	*	*	*
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	<u>66,159</u>	<u>120,579</u>	<u>145,507</u>	<u>133,854</u>	*	*	*	*	*	*
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*	*	*
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	<u>9,309</u>	<u>7,779</u>	<u>6,779</u>	<u>5,292</u>	*	*	*	*	*	*
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*	*	*
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	<u>28,987</u>	<u>29,866</u>	<u>24,117</u>	<u>20,702</u>	*	*	*	*	*	*
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	*	*	*	*	*	*
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>
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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>
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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
Cooperatice 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	50,000	948	(49,052)
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	<u>29,300</u>	<u>22,197</u>	<u>7,103</u>
<i>Total administration</i>	<u>197,921</u>	<u>190,401</u>	<u>7,520</u>
Facility utilities:			
Purchased services	<u>167,000</u>	<u>189,513</u>	<u>(22,513)</u>
<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	<u>32,000</u>	<u>29,092</u>	<u>2,908</u>
<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	<u>32,500</u>	<u>12,243</u>	<u>20,257</u>
<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	<u>-</u>	<u>10,331</u>	<u>(10,331)</u>
<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	<u>1,500</u>	<u>456</u>	<u>1,044</u>
<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		Total	
	E-911	Ambulance	CARES act Special Revenue Fund	LSTA Special Revenue Fund	Equipment Replacement		General Capital Projects
Assets:							
Cash and equivelants	\$ 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>
Liabilities, deferred inflows of resources and fund balances							
<i>Liabilities:</i>							
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		Total	
	E-911	Ambulance	CARES act Special Revenue Fund	LSTA Special Revenue Fund	Equipment Replacement		General Capital Projects
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
Emergenct 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 balnaces, 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>

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>
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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>
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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>
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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	<u>399,356</u>
<i>Total noncurrent liabilities</i>	<u>399,356</u>

Total liabilities	<u>979,429</u>
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Deferred inflows of resources

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

Net position

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

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

Transfers out	<u>(18,000)</u>
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Net decrease in cash and investments	777,218
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Cash and investments, beginning	<u>1,781,128</u>
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Cash and investments, ending	<u>\$ 2,558,346</u>
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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>
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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	-	-	468,545	468,545
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>	129,599

Net other postretirement benefit assets	165,549
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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>	23,382,174
Accumulated Depreciation	(11,972,204)
<i>Net property, plant and equipment</i>	11,409,970

Total assets	11,705,118
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Deferred outflows of resources

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

Total assets and deferred outflows of resources	\$ 11,730,696
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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>	219,913

Noncurrent liabilities

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

Total liabilities	2,553,709
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Deferred inflows of resources

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

Net position

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

Total liabilities, deferred inflows of resources and net position	\$ 11,730,696
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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	<u>(294,287)</u>
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	<u>13,850</u>
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 <u>Operating</u>	Water <u>Compliance</u>	Water Depreciation <u>Reserve</u>	<u>Eliminations</u>	<u>Total</u>
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	<u>1,336,562</u>	<u>-</u>	<u>28,180</u>	<u>-</u>	<u>1,364,742</u>
Loss from operations	<u>(508,676)</u>	<u>-</u>	<u>(28,180)</u>	<u>-</u>	<u>(536,856)</u>
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	<u>(56,987)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,987)</u>
Income before transfers	(565,663)	-	(28,180)	-	(593,843)
Eliminating transfers	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Change in net position	(595,663)	-	1,820	-	(593,843)
Net position, beginning	<u>4,591,604</u>	<u>104,858</u>	<u>506,751</u>	<u>4,387,533</u>	<u>9,590,746</u>
Net position, ending	<u>\$ 3,995,941</u>	<u>104,858</u>	<u>508,571</u>	<u>4,387,533</u>	<u>8,996,903</u>

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	<u>6,500</u>
<i>Total current assets</i>	<u>640,383</u>

Net other postretirement benefit assets	<u>165,549</u>
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Property, plant and equipment

Land	32,560
Buildings	93,071
Machinery and equipment	864,389
Improvements	<u>17,672,208</u>
<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>
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Deferred outflows of resources

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

Total assets and deferred outflows of resources	<u>\$ 7,083,131</u>
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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	<u>55,000</u>
<i>Total current liabilities</i>	<u>111,475</u>

Noncurrent liabilities

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

Total liabilities	<u>1,164,155</u>
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Deferred inflows of resources

Related to other postemployment benefits	89,290
Related to pensions	<u>90,794</u>
<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>
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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	429,421
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	(7,214)
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>\$ 5,738,892</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	<u>579,488</u>
Cash and investments, ending	<u>\$ 553,861</u>
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	<u>\$ 53,435</u>

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>

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>
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Net other postretirement benefit assets	<u>311,432</u>
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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>
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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>
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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>
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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>
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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
Depreciation	<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>\$ 1,905,008</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	<u>(536,391)</u>
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	<u>1,453,275</u>
Cash and investments, ending	<u>\$ 1,809,589</u>
 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	<u>\$ 431,399</u>

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
Depreciation	164,913	-	-	-	164,913
Total operating expenses	<u>1,048,578</u>	<u>-</u>	<u>-</u>	<u>12,212</u>	<u>1,060,790</u>
Income from operations	<u>88,031</u>	<u>-</u>	<u>-</u>	<u>(12,212)</u>	<u>75,819</u>
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	<u>(55,703)</u>	<u>-</u>	<u>-</u>	<u>271</u>	<u>(55,432)</u>
Income before transfers	32,328	-	-	(11,941)	20,387
Transfer to permanent fund	(44,123)	-	-	-	(44,123)
Eliminating transfers	<u>(100,000)</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Change in net position	(111,795)	50,000	-	38,059	(23,736)
Net position, beginning	<u>1,689,496</u>	<u>213,556</u>	<u>(73,145)</u>	<u>98,837</u>	<u>1,928,744</u>
Net position, ending	<u>\$ 1,577,701</u>	<u>263,556</u>	<u>(73,145)</u>	<u>136,896</u>	<u>1,905,008</u>

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>		52,533

Net other postretirement benefit assets		18,511
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Property, plant and equipment

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

Total assets		93,636
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Deferred outflows of resources

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

Total assets and deferred outflows of resources		\$ 96,496
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Liabilities, deferred inflows of resources and net position

Current liabilities

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

Noncurrent liabilities

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

Total liabilities		31,231
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Deferred inflows of resources

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

Net position

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

Total liabilities, deferred inflows of resources and net position		\$ 96,496
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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
Depreciation	<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>\$ 45,129</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	(31,040)
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>\$ (585,106)</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>
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Net decrease in cash and investments	(445,828)
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Cash and investments, beginning	<u>129,242</u>
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Cash and investments, ending	<u>\$ (316,586)</u>
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Reconciliation of Loss from Operations to Net**Cash Flows from Operating Activities**

Loss from operations	\$ (475,549)
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Adjustments to reconcile loss from operations to net cash flows from operating activities:	
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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>
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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.

A handwritten signature in blue ink, appearing to read "Newman & Vogel".

Anchorage, Alaska
September 27, 2022



Newhouse & Vogler

Certified Public Accountants
237 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503
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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 "Newman & Vogel".

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?	___ Yes	_X_ No
Significant deficiencies not considered a material weakness identified?	___ Yes	_X_ No
Noncompliance related to the financial statements identified?	___ Yes	_X_ No

FEDERAL AWARDS

Type of auditor report issued on compliance over major programs:		Unmodified
Material weakness in internal control over major programs identified?	___ Yes	_X_ No
Significant deficiencies not considered a material weakness identified?	___ Yes	_X_ No
Audit findings that are required to be reported in accordance with 2 U.S. CFR Part 200, Uniform Guidance	___ Yes	_X_ 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?	___ Yes	_X_ 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.

THE CITY OF CORDOVA
Cordova, Alaska

Letter to the Governing Body

December 31, 2021



NEWHOUSE & VOGLER
Certified Public Accountants



Newhouse & Vogler

Certified Public Accountants

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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 Cordova

Cordova, Alaska

Management Letter

December 31, 2021



NEWHOUSE & VOGLER
Certified Public Accountants



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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